

Economic and Market State of the Union

January 2025



**BECKER CAPITAL
MANAGEMENT**



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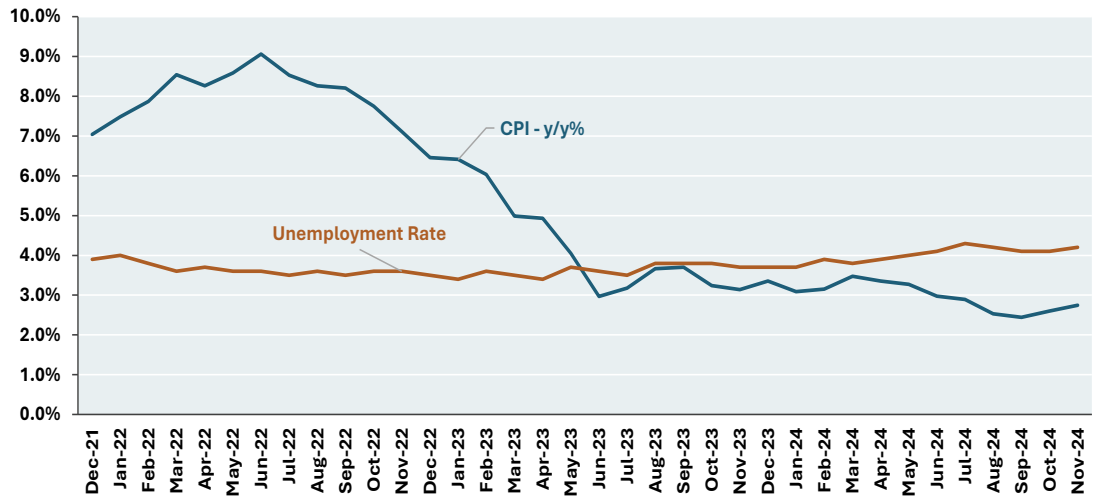
“Delicate” (Economic Outlook)

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“Seven” & “Shake it Off” (Earnings & Evidence)

