



BUNDY GROUP

Mergers & Acquisitions | Capital Raises

Economic & Labor Market Update: A Shift in Momentum

April 2024

Presented by
Alex Chaousovsky



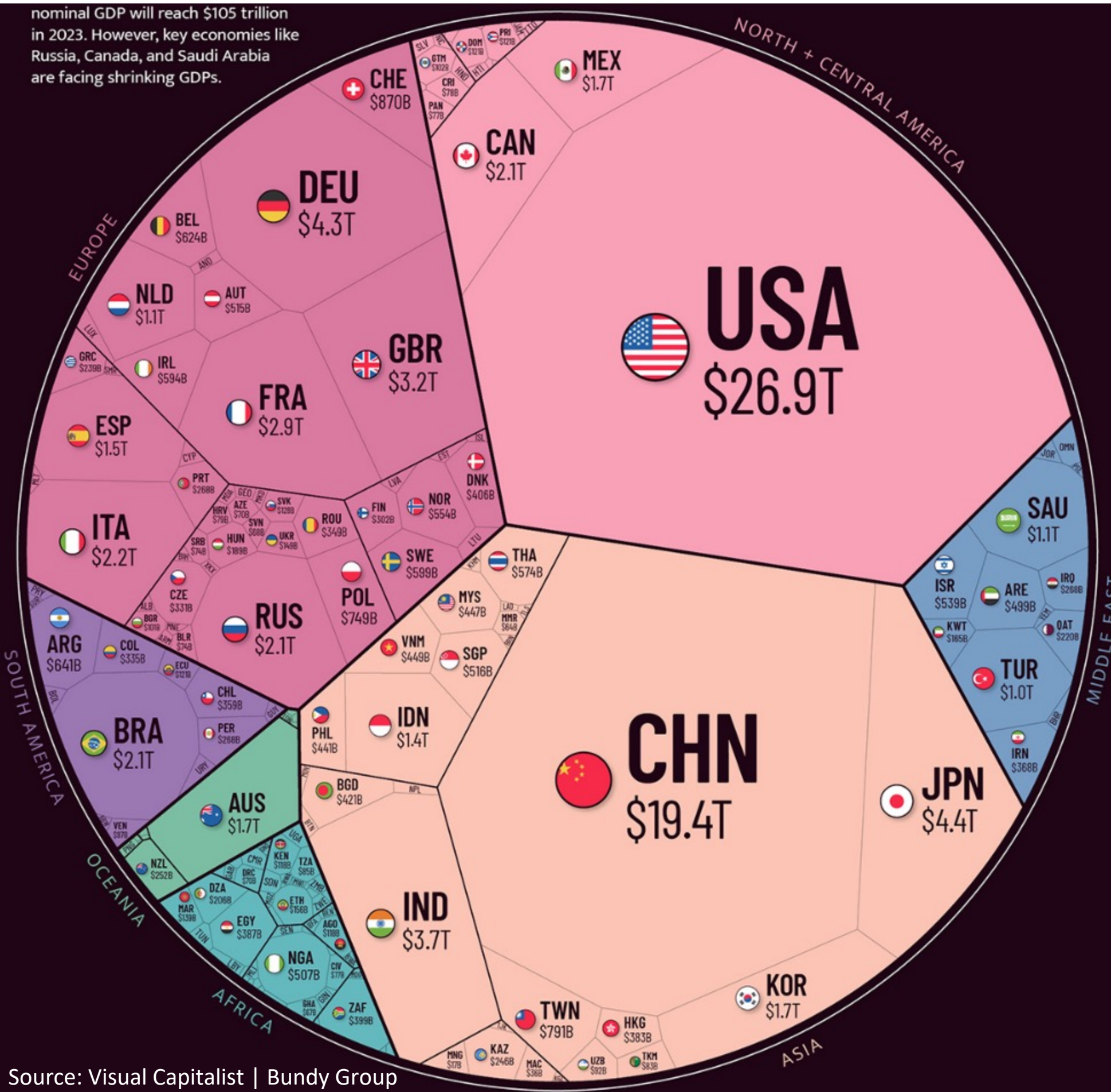
Topics We'll Cover

Our Talk Today

- Macroeconomic Update
- Decision Making Tool
- Actionable Takeaways

The Global and US Economies

nominal GDP will reach \$105 trillion in 2023. However, key economies like Russia, Canada, and Saudi Arabia are facing shrinking GDPs.



Per Capita Personal Income (2022, USD)



D.C. has the highest personal income per capita at \$97K.

The New York City metropolitan area, including Newark and Jersey City, makes up \$2 trillion in economic output, accounting for large shares of both New York state and New Jersey's GDPs.



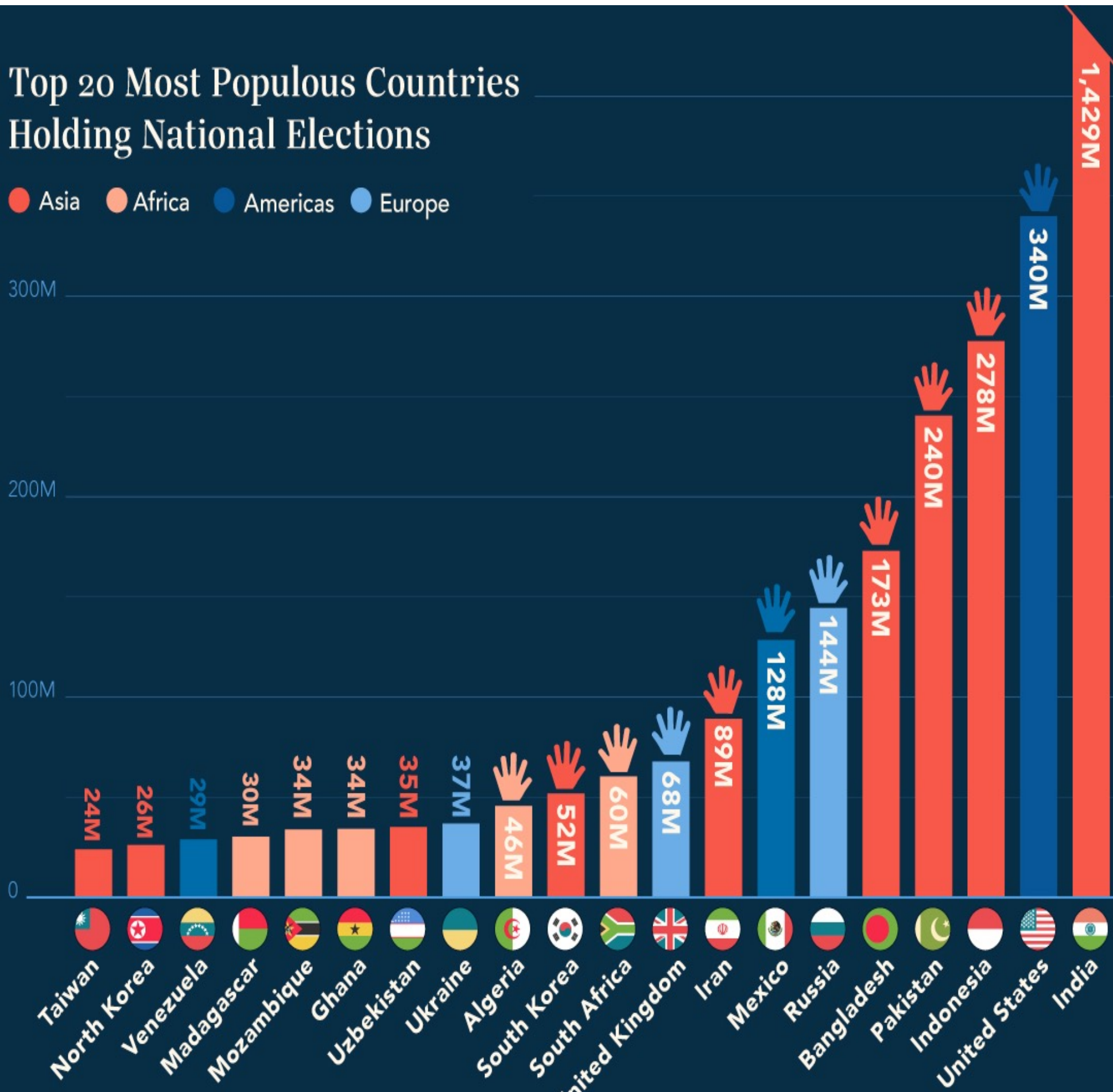
If California was a country it would rank among the top 10 biggest GDPs worldwide.

Texas' economy is comparable to the size of large countries such as Russia or South Korea.

2024 is the Year of Global Elections

Top 20 Most Populous Countries Holding National Elections

● Asia ● Africa ● Americas ● Europe



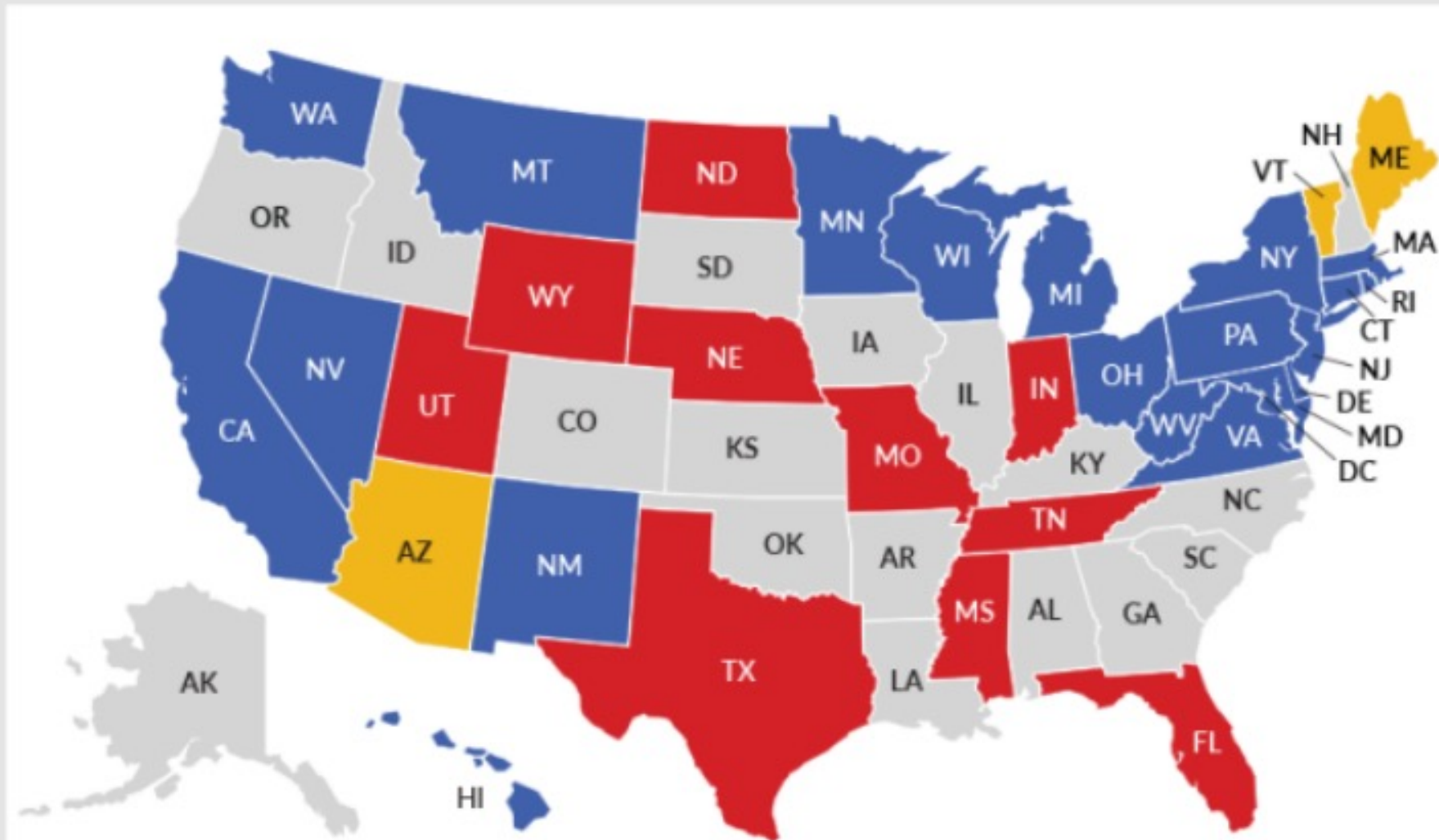
Election Dates to Watch



Source: Visual Capitalist | Ballotpedia

Congressional & Gubernatorial Seats Up For Election in 2024

U.S. Senate: 34 of 100 seats



States with a seat up for election are color-coded based on the current incumbent. States that are gray have no seat up for election.



