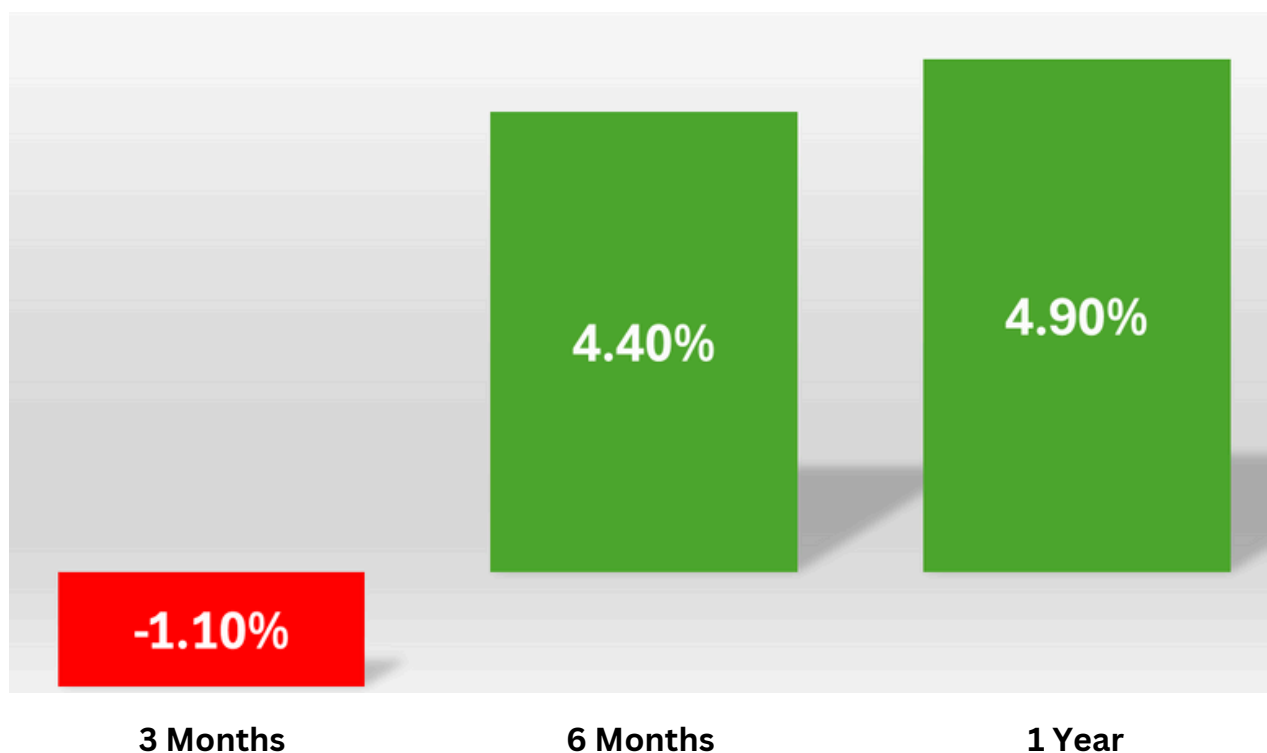


Taking Stock - S&P 500 Performance post Rate Cut & Updated US Economic Projections

The Federal Reserve this week began its interest rate cut cycle, implementing a 50 basis point cut on Wednesday. Market reaction was mixed to the news, particularly with Jerome Powell stating that the 50bps cut was not an indication of the future pace of cuts. Attention will now turn to the impact this cut may have on the US economy, particularly the US unemployment rate and the nonfarm payroll data. However, the reaction of the stock market, in particular the S&P 500 will also be in the spotlight from this point forward until the rate cut cycle ends. Will uncertainty lead to more sell offs and a possible market correction, or will markets look through the cuts and focus on the potential growth that could come from lower rates for businesses? Historically, during the first three months following the Federal Reserve's initial rate cut in the previous 13 cycles from 1973 to 2019, the S&P 500 averaged a decline of 1.10%. However, six months after the first cut, the S&P 500 typically returned an average of 4.40%, and one year later, it rose by about 4.90%. While every rate cut cycle is distinct, this historical data suggests that the S&P 500 has generally overcome short-term uncertainties after an initial cut, showing growth over the longer term, which should inspire optimism among investors for the upcoming rate cut cycle.