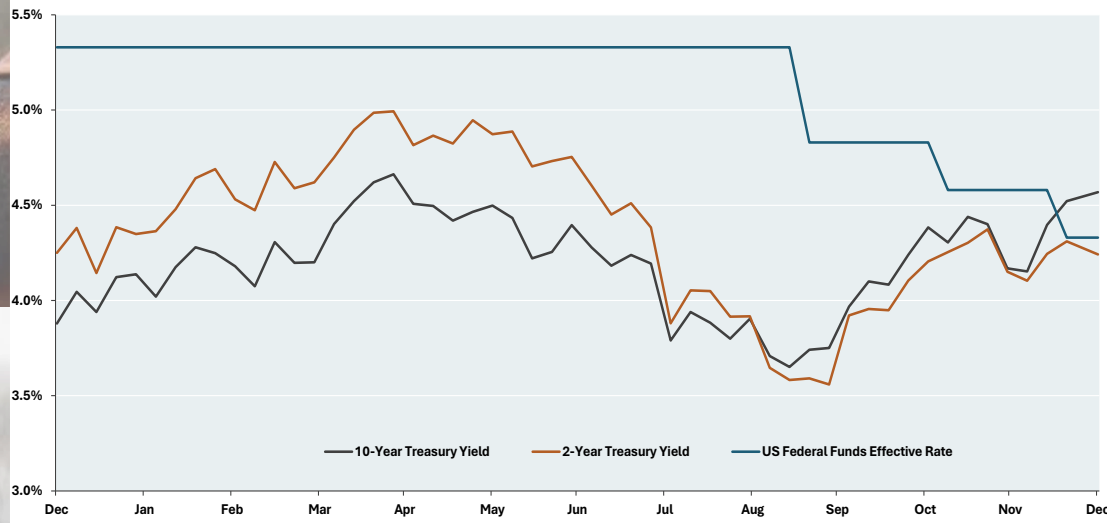
“Long Story Short”: 2024 in Review

U.S. Consumer: Unemployment and Inflation



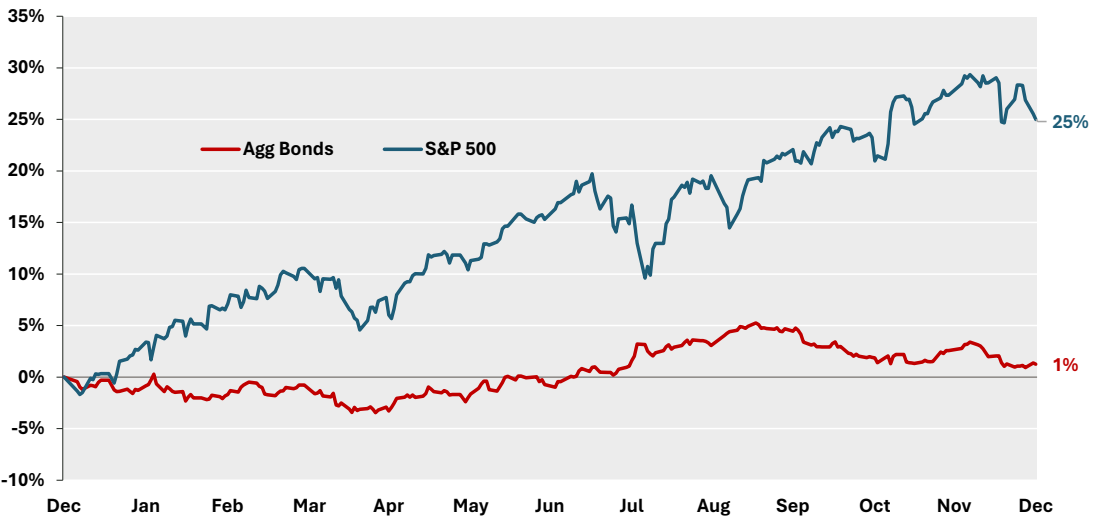
Source: St. Louis Fed. Data shown from December 2021-November 2024.

U.S. Interest Rates: Treasury Yields and Federal Funds Rate in 2024



Source: Bloomberg Professional. Data shown from 12/29/2023 - 12/31/2024.

Stocks vs. Bonds: S&P 500 vs. Bloomberg Aggregate Bond Index in 2024



Source: Bloomberg Professional.

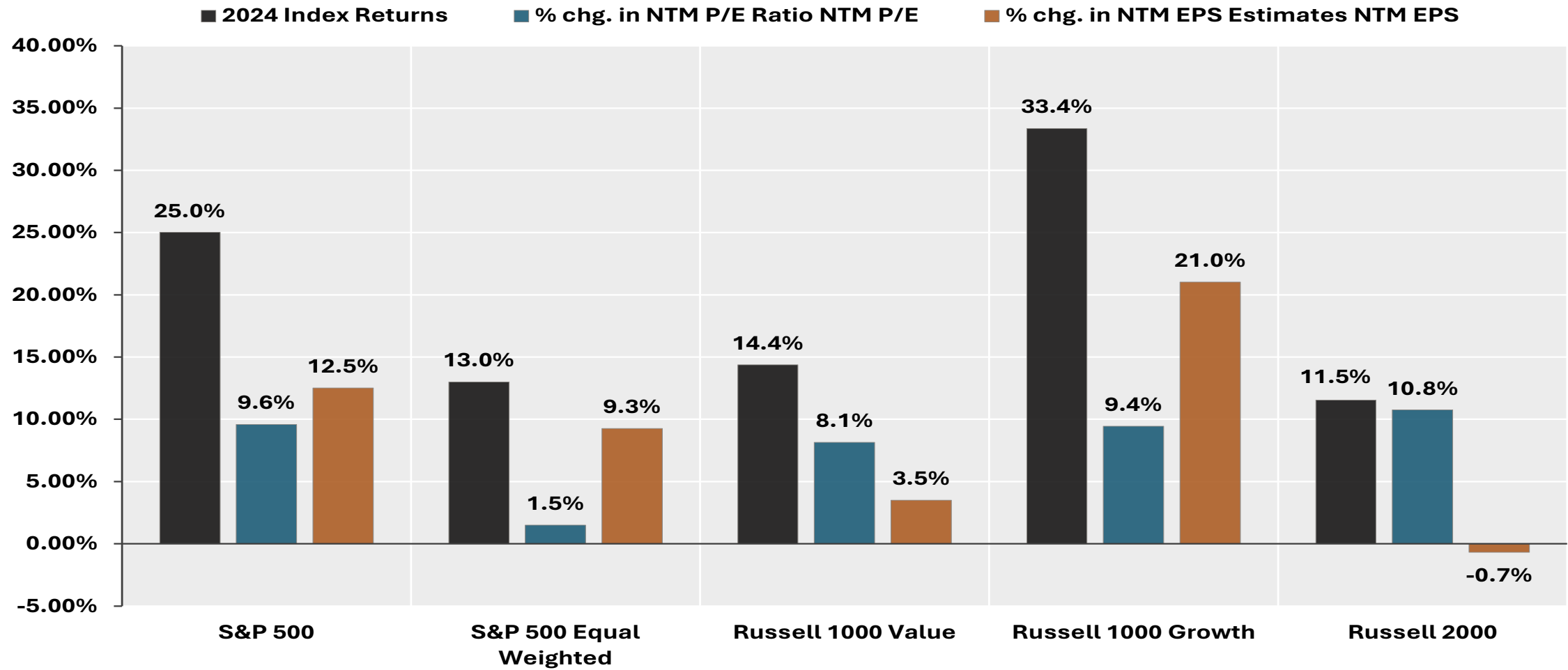
U.S. Dollar: DXY in 2024



Source: FactSet. Data shown from 12/29/23-12/31/24.

