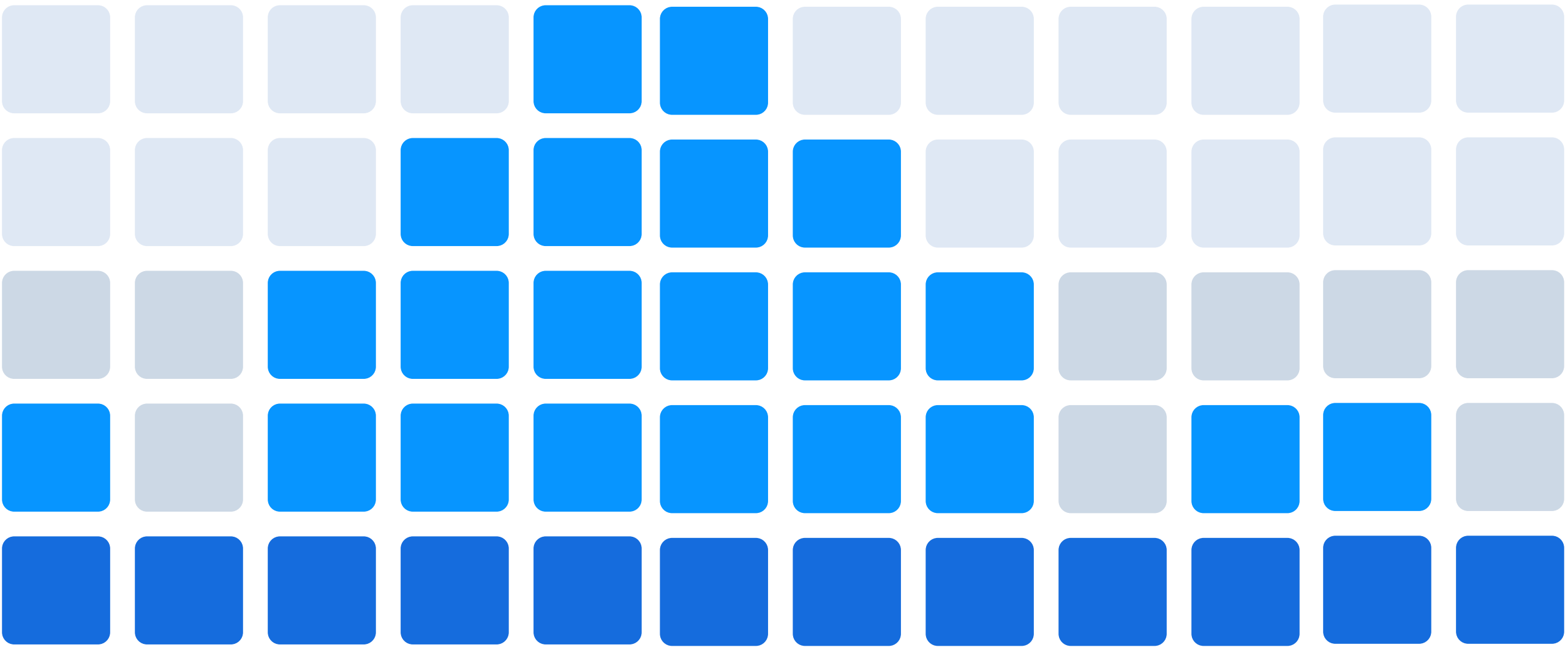


March 2024

Charts Of The Month

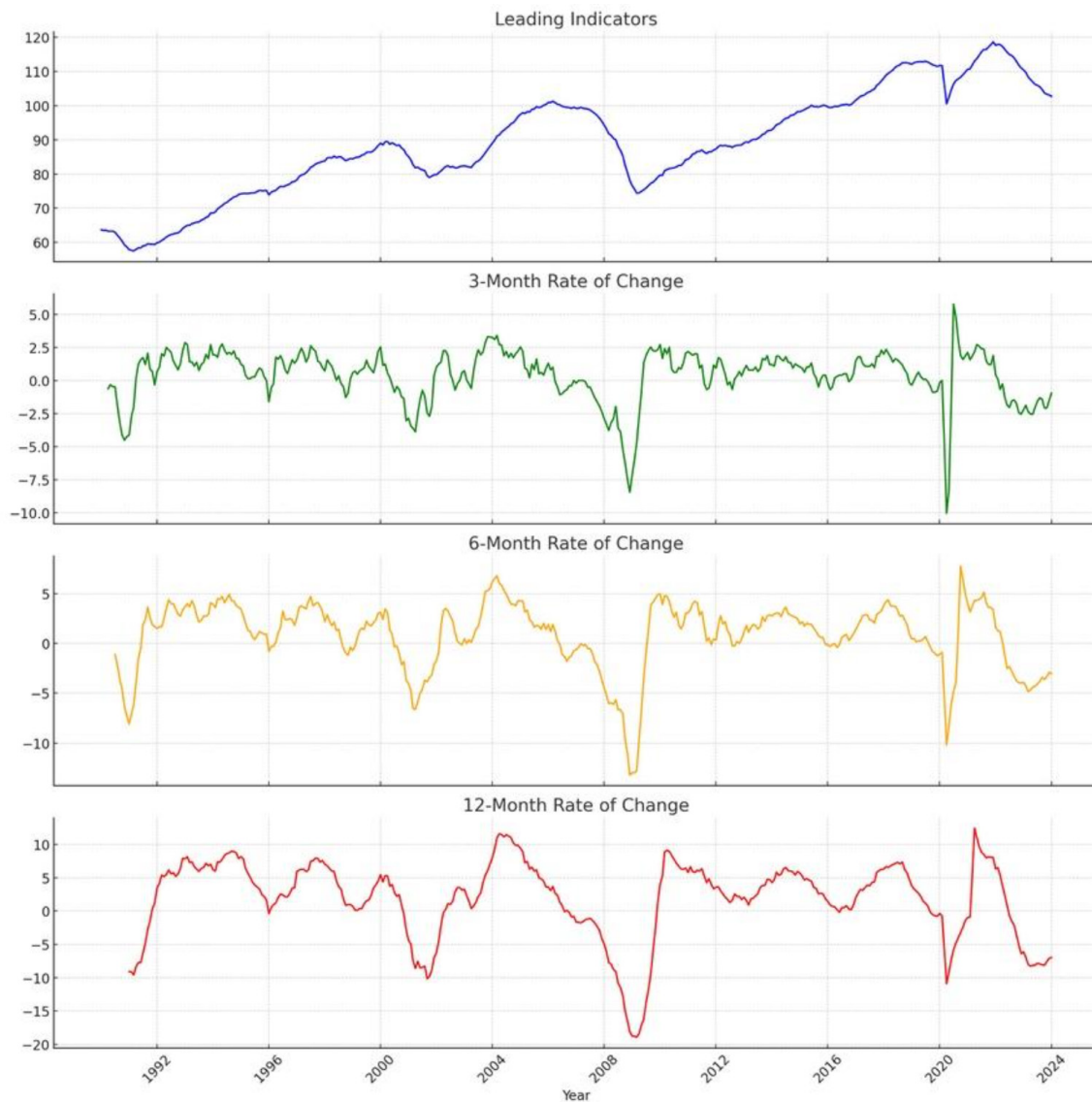


CB LEI

LEI vs. CE

VALUATION

INTERNALS



The Conference Board Leading Index has experienced a decline for the 22nd consecutive month. However, there's a silver lining as six out of ten components have shown improvement. Additionally, trends over 3, 6, and 12 months have seen increases.