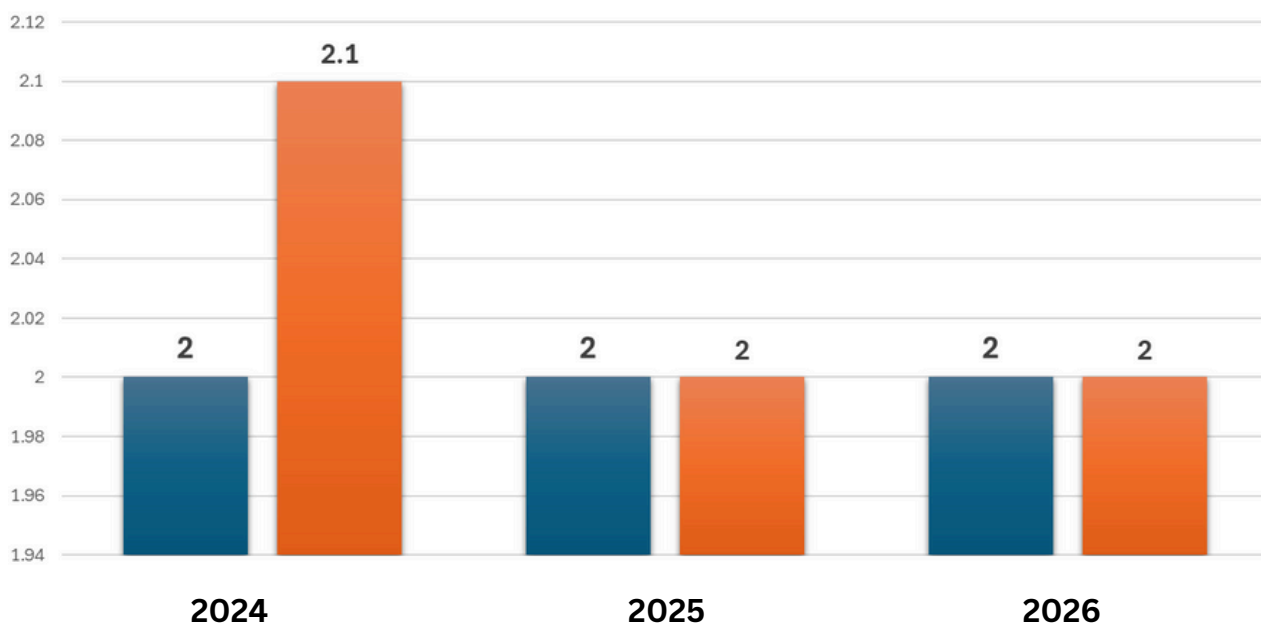
Average Historical Impact of First Rate Cut on S&P 500



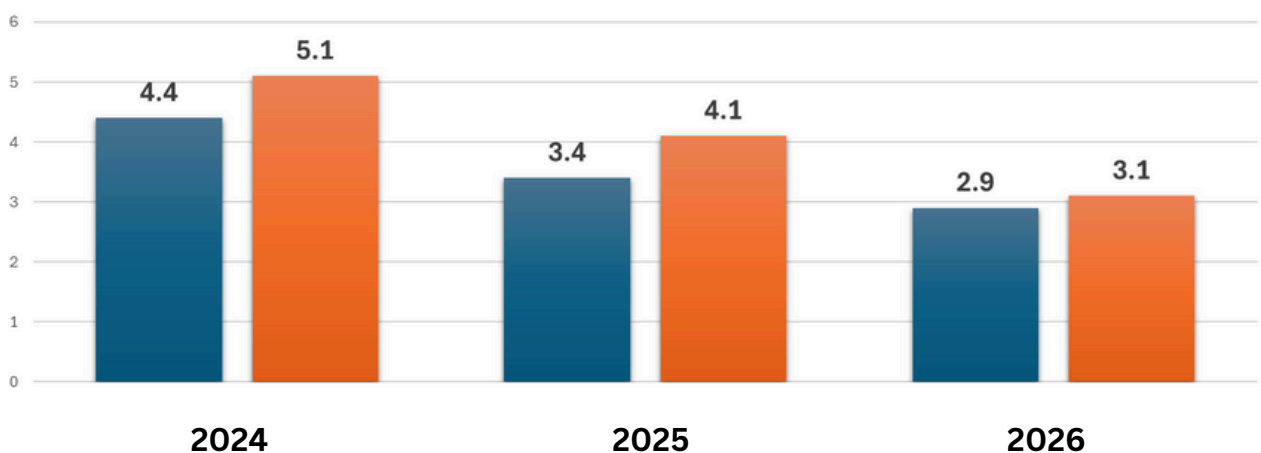
During the Federal Reserve meeting on Wednesday, the Federal Open Market Committee (FOMC) unveiled its revised projections for the U.S. economy for 2024, 2025, and 2026. Key projections include GDP, the Federal Funds Rate, PCE inflation, and unemployment. Notable updates include a reduction in the 2024 GDP estimate to 2%, lower anticipated interest rates for 2024, 2025, and 2026, and lower projections for PCE inflation in 2024 and 2025.