“Champagne Problems” (U.S. Stocks)

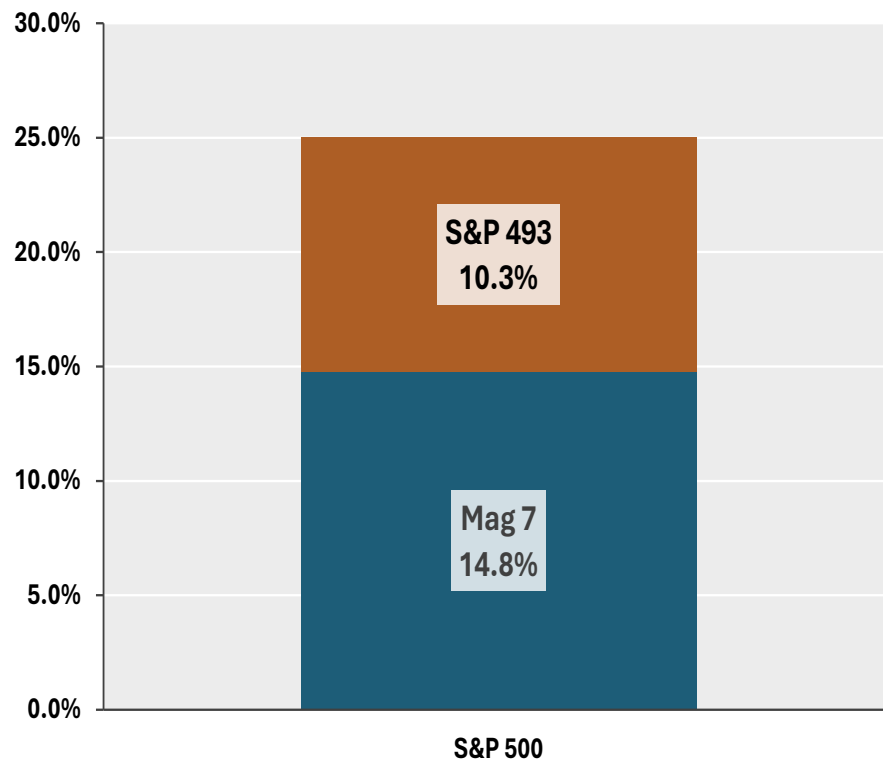
2024 Return Drivers: % Change in Valuation vs. % Change in EPS Estimates



Source: FactSet. Data shown for calendar year 2024.

“Superman”: Magnificent 7

S&P 500 Returns: Magnificent 7 vs. Rest of Market in 2024



Source: FactSet. Magnificent 7 include NVIDIA Corp., Apple Inc., Amazon.com, Meta Platforms, Microsoft Corp., Alphabet Inc., and Tesla Inc.

	Actual Earnings				Change		
	2023	% of Total	2024	% of Total	\$	%	% of Total
S&P 500	\$1,902,331		\$2,096,211		\$193,880	10.2%	
NVDA	28,456	1.5%	68,598	3.3%	40,142	141.1%	20.7%
AMZN	27,683	1.5%	54,070	2.6%	26,387	95.3%	13.6%
Alphabet	66,831	3.5%	91,244	4.4%	24,413	36.5%	12.6%
META	31,962	1.7%	49,464	2.4%	17,502	54.8%	9.0%
MSFT	77,934	4.1%	92,419	4.4%	14,485	18.6%	7.5%
AAPL	96,993	5.1%	96,943	4.6%	(50)	-0.1%	0.0%
TSLA	9,947	0.5%	7,865	0.4%	(2,083)	-20.9%	-1.1%
Mag 7 Total	\$339,806	17.9%	\$460,602	22.0%	\$120,796	35.5%	62.3%
S&P 500 (ex. Mag 7)	\$1,562,525		\$1,635,609		\$201,450	4.7%	

Source: FactSet. Assumes 4Q24 results meet consensus forecasts.

	Estimated vs. Actual Valuations				
	Mkt Cap	NTM Est. Earnings	Est. P/E	Actual Earnings	Actual P/E
S&P 500	\$41,829,314	\$2,126,776	19.7 x	\$2,096,211	20.0 x
NVDA	\$1,223,193	\$48,775	25.1 x	68,598	17.8 x
AMZN	\$1,570,153	\$37,370	42.0 x	54,070	29.0 x
Alphabet	\$1,633,510	\$77,805	21.0 x	91,244	17.9 x
META	\$785,652	\$38,910	20.2 x	49,464	15.9 x
MSFT	\$2,794,828	\$89,694	31.2 x	92,419	30.2 x
AAPL	\$2,994,371	\$104,722	28.6 x	96,943	30.9 x
TSLA	\$789,898	\$12,080	65.4 x	7,865	100.4 x
Mag 7 Total	\$11,791,605	\$409,355	28.8 x	\$460,602	25.6 x
S&P 500 (ex. Mag 7)	\$30,037,708	\$1,717,421	17.5 x	\$1,635,609	18.4 x

Source: FactSet.