U.S. House of Representatives: All 435 seats

Governors: 11 of 50 states

- Delaware
- Indiana
- Missouri
- Montana
- New Hampshire
- North Carolina
- North Dakota
- Utah
- Vermont
- Washington
- West Virginia

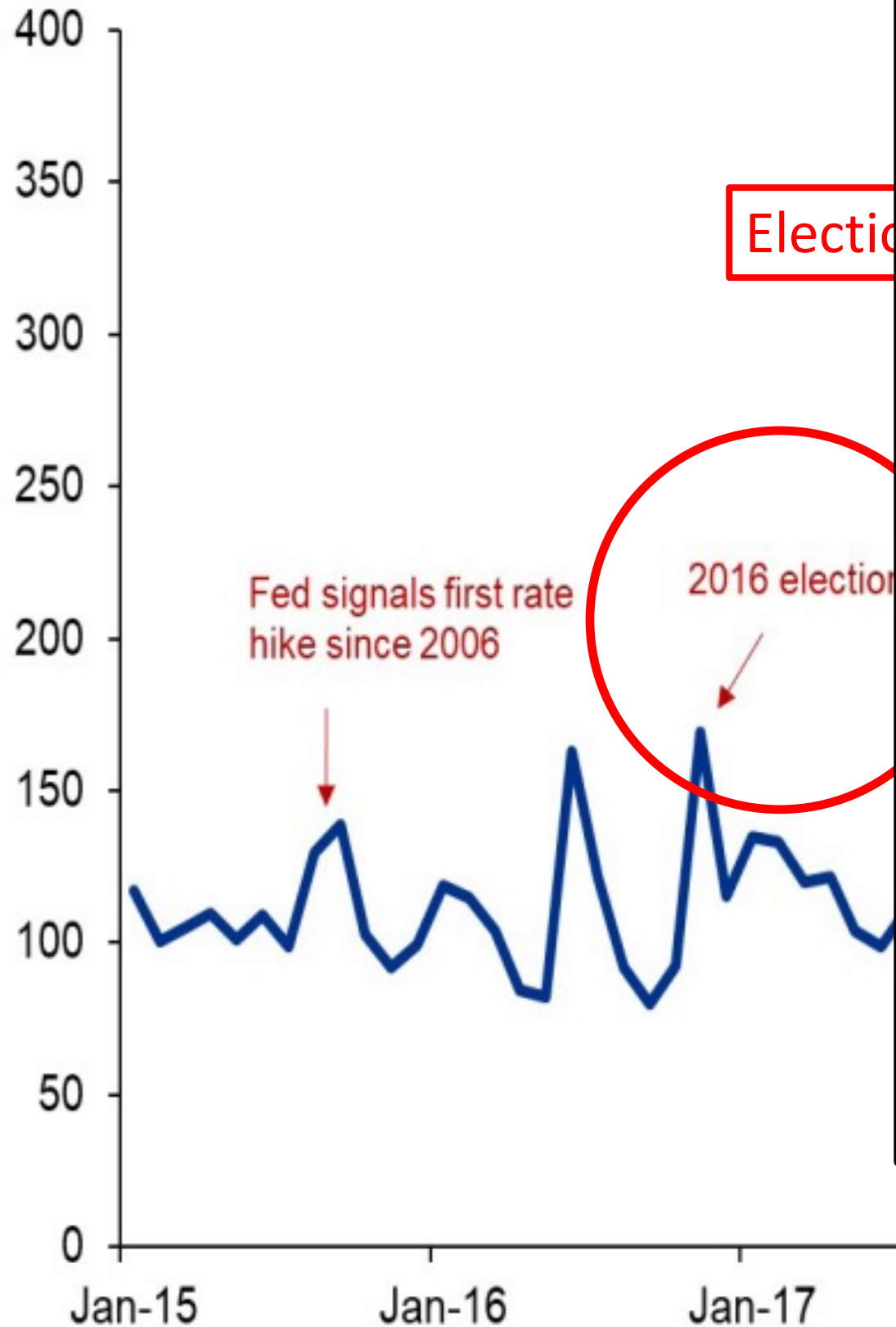
The US Economy is Bigger than Politics

**Impartial Source of Information:
Joint Economic Committee of the US Congress**

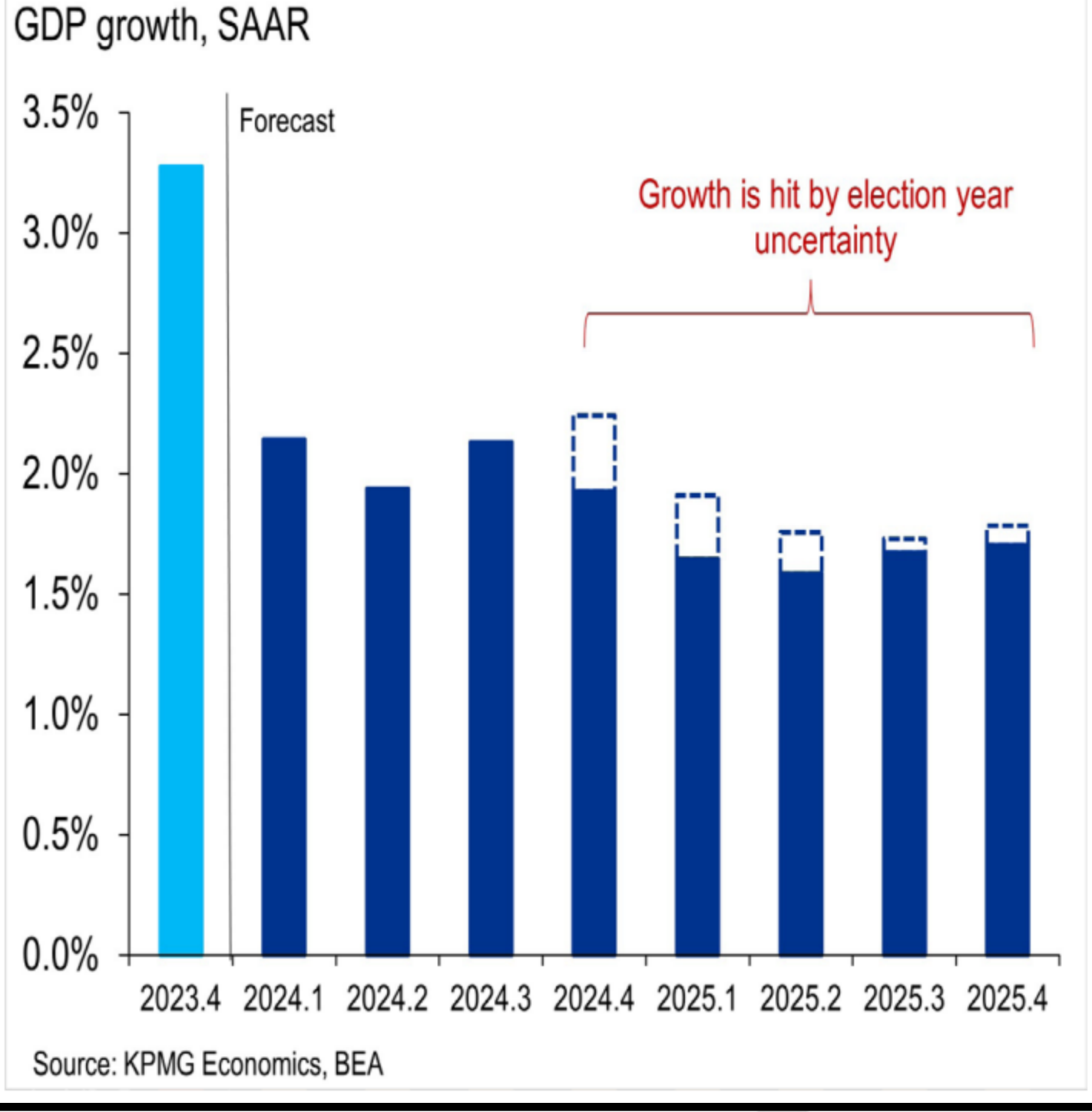


Impact of the Election on the Economy

Economic policy uncertainty index



Policy uncertainty has lingering effects

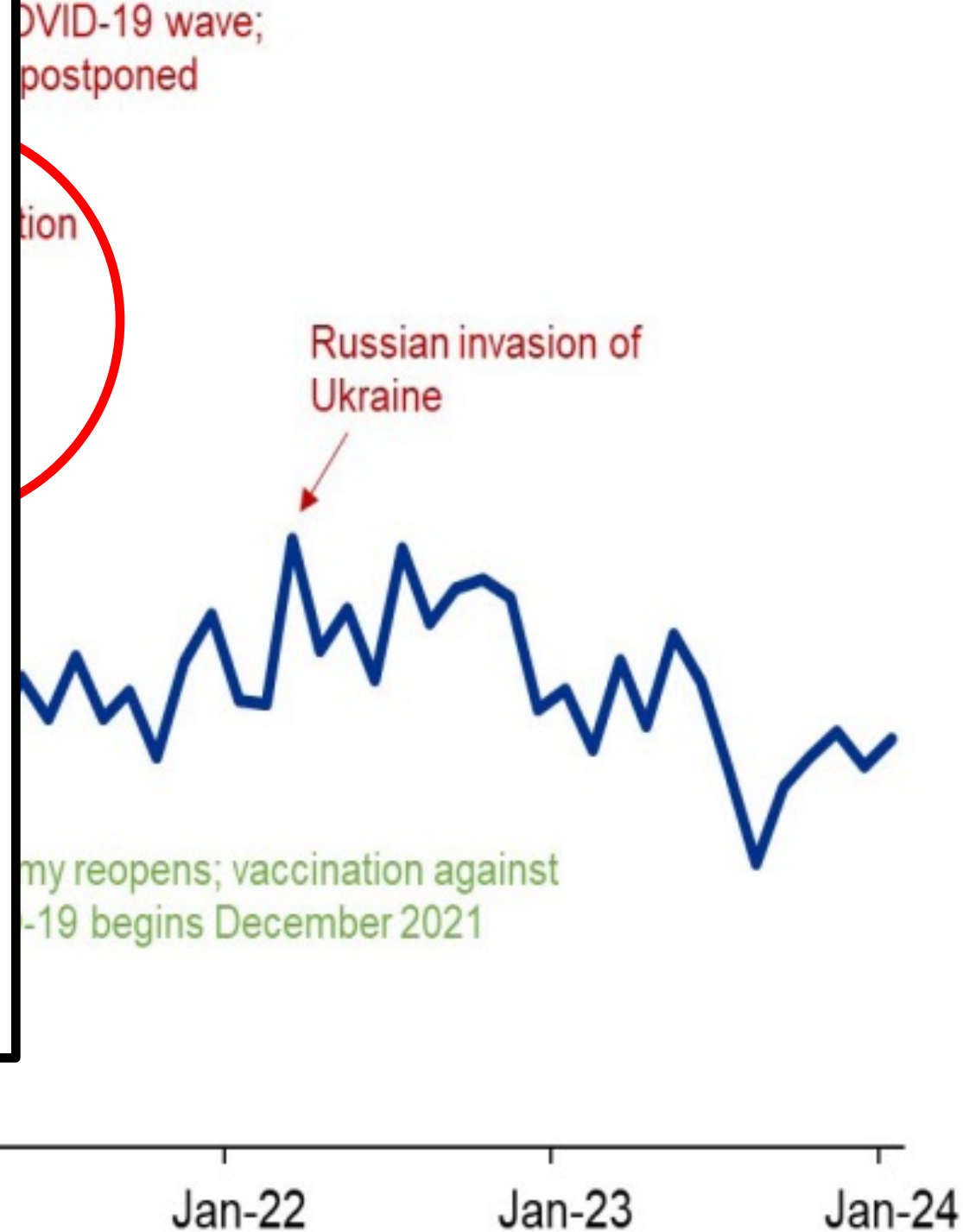


DIVID-19 wave; postponed

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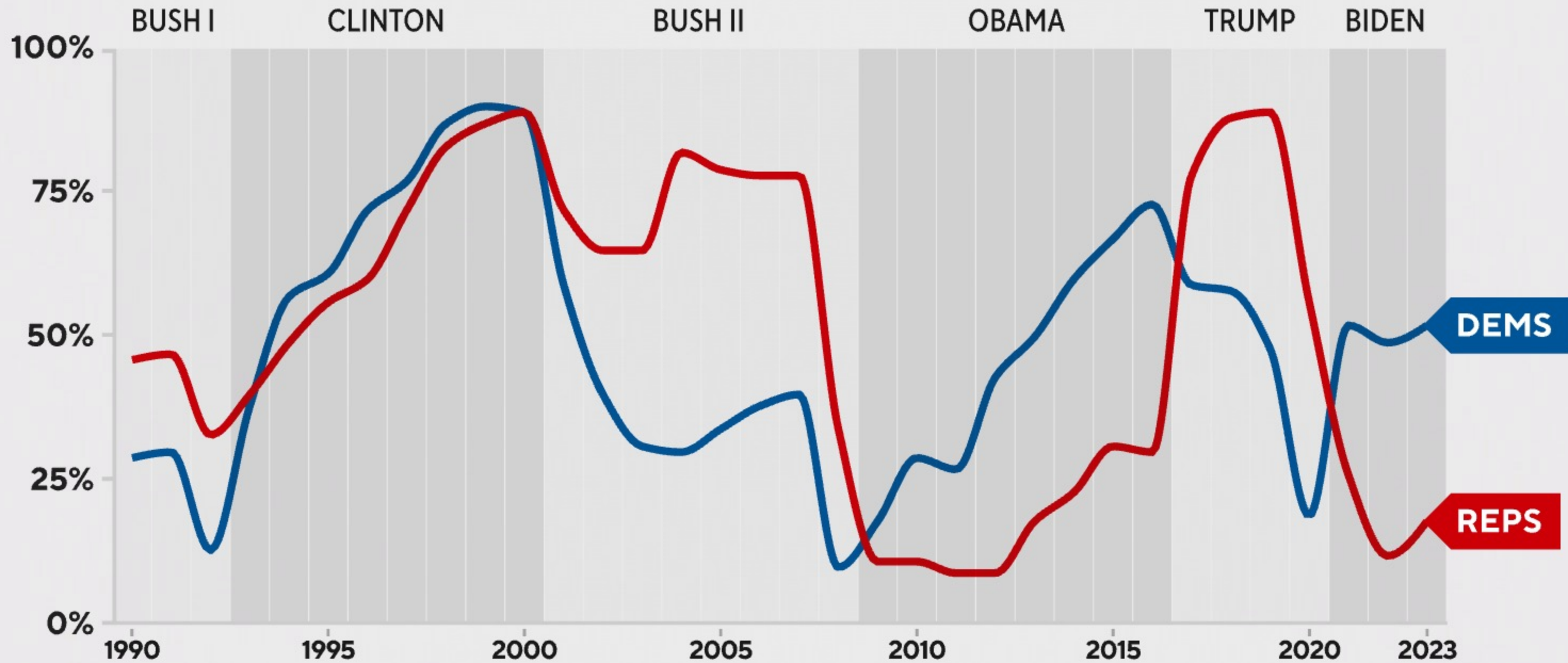
Russian invasion of Ukraine