Current Projections **June 2024 Projections**

FOMC Economic projections - US real GDP



FOMC Economic projections - Federal Funds Rate



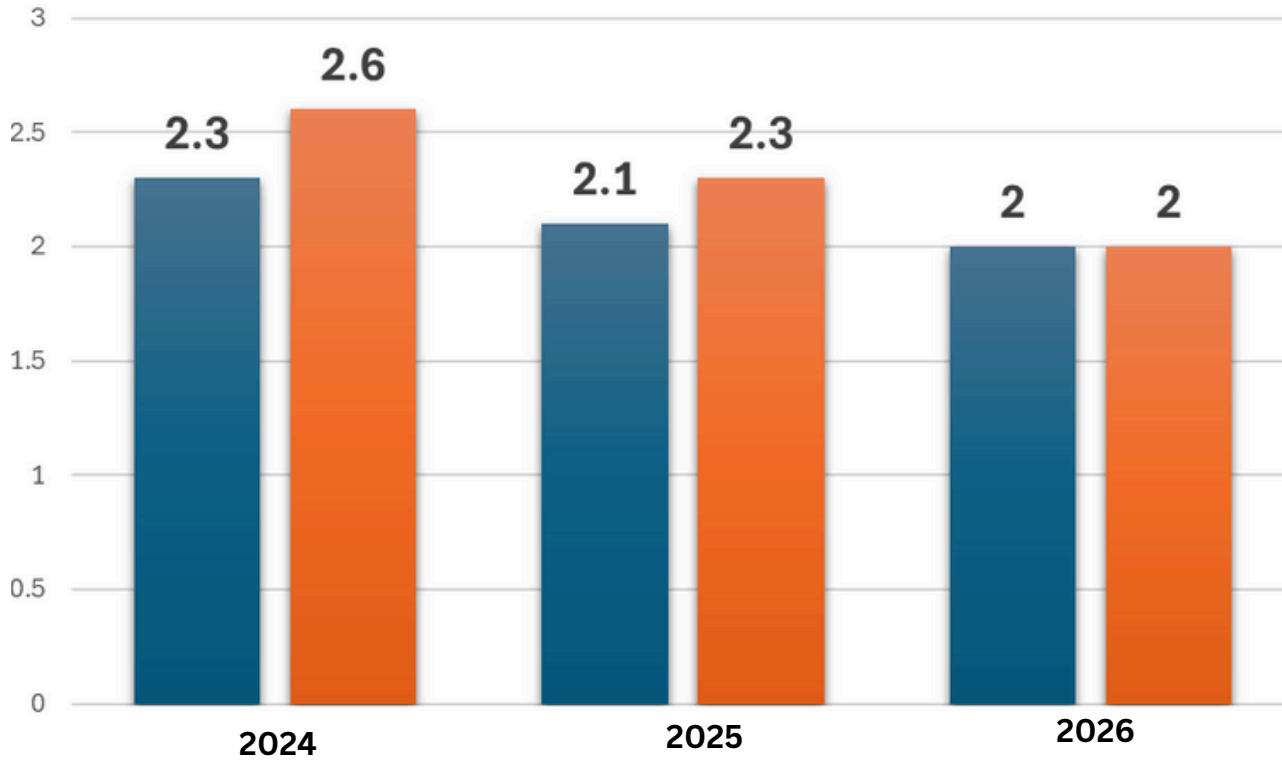


Current Projections



June 2024 Projections

FOMC Economic projections - PCE Inflation



FOMC Economic projections - US Unemployment Rate