TAYLOR
SWIFT

SAD
BEAUTIFUL
TRAGIC

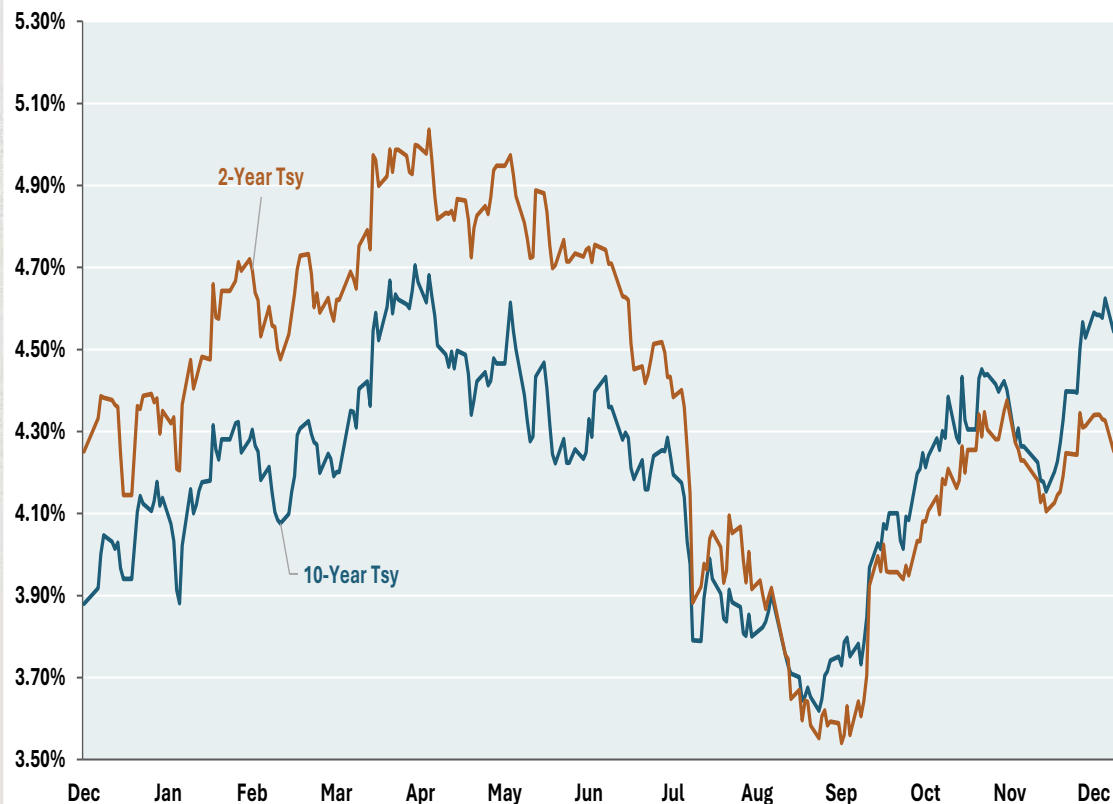
“Sad, Beautiful, Tragic”: Local Stocks in 2024

Company	Year End Market Cap (\$mil.)	2024 Total Return
NIKE, Inc. Class B	\$112,143	-29.1%
Lithia Motors, Inc.	\$9,508	9.3%
Columbia Sportswear Company	\$4,806	7.1%
Portland General Electric Company	\$4,600	5.3%
ZoomInfo Technologies Inc	\$3,604	-43.2%
Greenbrier Companies, Inc.	\$1,913	41.3%
Northwest Natural Holding Co.	\$1,587	6.8%
Barrett Business Services, Inc.	\$1,127	51.4%
Radius Recycling, Inc. Class A	\$429	-47.6%

Source: FactSet.