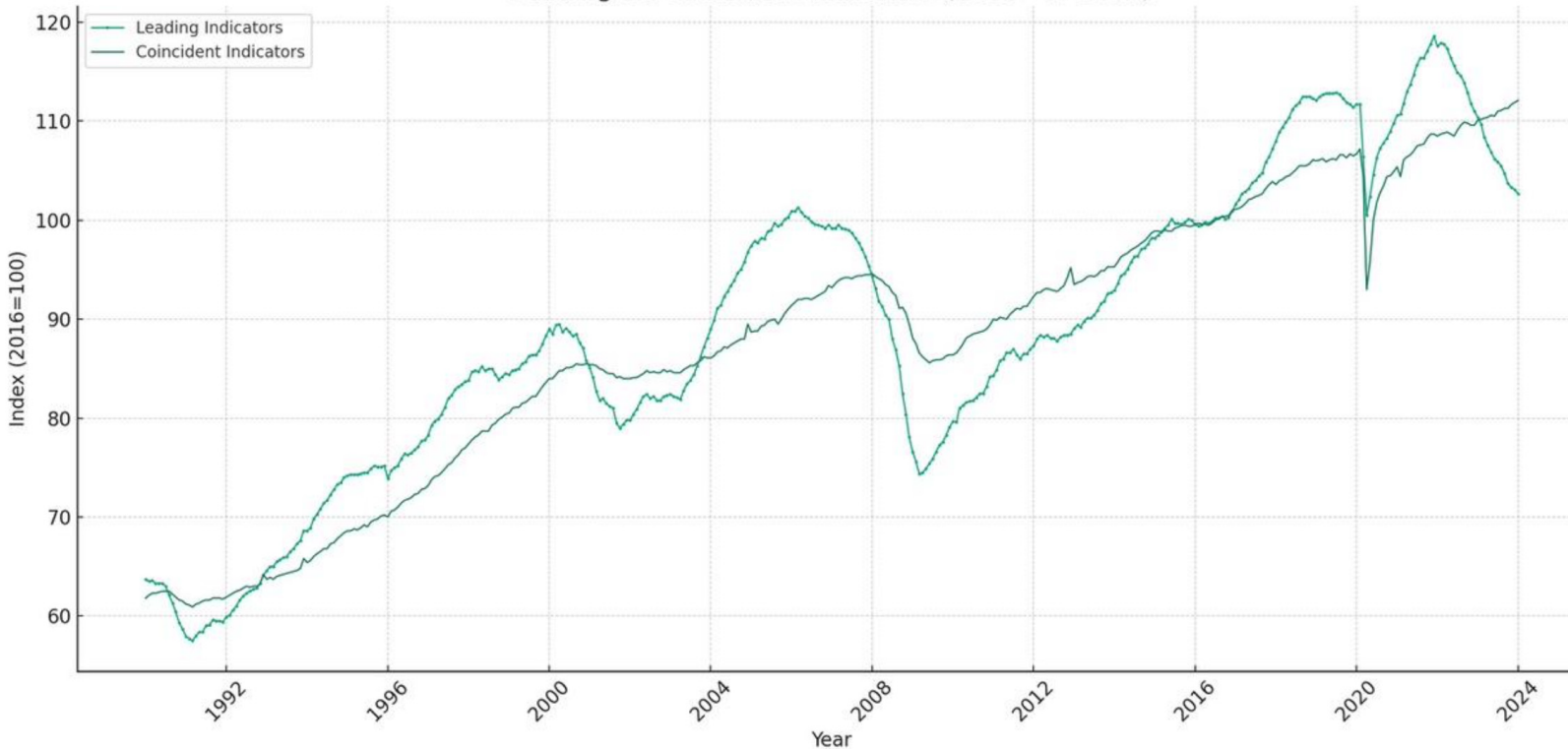
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VALUATION

INTERNALS

Leading vs. Coincident Indicators (1990 - Present)



Despite a decline in leading indicators, coincident indicators have shown consistent improvement. This situation is likely to present a challenging scenario for the Federal Reserve.

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VALUATION

INTERNALS

Exhibit 1: S&P 500 Valuations – shading indicates that metric is statistically expensive relative to history (as of 2/22/24)