my reopens; vaccination against -19 begins December 2021



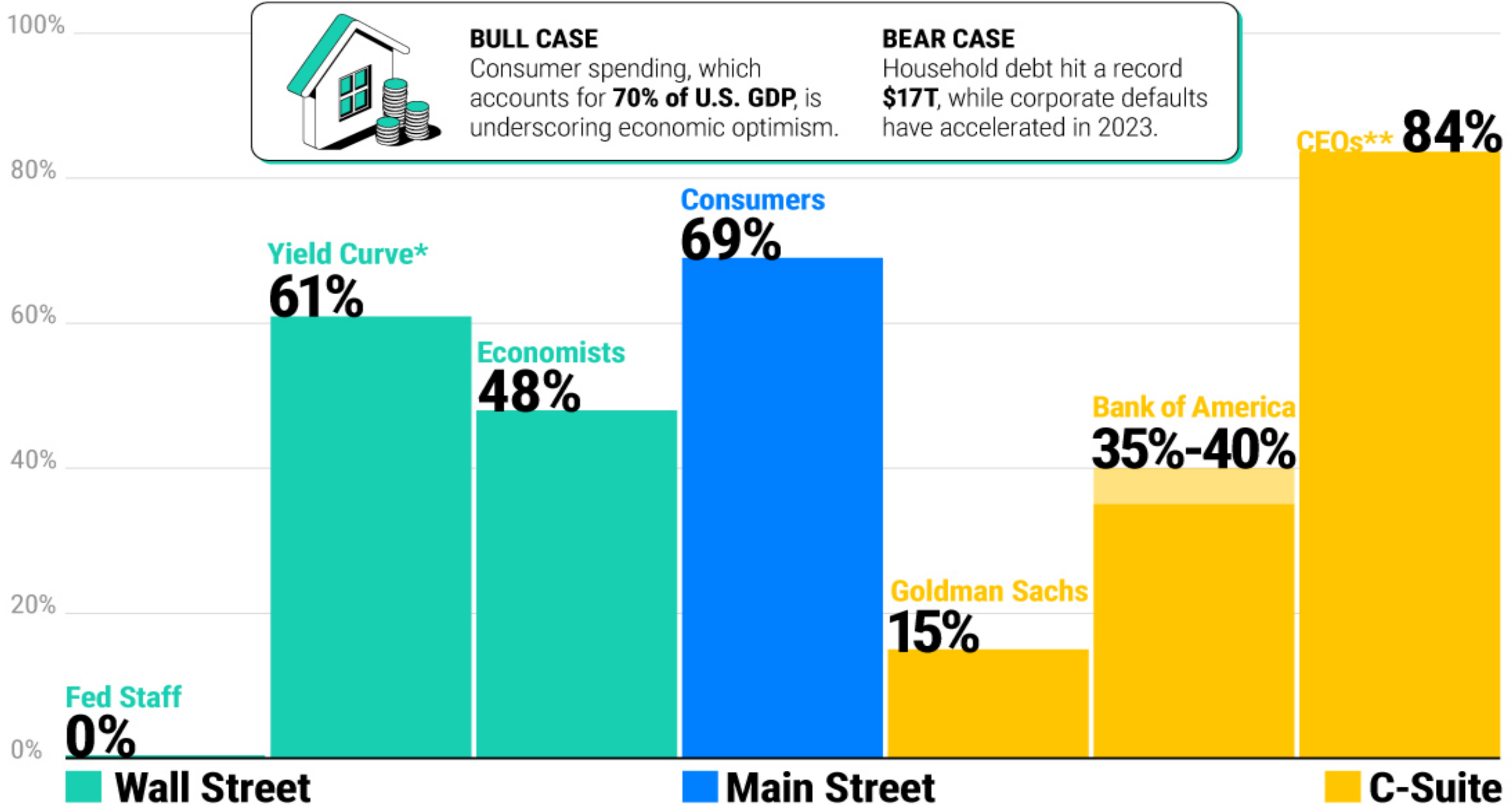
THE PARTISAN GAP ON ECONOMY RATINGS

PERCENT SAYING GOOD



2024 Projections from Various Sources

ESTIMATED U.S. RECESSION PROBABILITY IN THE NEXT 12 MONTHS



Source: Federal Reserve Bank of New York, Wolters Kluwer, The Conference Board, Goldman Sachs Investment Research, Bank of America. Data based on surveys and projections conducted August-September.

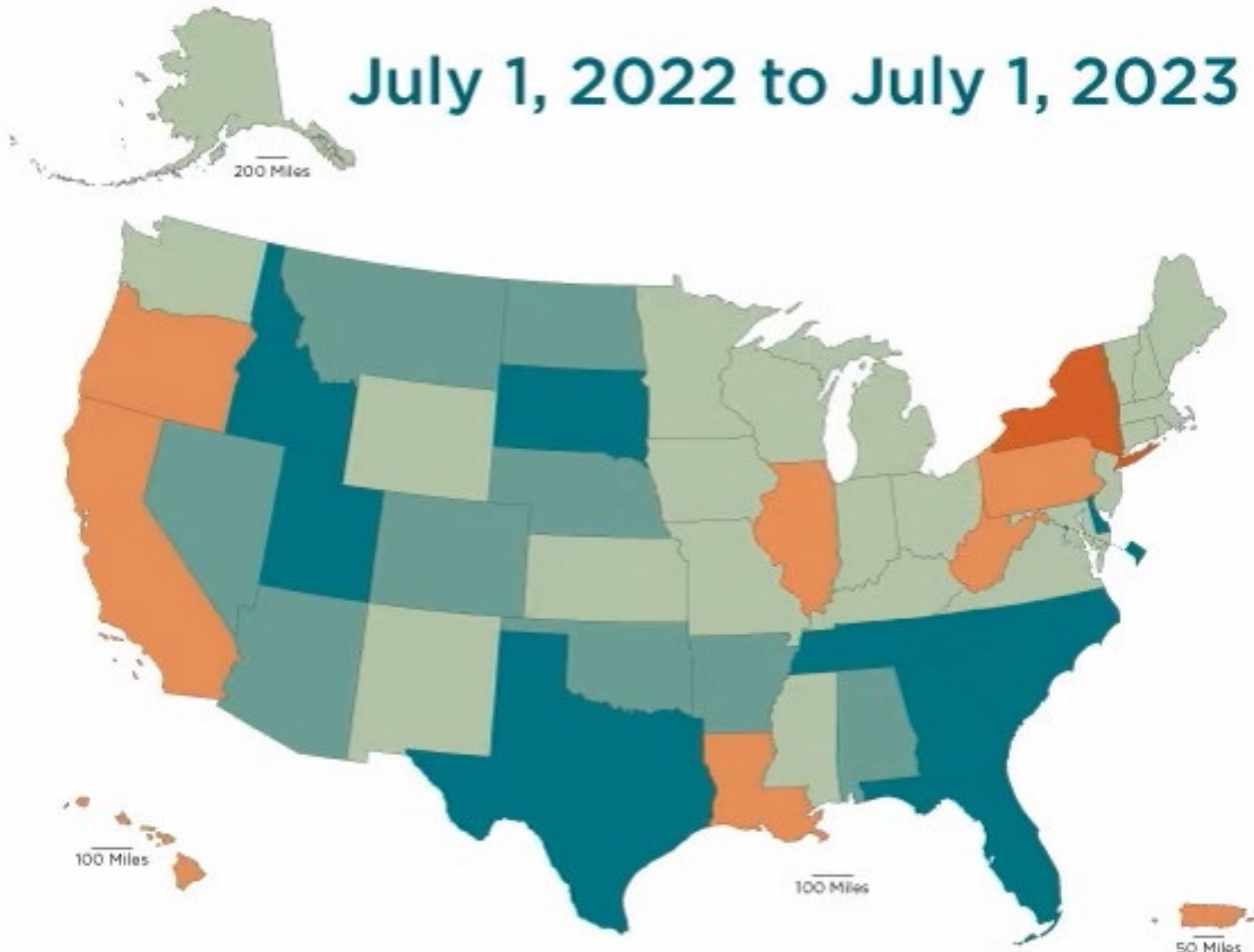
*Based on a New York Fed model estimating recession probabilities using 10-year minus 3-month Treasury yield spreads, based on data from 1959-2009.

**Conference Board Q3 CEO survey probability of a recession over the next 12-18 months.

Percent Change in State Population

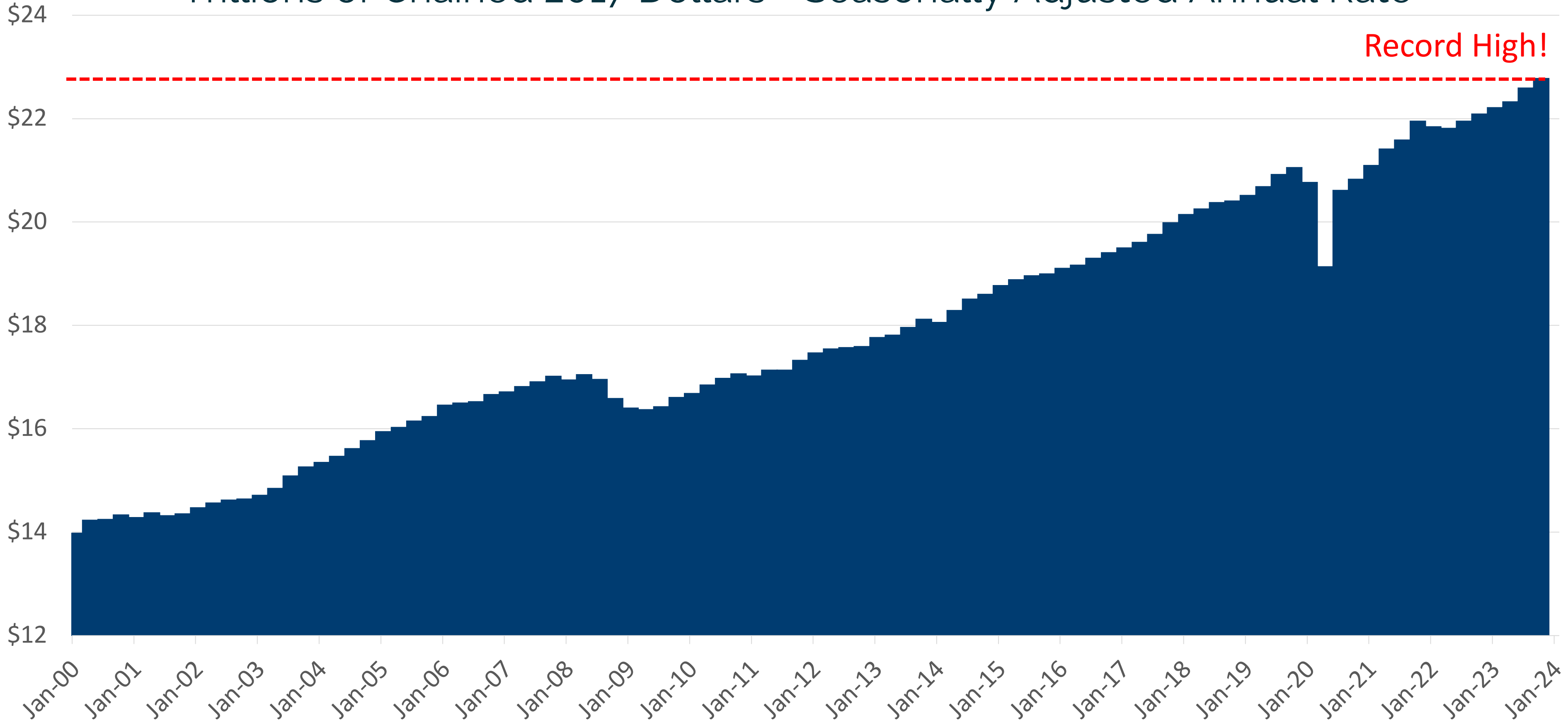
July 1, 2022 to July 1, 2023

Percent change



US Real (Inflation Adjusted) GDP

Trillions of Chained 2017 Dollars - Seasonally Adjusted Annual Rate

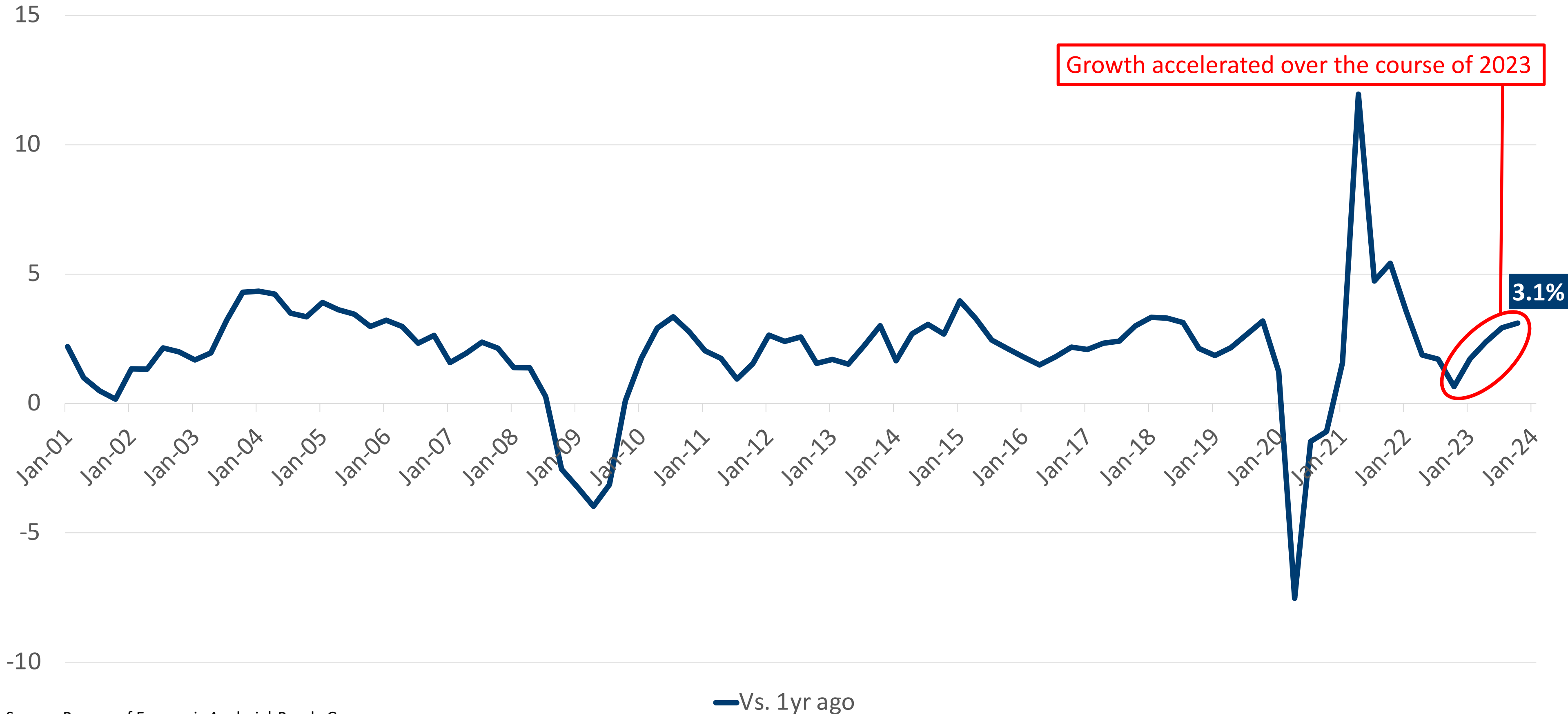


Source: Bureau of Economic Analysis | Bundy Group

Quarterly Value (\$T)