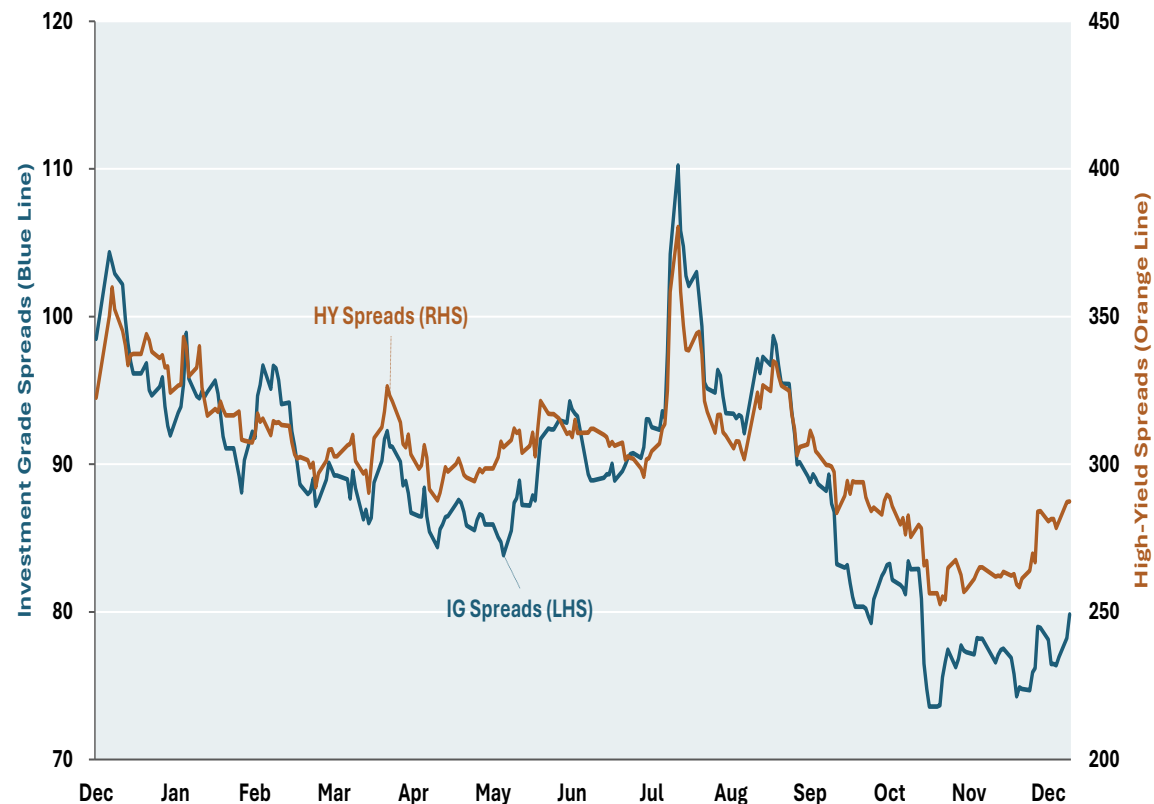
“Snow on the Beach”: Bonds in 2024

U.S. Treasury Yields in 2024



Source: Bloomberg Professional. Data shown from 12/29/23-12/31/24.

Corporate Bond Spreads: 2024 to Date

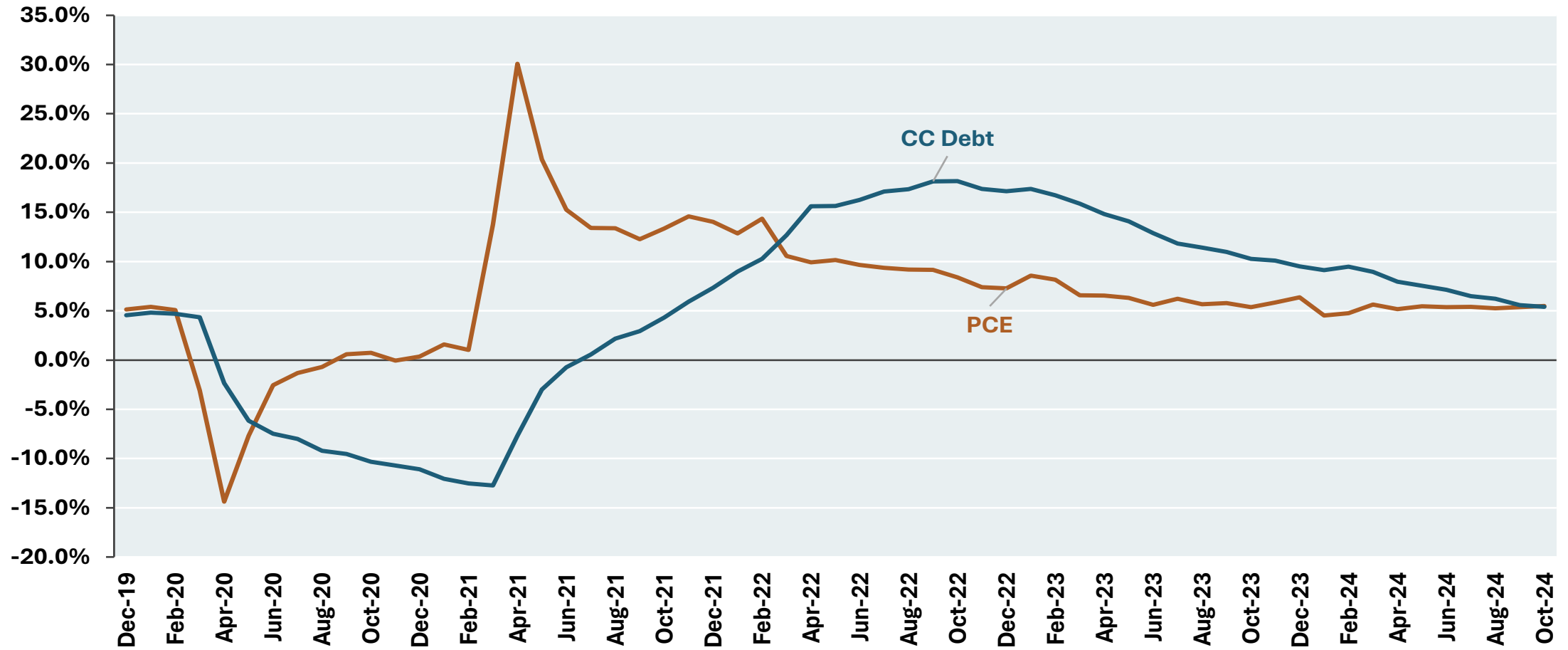


Source: Bloomberg Professional. Data shown from 12/29/23-12/31/24.