S&P 500 valuation metrics

| Metric | Current | Average | Avg. ex. Tech Bubble | Min | Max | % Above (below) avg | Z-Score | History |
|--------------------------------------|---------|---------|-------------------------|-------|-------|------------------------|---------|-----------------|
| Trailing PE | 23.2 | 14.8 | 14.5 | 5.2 | 30.5 | 56.5% | 1.7 | 1900-present |
| Trailing GAAP PE | 27.6 | 15.1 | 14.8 | 4.2 | 122.4 | 82.5% | 1.4 | 1832-present |
| Forward Consensus PE | 20.8 | 15.8 | 15.0 | 9.8 | 25.1 | 32.0% | 1.5 | 1986-present |
| Trailing Normalized PE | 24.7 | 19.1 | 17.8 | 9.2 | 34.5 | 29.4% | 1.1 | 9/1987-present |
| Median Forward P/E | 17.3 | 15.5 | 15.3 | 10.0 | 21.9 | 11.4% | 0.8 | 1986-present |
| Shiller PE | 30.8 | 17.4 | 16.8 | 4.8 | 44.2 | 77.1% | 1.9 | 1881-present |
| P/BV | 4.7 | 2.7 | 2.5 | 1.0 | 5.3 | 76.9% | 2.0 | 1978-present |
| EV/EBITDA | 15.1 | 10.5 | 10.2 | 6.0 | 17.1 | 43.1% | 1.9 | 1986-present |
| Trailing PEG | 2.4 | 1.7 | 1.6 | 1.1 | 3.2 | 43.1% | 2.1 | 1986-present |
| Forward PEG | 2.1 | 1.4 | 1.4 | 0.9 | 3.5 | 44.7% | 1.8 | 1986-present |
| P/OCF | 17.0 | 11.3 | 10.7 | 5.4 | 19.3 | 50.3% | 1.7 | 1986-present |
| P/FCF | 29.5 | 27.8 | 25.0 | 12.9 | 65.7 | 5.9% | 0.2 | 1986-present |
| EV/Sales | 3.0 | 2.0 | 1.9 | 0.9 | 3.4 | 51.3% | 1.8 | 1986-present |
| ERP (Market-Based) | 563.0 | 504.8 | 521.2 | 136.0 | 880.0 | 11.5% | 0.2 | 11/1980-present |
| Normalized ERP | 231 | 384 | 432 | -120 | 929 | -40.0% | -0.8 | 1987-present |
| S&P 500 Div. Yld. vs. 10yr Tsy. Yld. | 0.5 | 1.2 | 1.2 | 0.2 | 4.2 | -62.6% | 0.0 | 1792-present |
| S&P 500 in WTI terms | 49.3 | 26.9 | 24.7 | 2.7 | 175.3 | 83.0% | 36.4 | 1960-present |
| S&P 500 in Gold terms | 2.2 | 1.6 | 1.4 | 0.2 | 5.5 | 34.7% | 0.0 | 1968-present |
| S&P 500 vs. R2000 Fwd. P/E | 1.4 | 1.0 | 1.0 | 0.8 | 1.7 | 35.3% | 0.3 | 1986-present |
| S&P 500 Market Cap/GDP | 1.27 | 0.66 | 0.63 | 0.22 | 1.64 | 92.5% | 3.0 | 1964-present |

Source: S&P, Compustat, Bloomberg, FactSet/First Call, BofA US Equity & Quant Strategy

*Above average implied equities are attractive relative to bonds. Note: Trailing P/E based on GAAP EPS from 1900-77, Operating EPS from 1978-87, Pro forma EPS 1988-now. Trailing GAAP P/E based on GAAP P/E for entire series. Market-based ERP based on DDM-implied S&P 500 return less AAA corp bond yield. Normalized ERP based on normalized EPS yield less normalized real risk-free rate.

BofA GLOBAL RESEARCH

Stock markets have been on an upward trajectory, fueled by eased financial conditions, robust coincident indicators, and a positive risk sentiment. Research from Bank of America suggests that the S&P 500 might be overvalued according to several metrics they monitor.

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LEI vs. CE

VALUATION

INTERNALS

\$BPNYA NYSE Bullish Percent Index INDX

01-Mar-2024, 16:00 ET, monthly, O: 60.54, H: 60.989, L: 60.315, C: 60.989, Chg: +0.337 (0.56%)

Status Bull Correction on 01-Feb-2024

Scaling: User-Defined [Reversal: 3, Box Size:2.0]

(c) StockCharts.com



While stocks may continue their upward trend, the percentage of stocks triggering point and figure buy signals has fallen, even as new highs are recorded. It remains to be seen whether this divergence will align with the direction of price movements or market internals.

DISCLOSURE

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