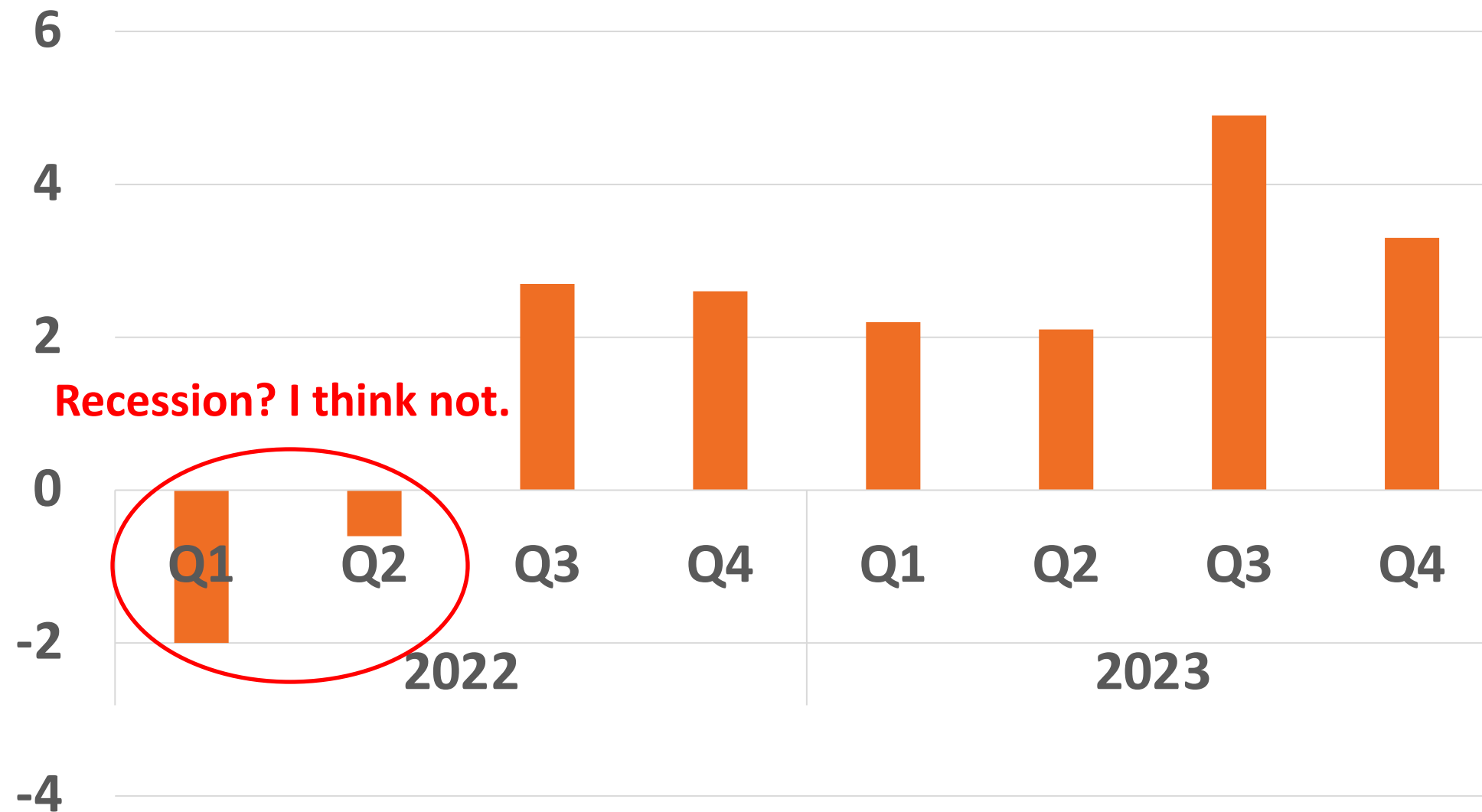
US Real (Inflation Adjusted) GDP

Quarter-over-Quarter (4Q23 vs 4Q22) Growth

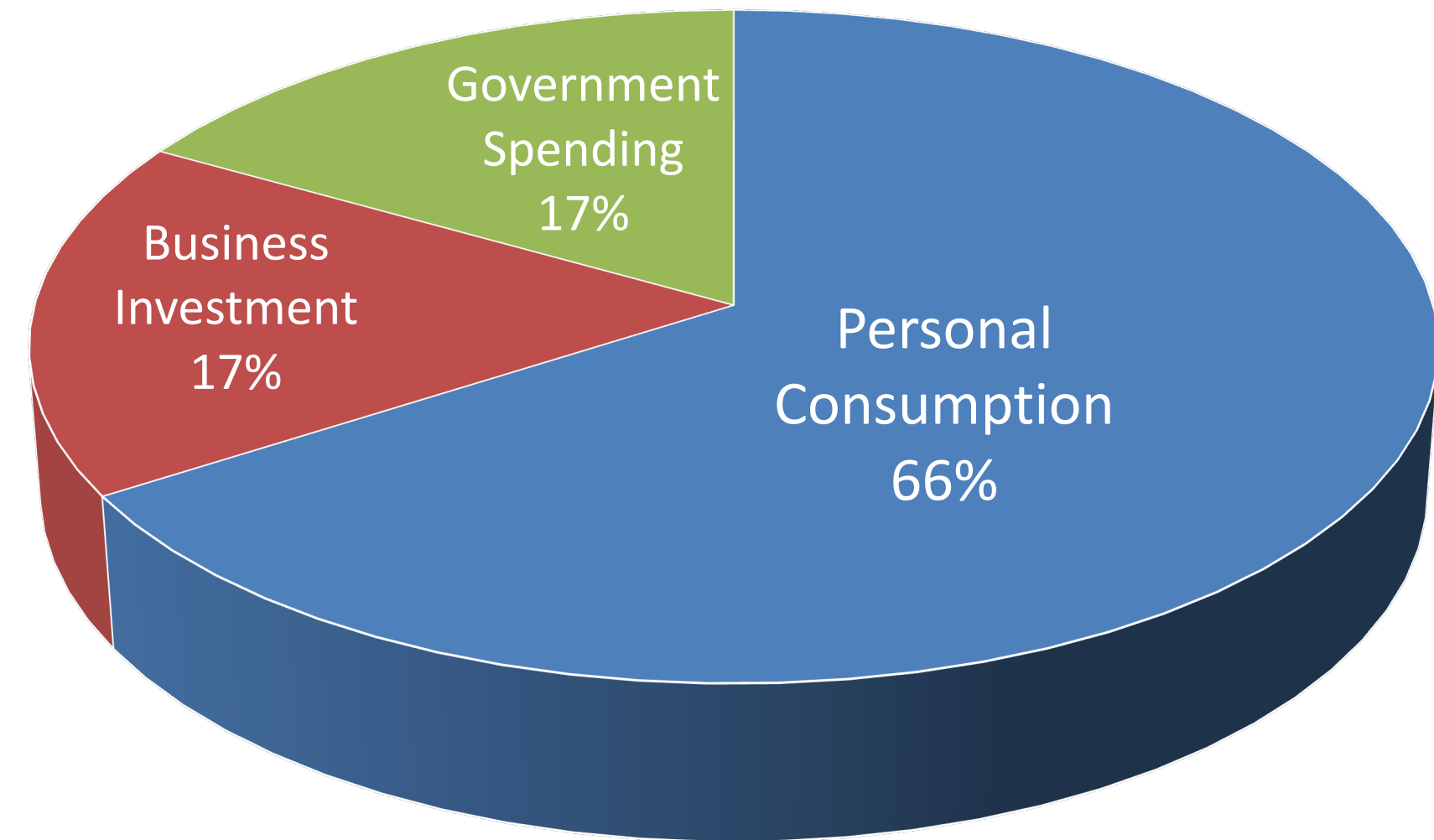


Breaking Down the US Economy

Real GDP: Percent Change from Preceding Period

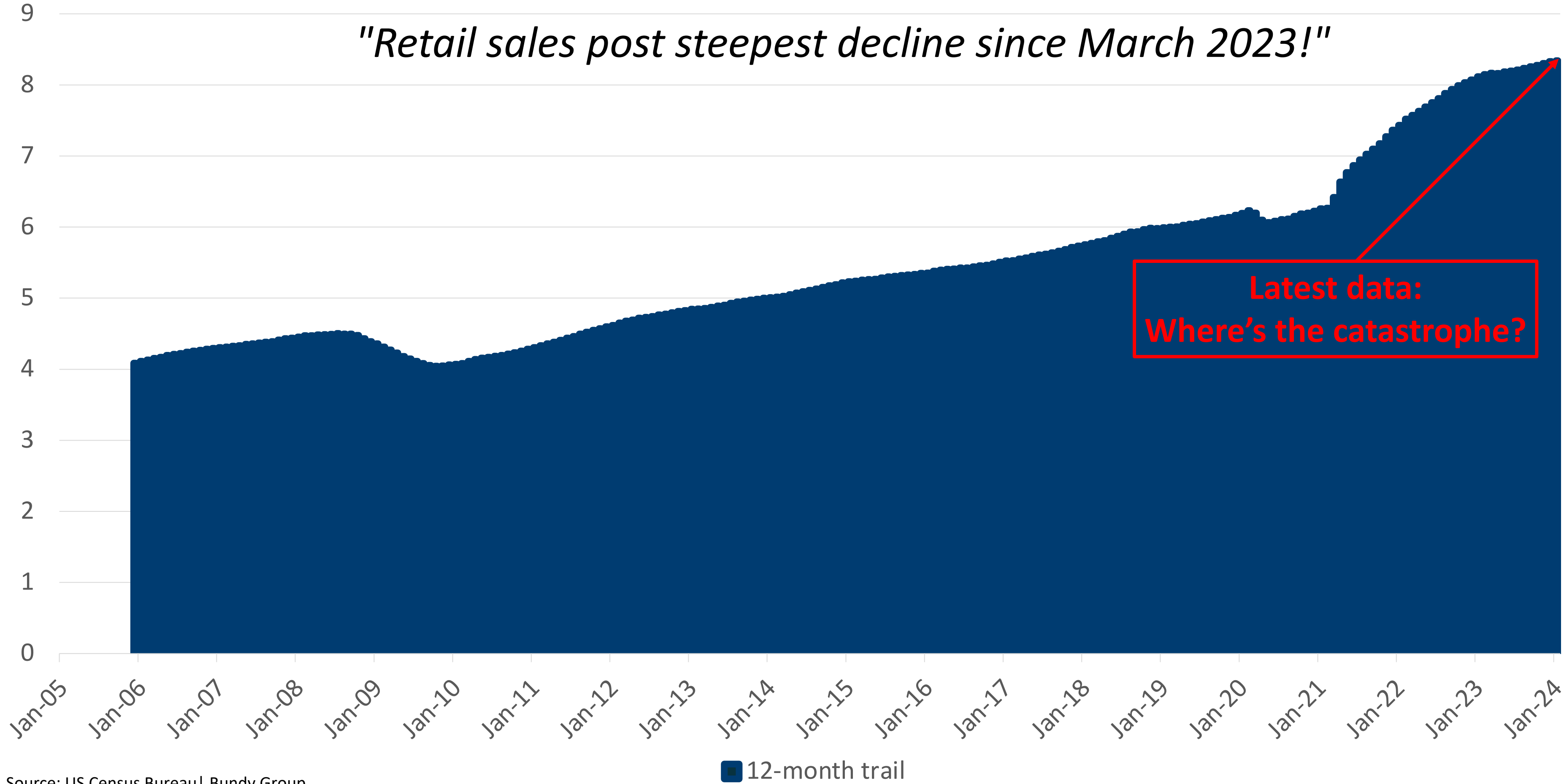


GDP Breakdown



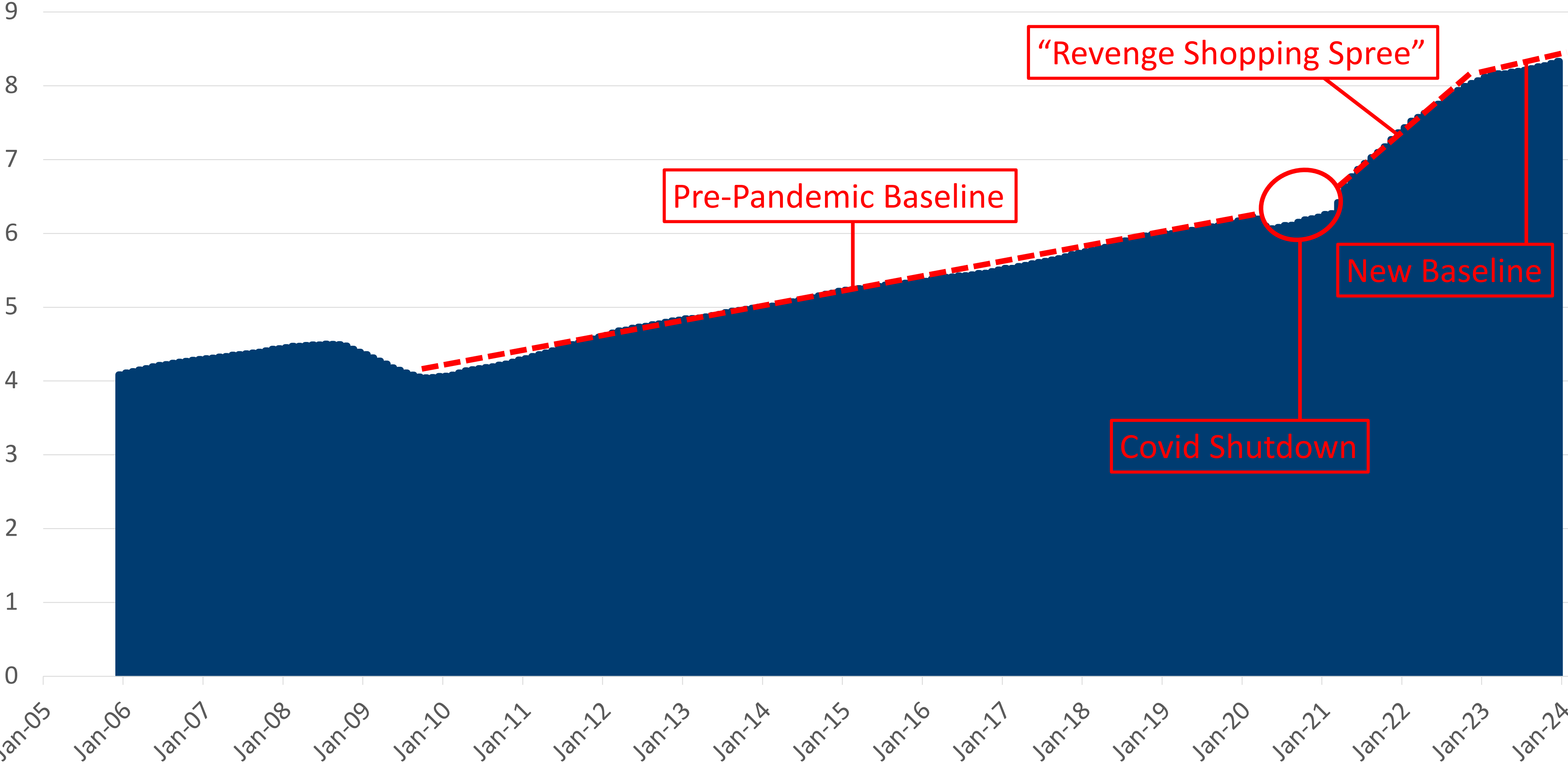
Retail Trade and Food Services

"Retail sales post steepest decline since March 2023!"