IT'S FINE TO FAKE IT 'TIL YOU MAKE IT, 'TIL YOU DO,
'TIL IT'S TRUE

“Delicate”: Economic Outlook

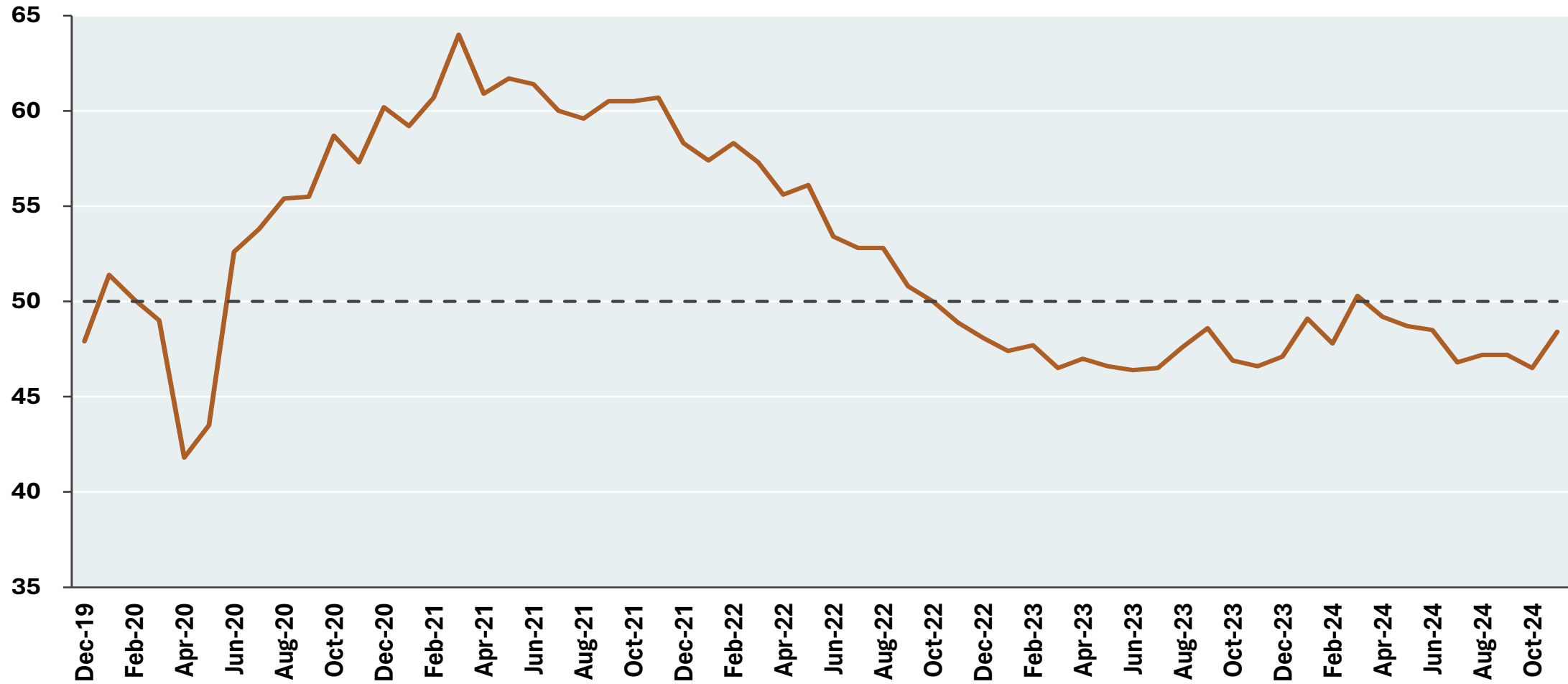
"C" - Y/Y Change in Personal Consumption Expenditures (PCE) and Credit Card Debt



Source: St. Louis Fed. Data shown from December 2019-November 2024.