Source: US Census Bureau | Bundy Group

Retail Trade and Food Services



■ 12-month trail

Retail Activity Trend is Positive

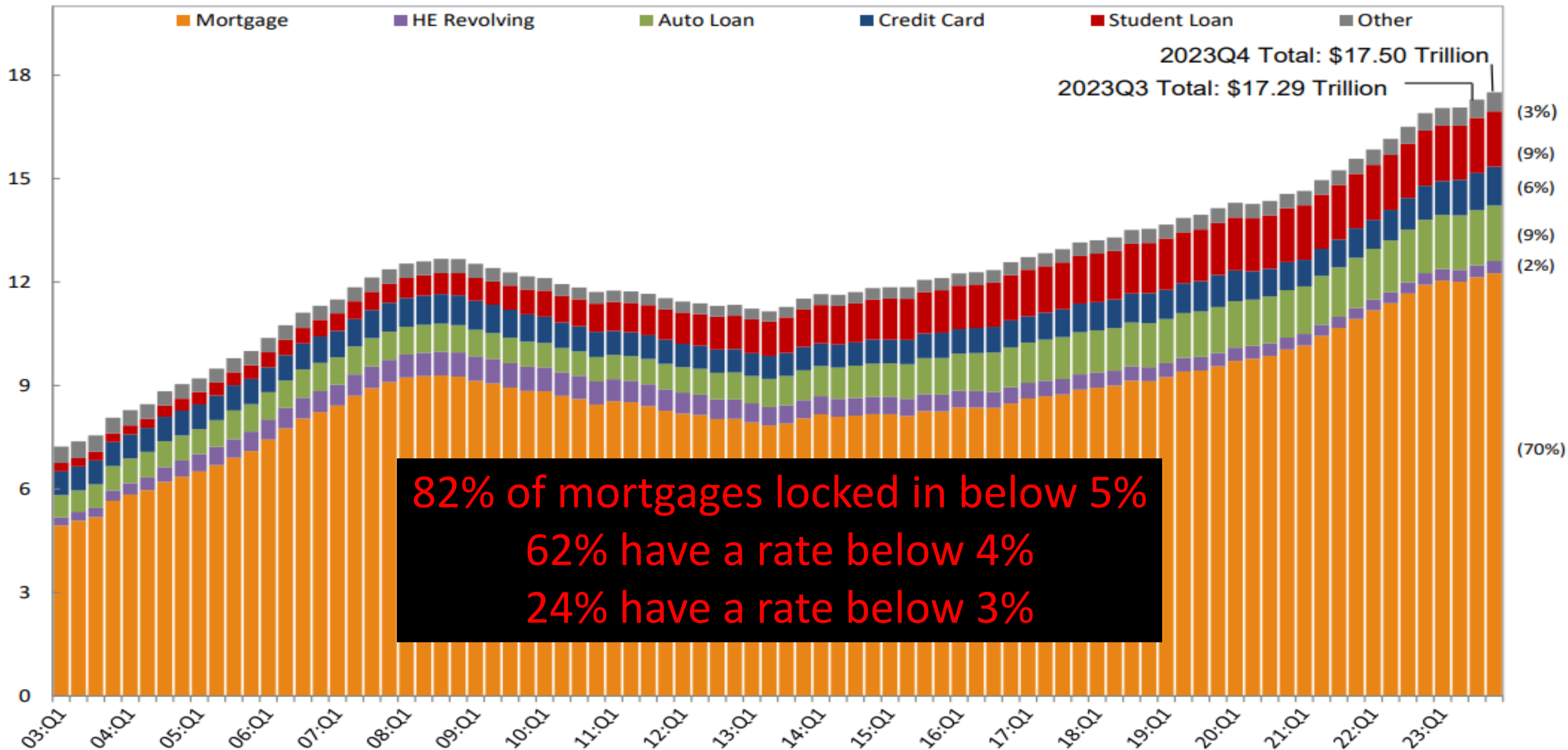
Retail Trade and Food Services: U.S. Total



Source: US Census Bureau | Bundy Group

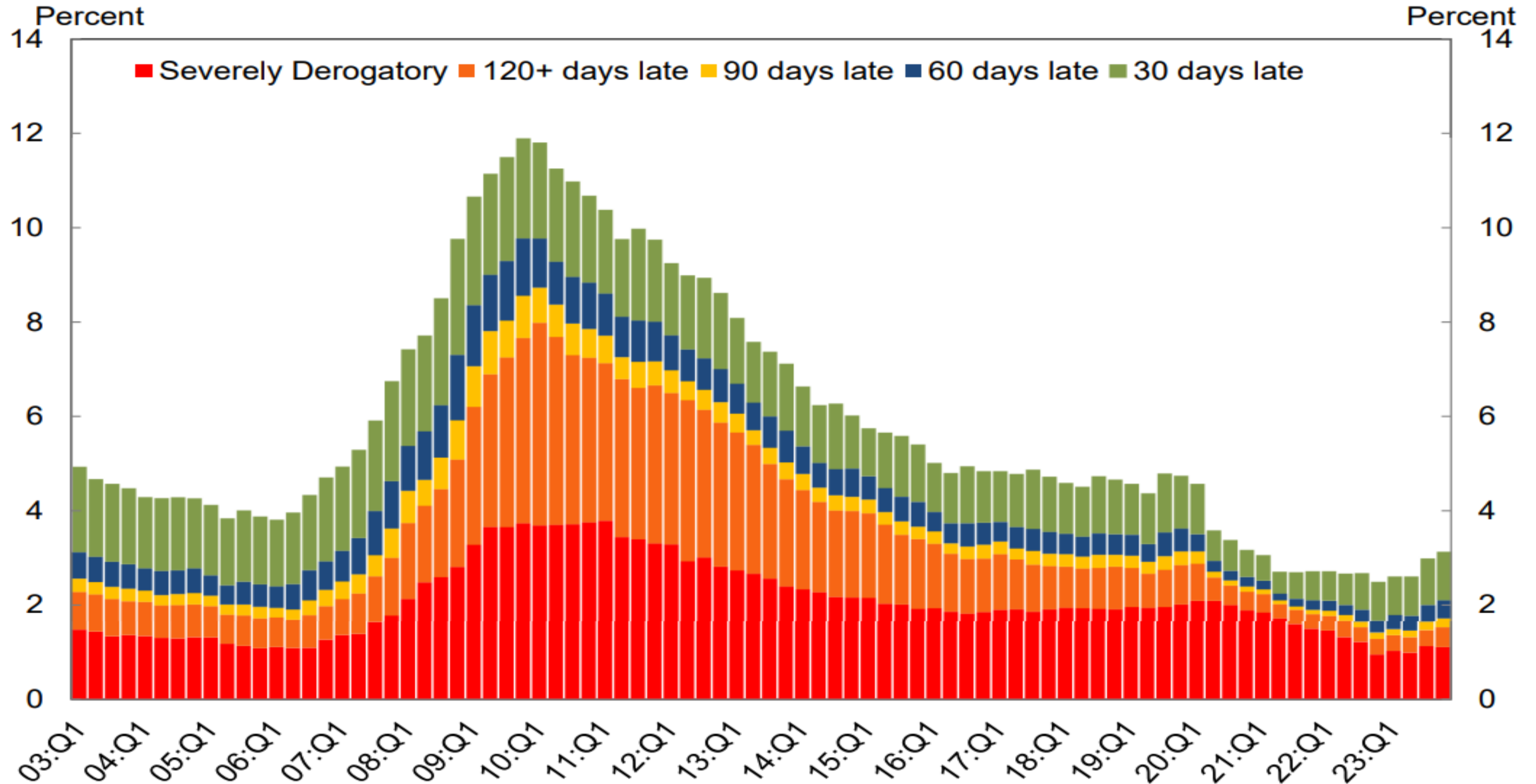
Distribution of American Consumer Debt

Trillions of Dollars

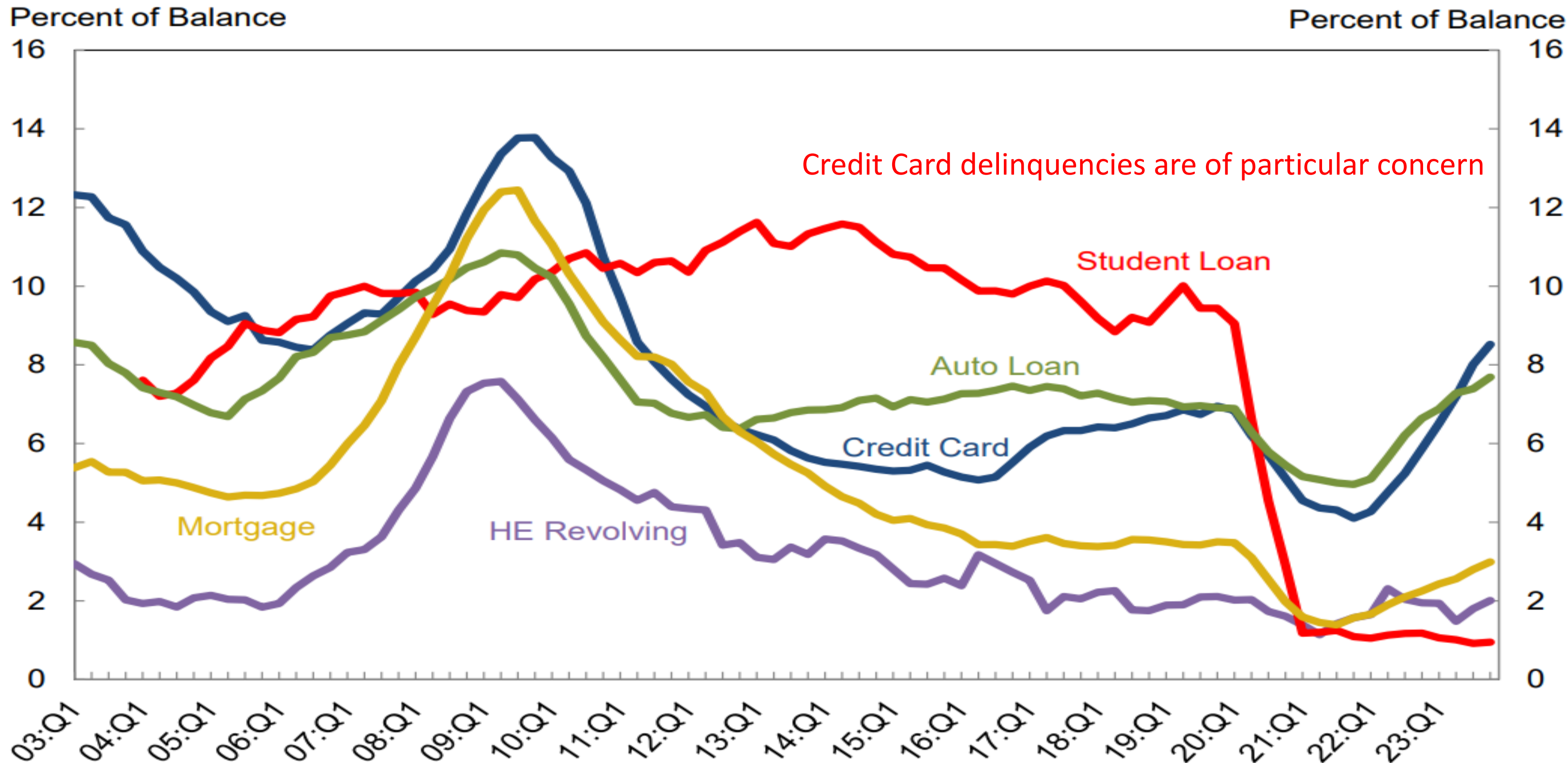


Source: New York Fed Consumer Credit Panel/Equifax

Total Balance by Delinquency Status



Transition into Delinquency by Loan Type

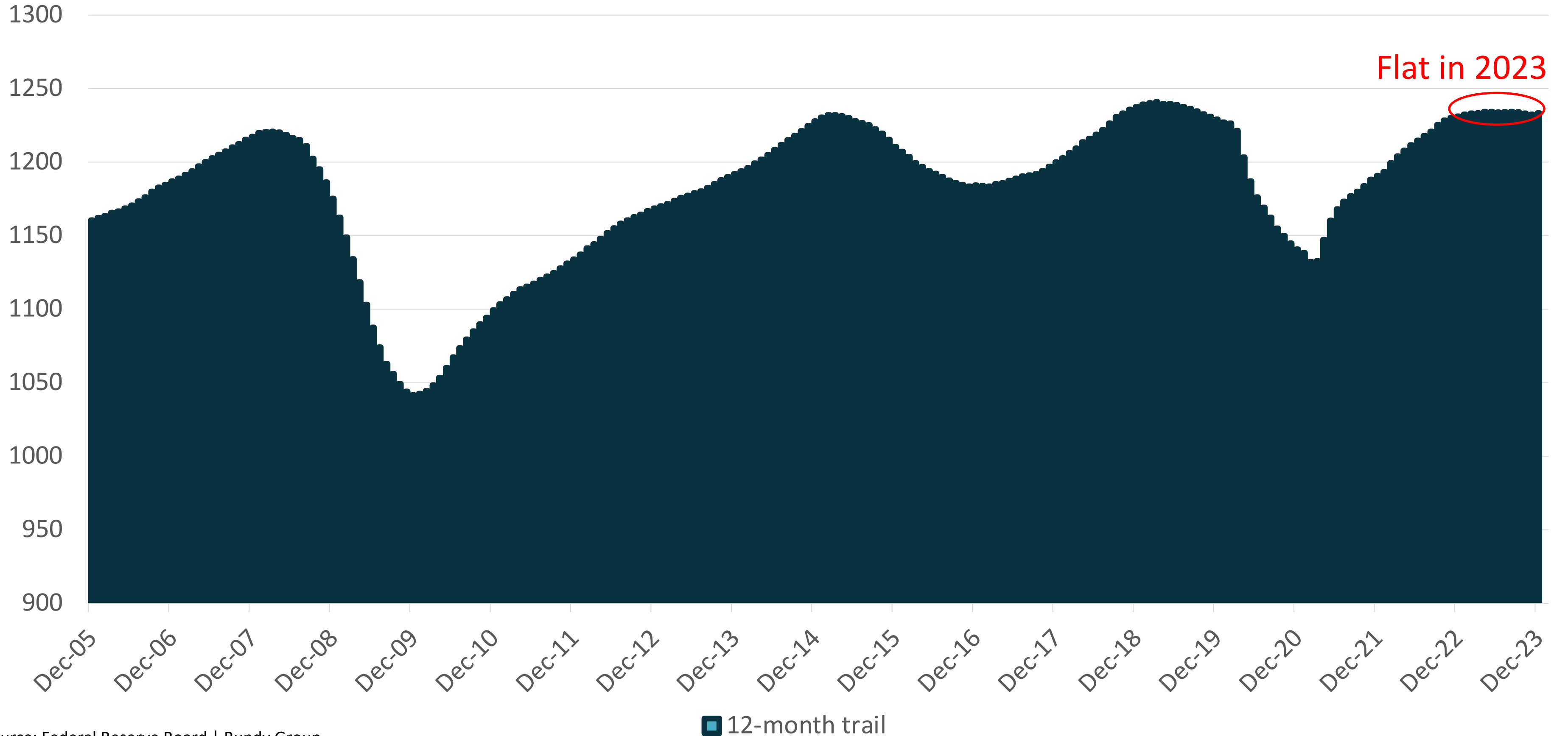


Source: New York Fed Consumer Credit Panel/Equifax

Note: 4 Quarter Moving Sum
Student loan data are not reported prior to 2004 due to uneven reporting

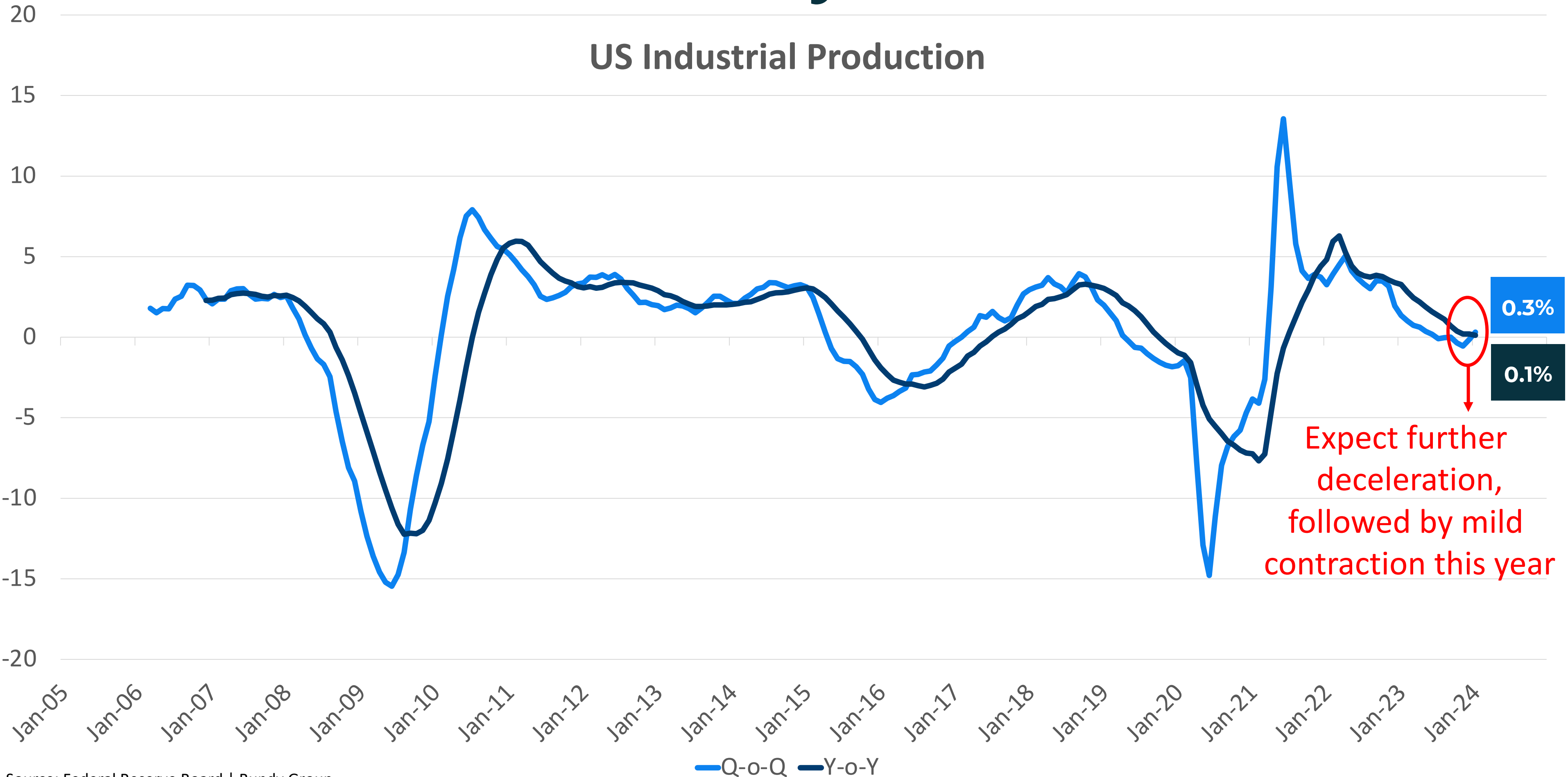
US Industrial Production

Index, Not Seasonally Adjusted

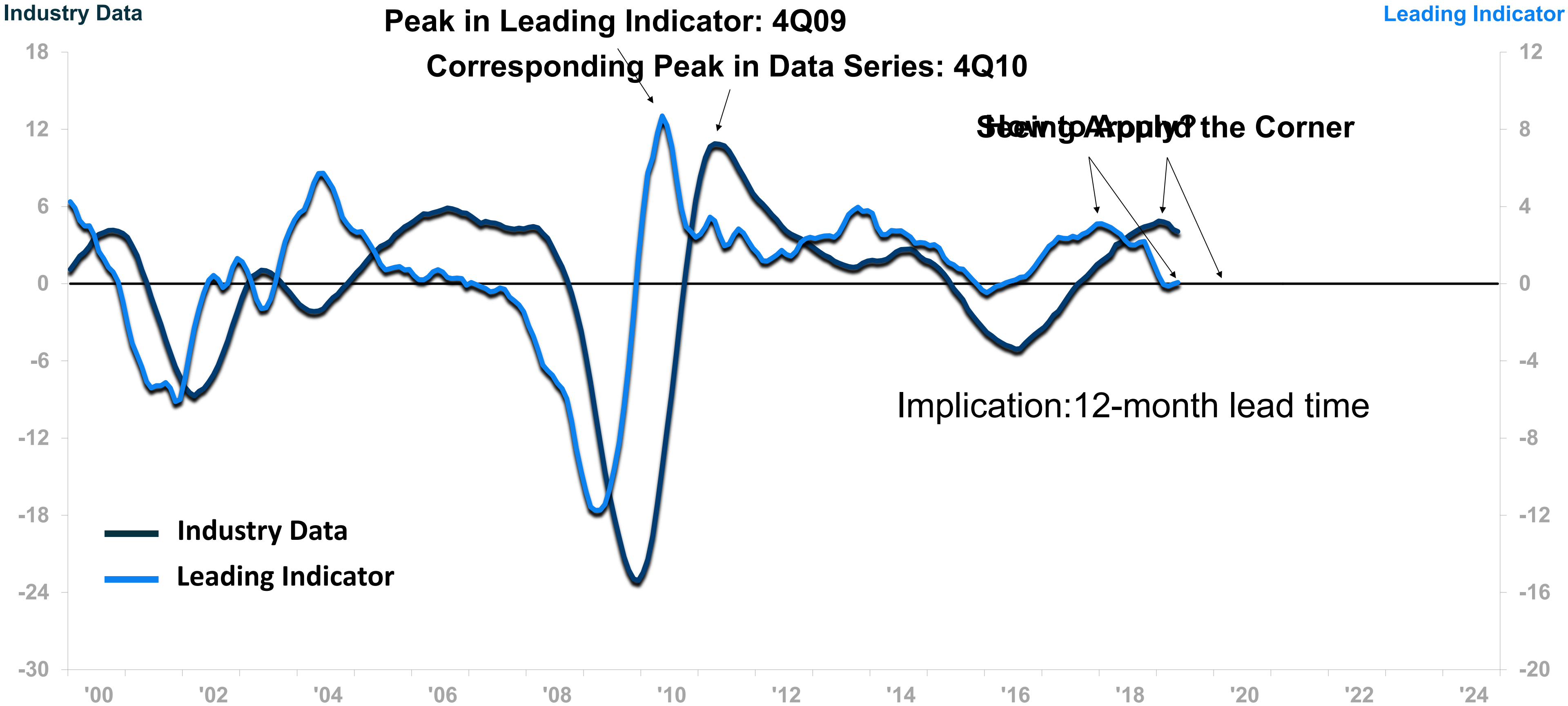


Industrial Economy Under Pressure

US Industrial Production



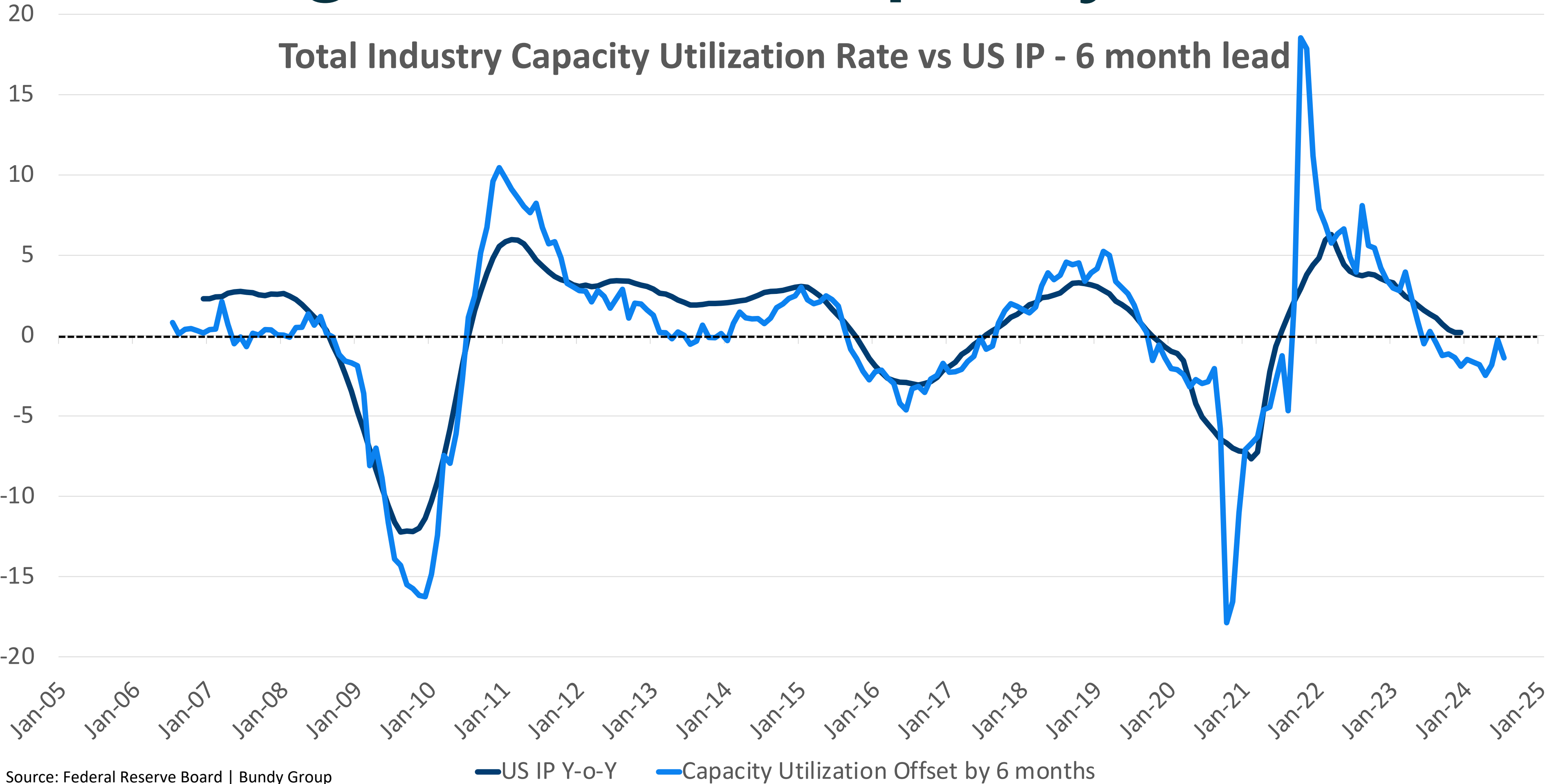
How Do Leading Indicators Work?



Source: Bundy Group

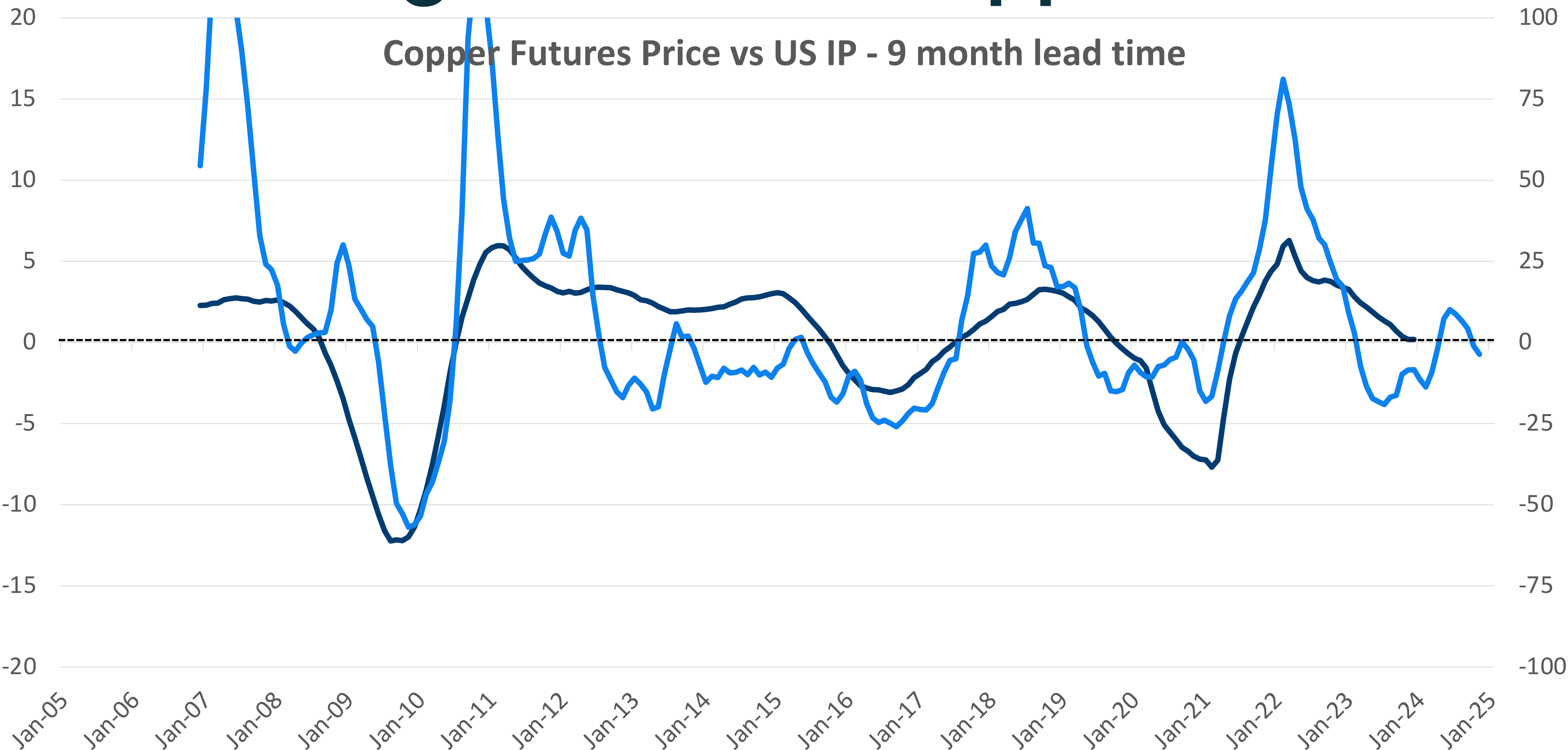
Leading Indicators: Capacity Utilization