“Delicate”: Economic Outlook

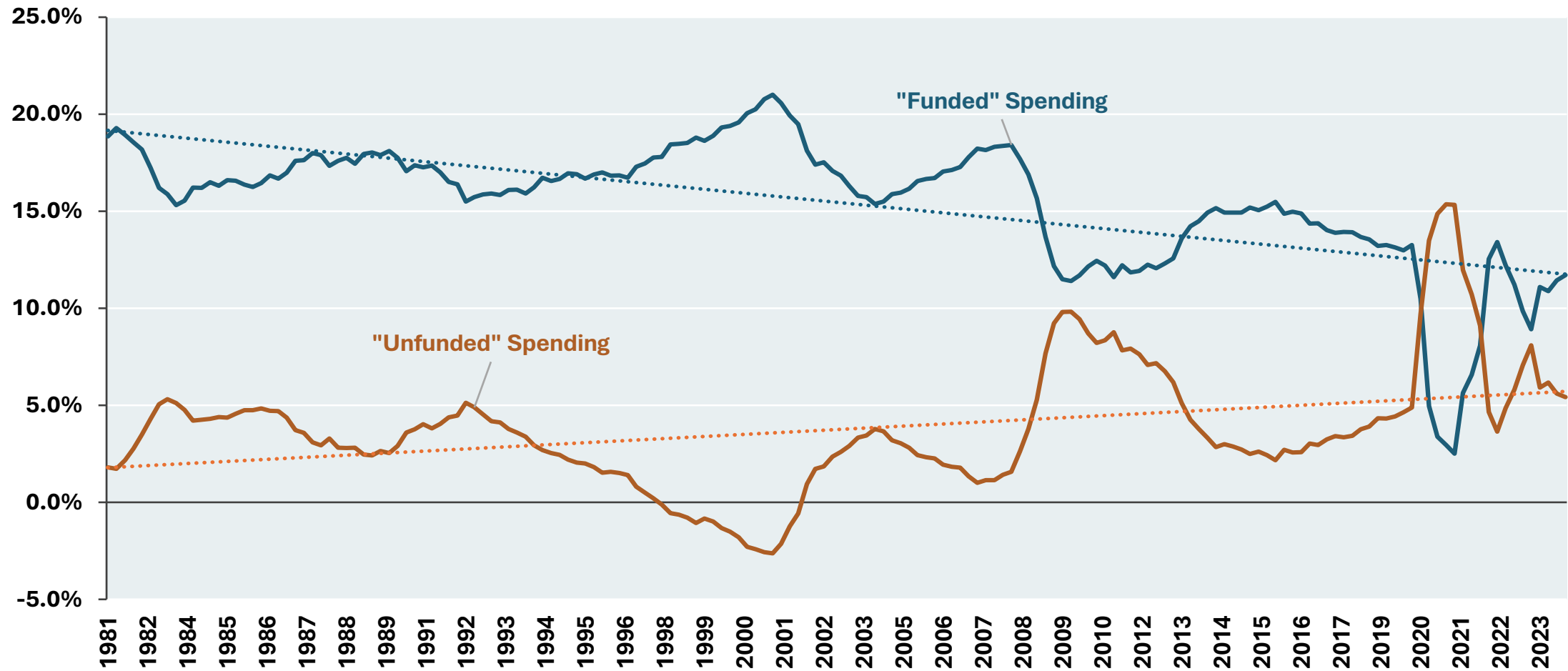
"I" - ISM Manufacturing PMI



Source: Bloomberg Professional.

"Delicate": Economic Outlook

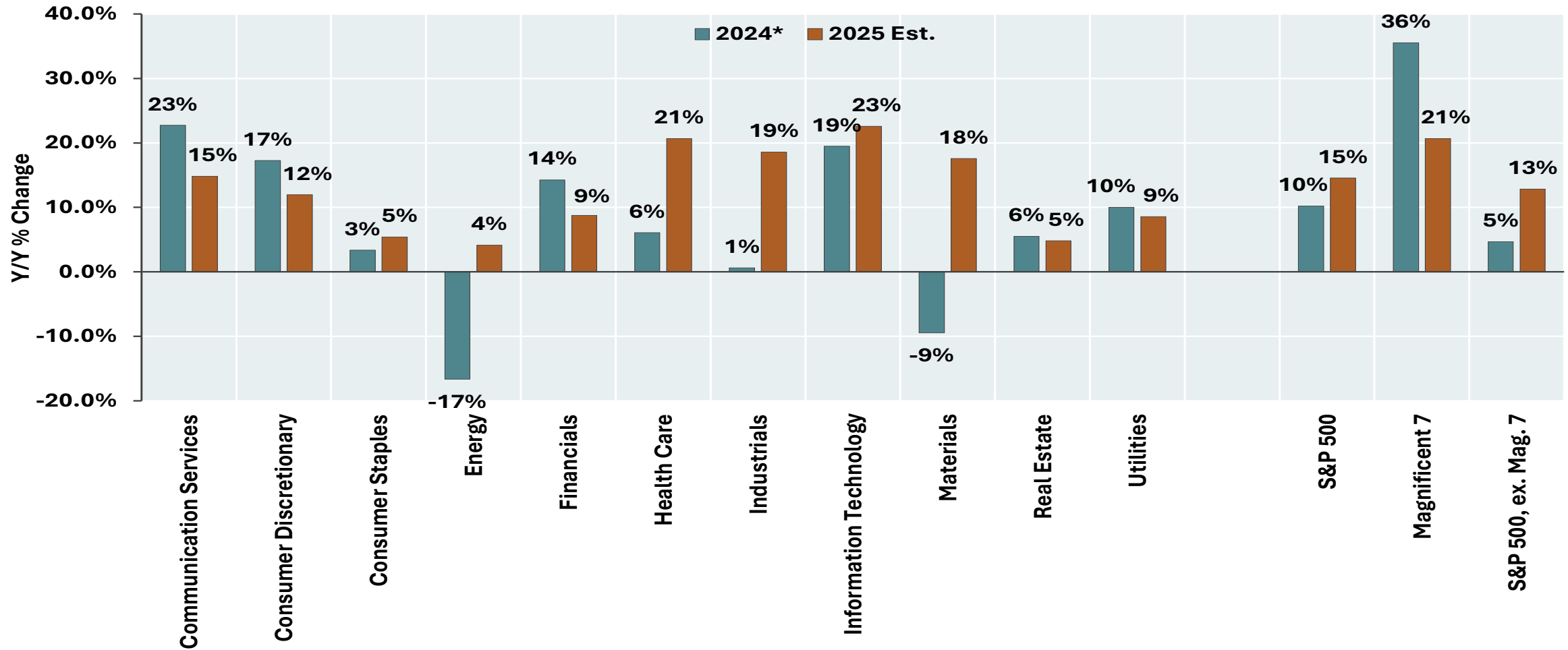
"G" - Government Investment as % of GDP: Funded vs. Unfunded ("Deficit") Spending