Total Industry Capacity Utilization Rate vs US IP - 6 month lead



Leading Indicators: Copper Prices

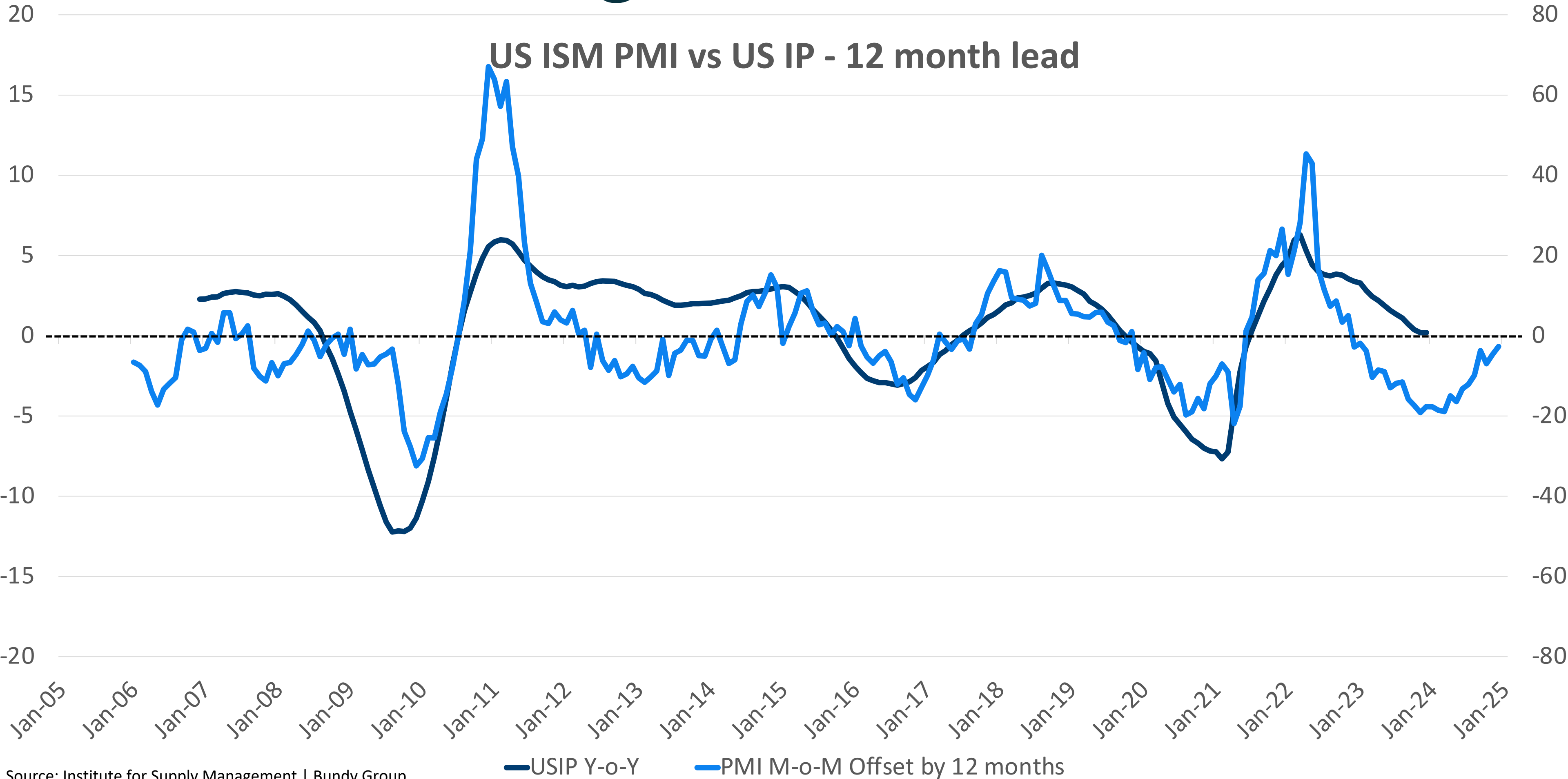
Copper Futures Price vs US IP - 9 month lead time



Source: Investing.com | Bundy Group

— US IP Y-o-Y — Copper Futures Q-o-Q Offset by 9 months

Leading Indicators: PMI



Key Opportunities and Future Growth Drivers



EV / BATTERY

- Climate change and sustainability goals driving growth
- Demand driven transition from ICE to EV leading to \$116B in capacity expansions announced in last 6 months
- \$24B in US Government incentives in 2023, fueling \$100B in private investment



SEMICONDUCTOR

- Geopolitical uncertainty driving onshoring
- Secular drivers: EV, 5G, AI / ML and Data Centers
- \$52B in US Government incentives supporting an unprecedented \$305B wave of CAPEX in US to support the growth and realignment of supply chains



FOOD & BEVERAGE

- Changing consumer preferences for a wider variety of options driving growth in flexible manufacturing
- Accelerating investments and growth particularly in Snack, Protein and Agribusiness
- Projected CAGR of 6% over next 5 years



LIFE SCIENCES

- Pivot to personalized medicine with growth projected at 40% CAGR for next 3 years
- Customers driving move to more open and modular control platforms
- Over \$50B in greenfield investments announced in the last 12 months

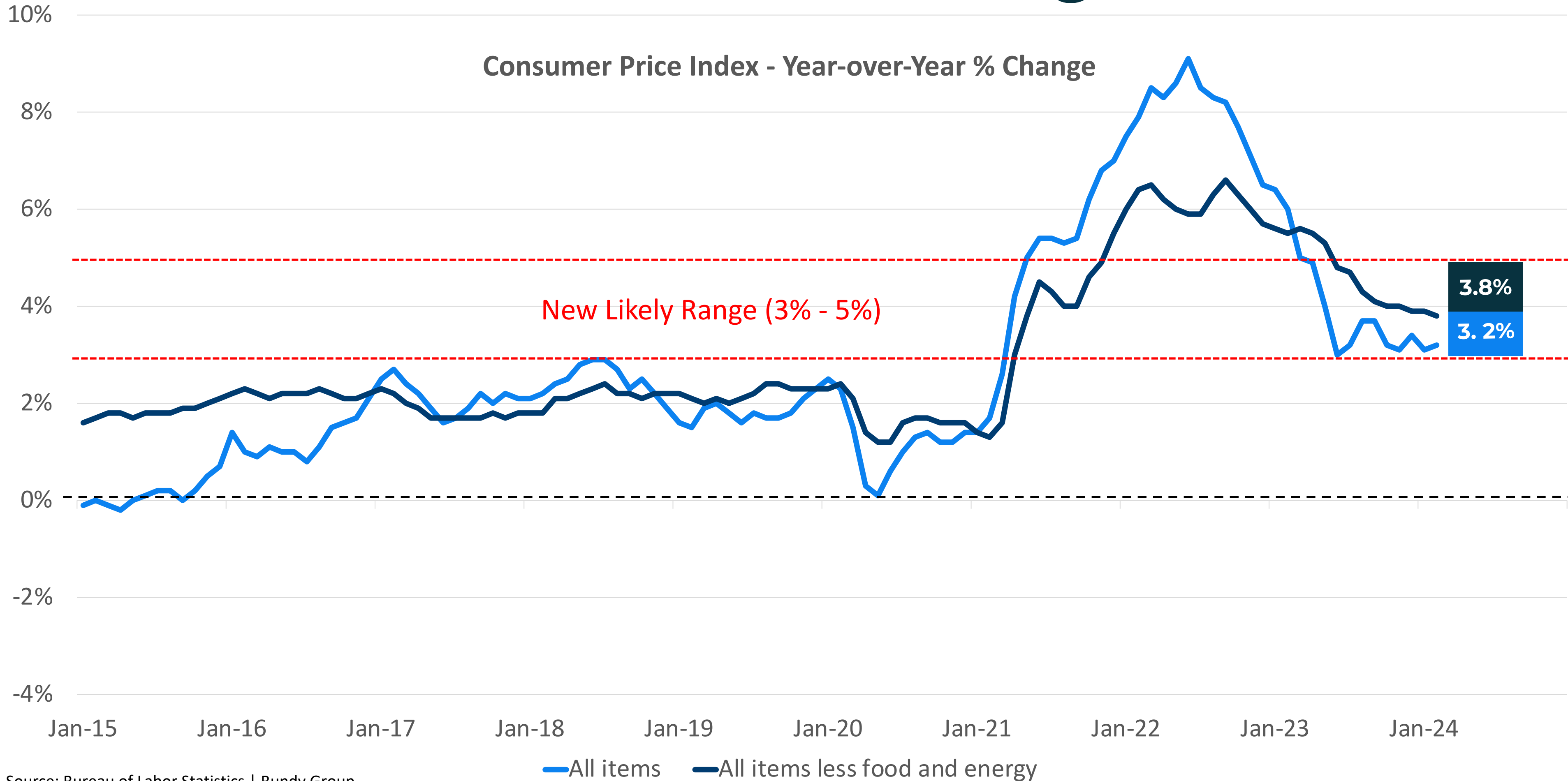


ENERGY TRANSITION

- Energy security, climate change and sustainability goals driving growth
- Green Hydrogen, storage, carbon capture and energy efficiency is a \$42B market growing at 17% CAGR to 2032
- \$500B in climate action spend in IRA driving private investment

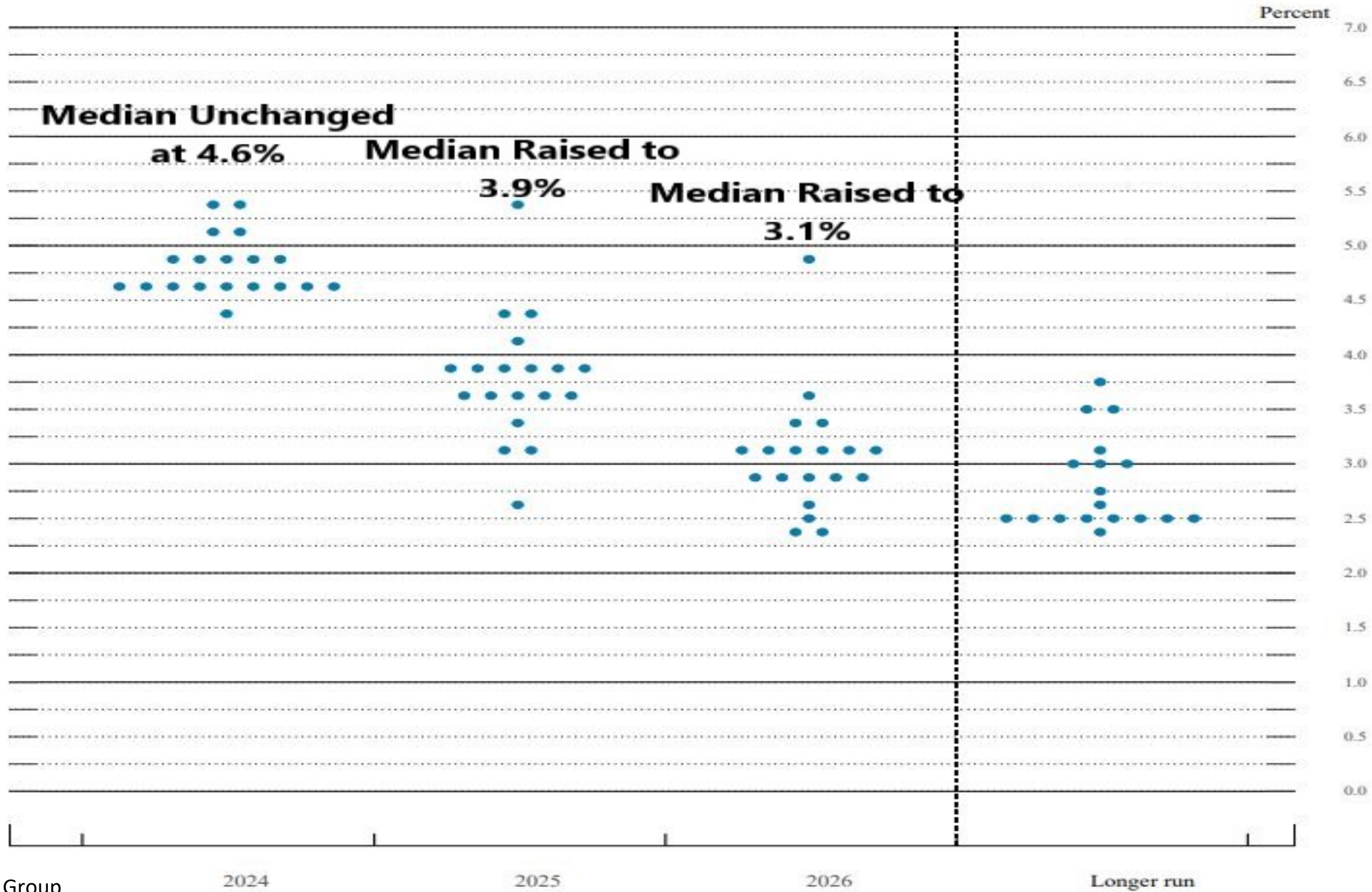
Significant investments across multiple sectors creating extraordinary growth opportunities

Consumer Prices – New (Higher) Normal



FED's Interest Rate Policy Implications

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



National Labor Market Performance

» March 2024



JOB GAIN

303K



UNEMPLOYMENT RATE

3.8%



AVG HOURLY EARNINGS

4.1%

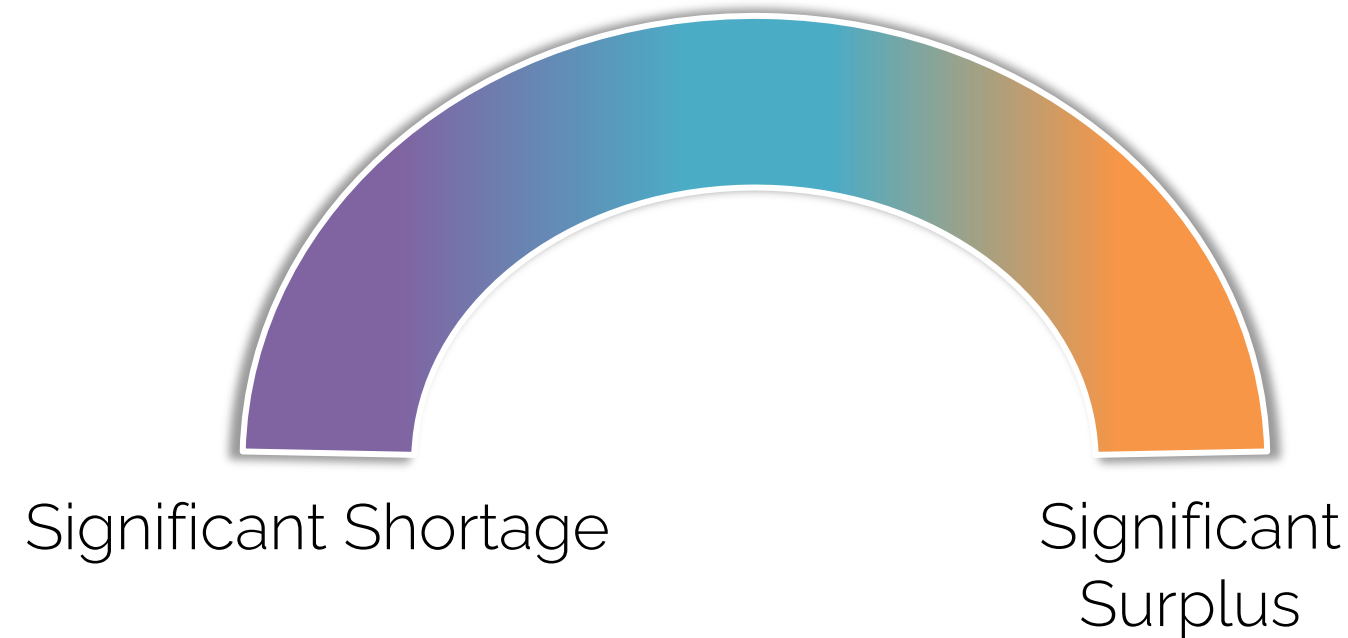
Past 12 Months



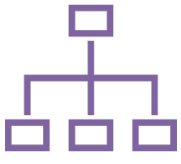



Labor Market Remains Tight

3.8%

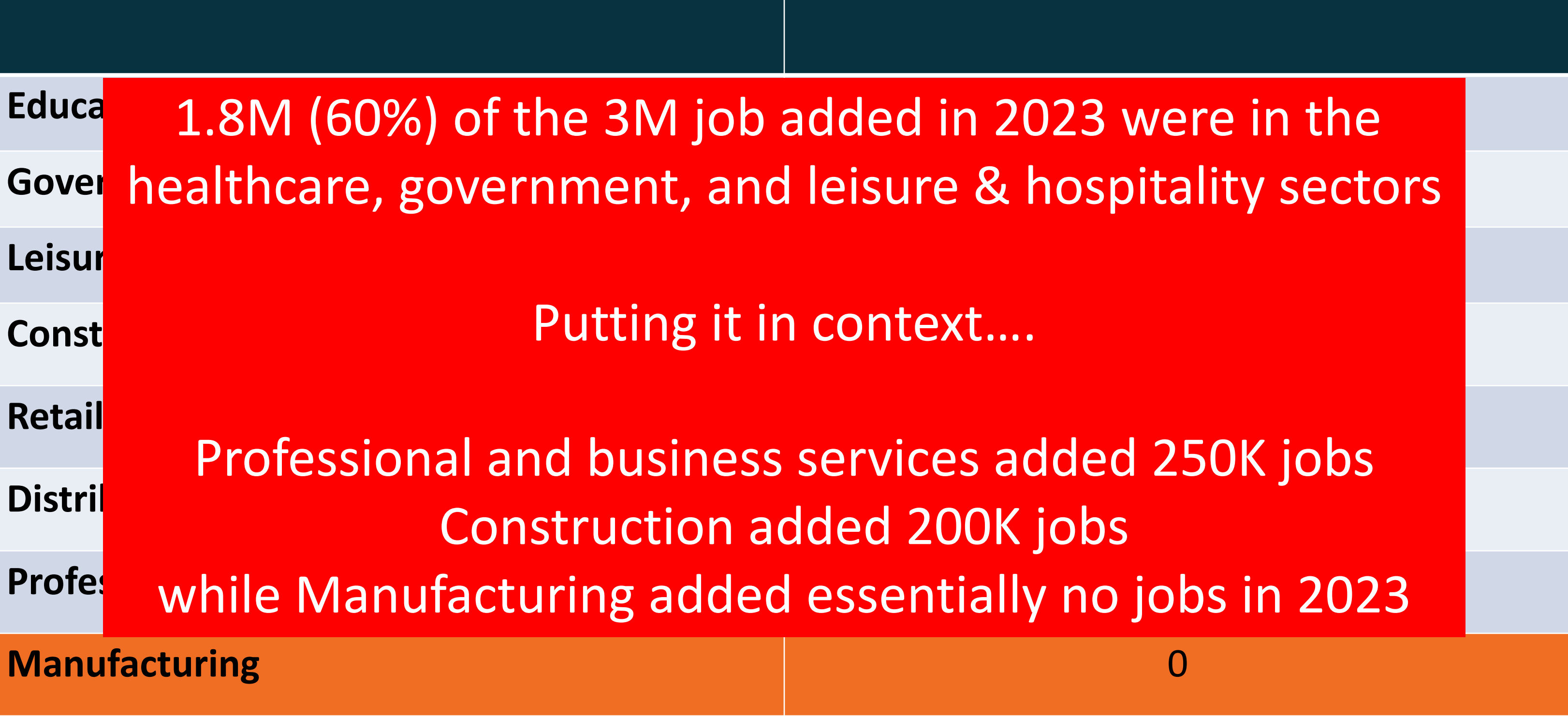
**National Unemployment Rate
March 2024**

Market Supply

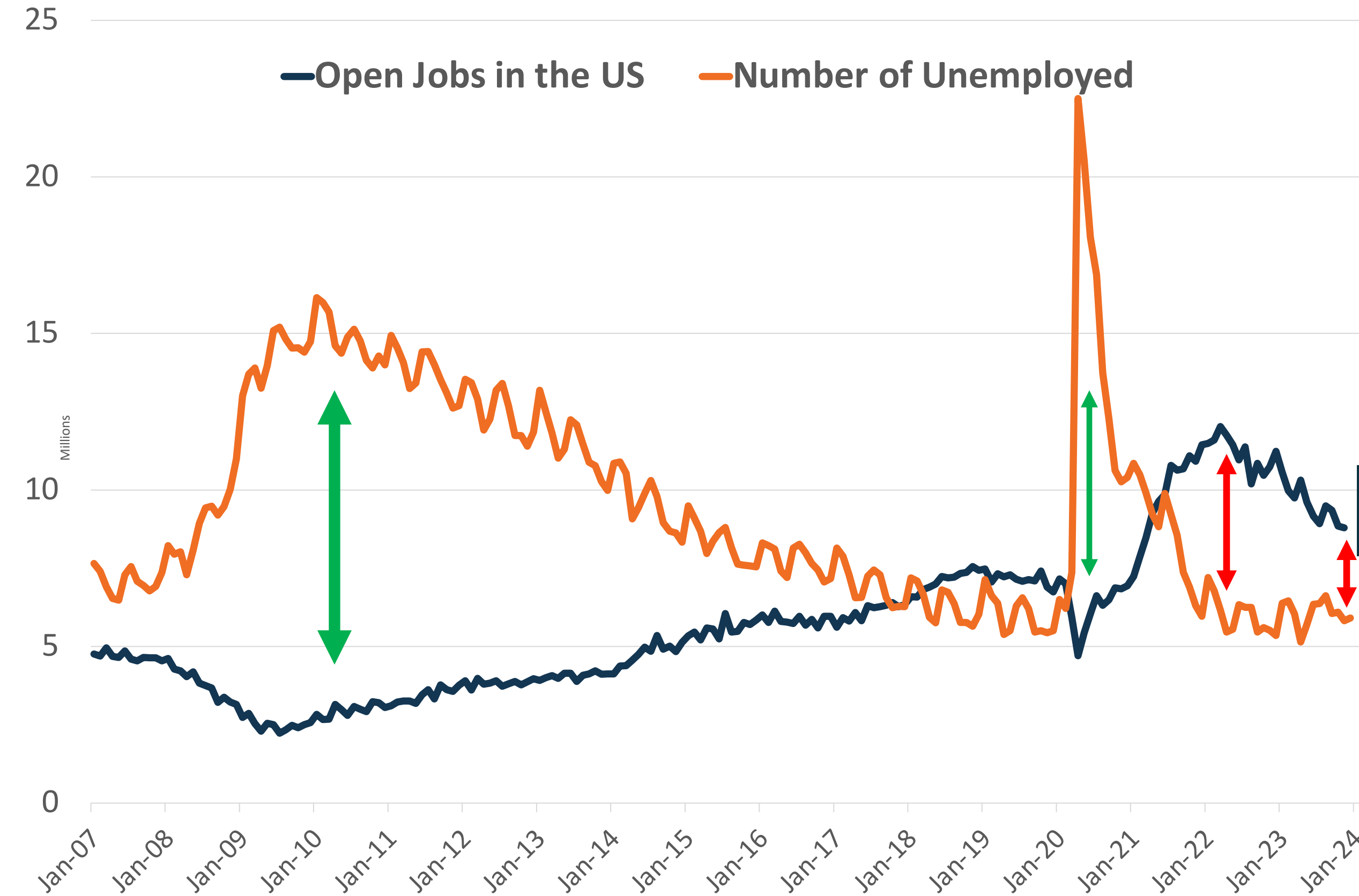


	Legal	1.9%
	Healthcare Practitioners	1.0%
	Management	2.3%
	Architecture & Engineering	4.3%
	Tech	4.3%
	Business & Financial	2.0%

Jobs Added by Sector - March 2024



The Labor Gap has Shrunk



Prominent Sectors

2.0M Education & Healthcare

1.7M Professional & Business

1.0M Leisure & Hospitality

1.0M Government

662K Retail Trade

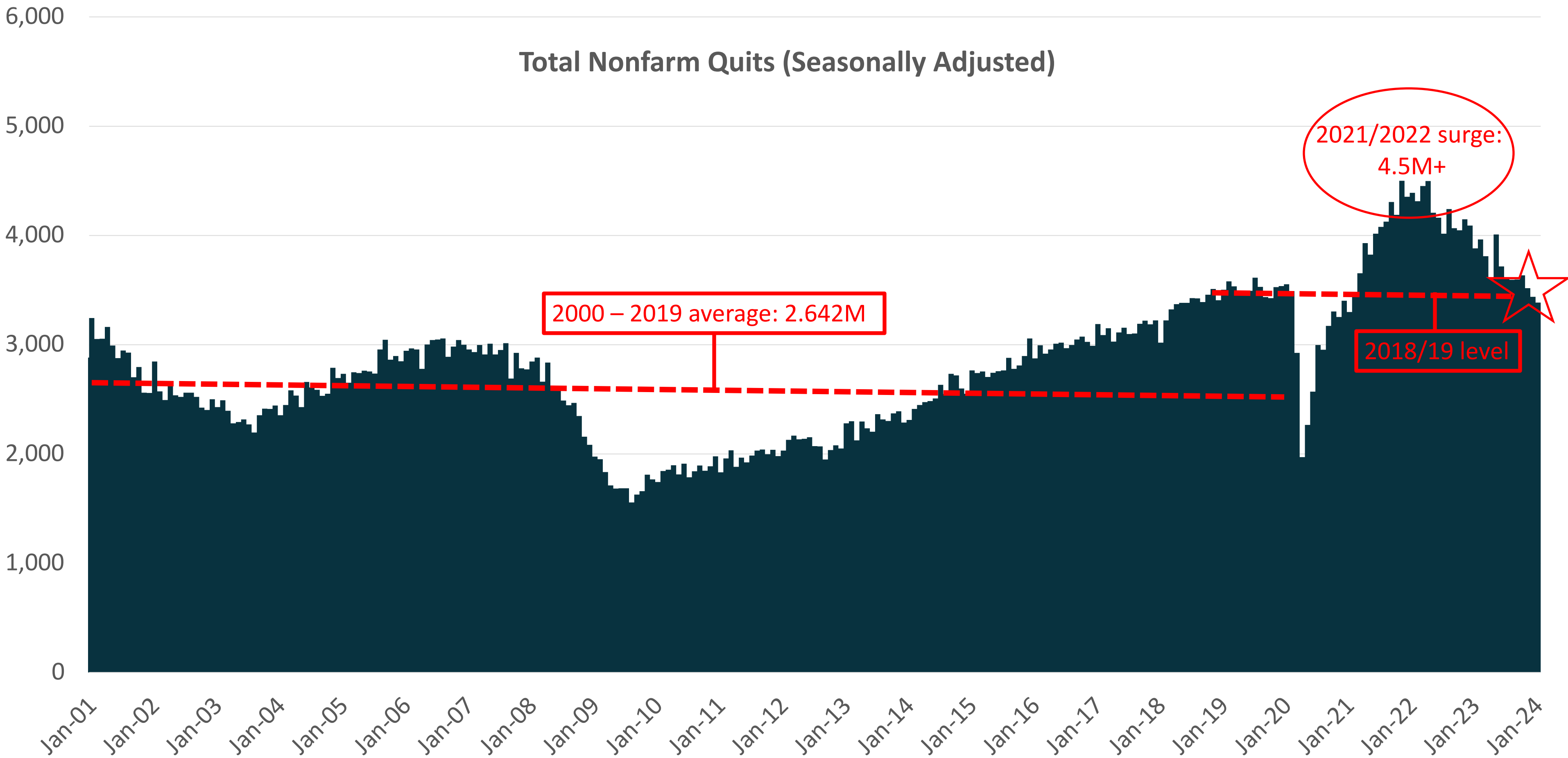
601K Manufacturing

449K Construction

224K Wholesale Trade

Quits Back to Pre-Covid Level

Total Nonfarm Quits (Seasonally Adjusted)



Implications of today's high interest rates:

- **Cash is king, financing costs to remain prohibitive**
- **Customer retention/acquisition rates could drop due to lower demand**
- **Difficulty with decisions about R&D spending, hiring plans, inventory management**

Operational initiatives to consider:

- **Growth by Market Share Gains**
- **Identify and remove unnecessary steps to increase efficiency and throughput**
- **Protect margins by**
 - **Reducing waste and energy use**
 - **Renegotiating transportation contracts**
- **Focus on employee retention**

Navigating the Current Macro Landscape



BUNDY GROUP

Mergers & Acquisitions | Capital Raises

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