Source: St. Louis Fed.

“Seven” (Earnings)

S&P 500 Earnings: 2024 Results and 2025 Estimates by Sector and Cohort



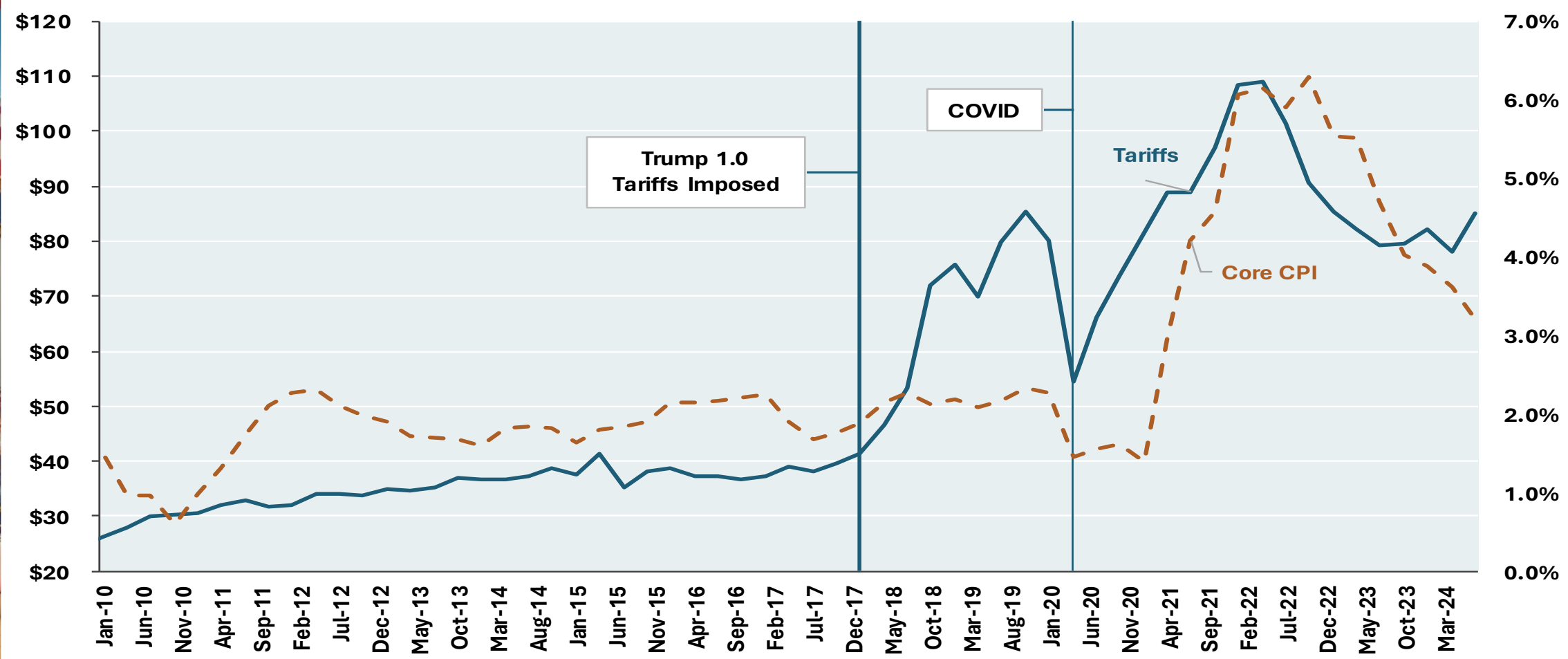
Source: FactSet. Data as of 12/31/2024. * - Assumes 4Q24 results match consensus estimates.

TRADE & TAX

IMMIGRATION

"Shake it Off": Evidence

"X" - Tariff Receipts vs. Y/Y % Change in Core CPI



Source: St. Louis Fed

REGULATION

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