

CROSSCURRENTS AHEAD

UMB BANK
ECONOMIC OUTLOOK
2024

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CHIEF INVESTMENT OFFICER





SOFT LANDING?

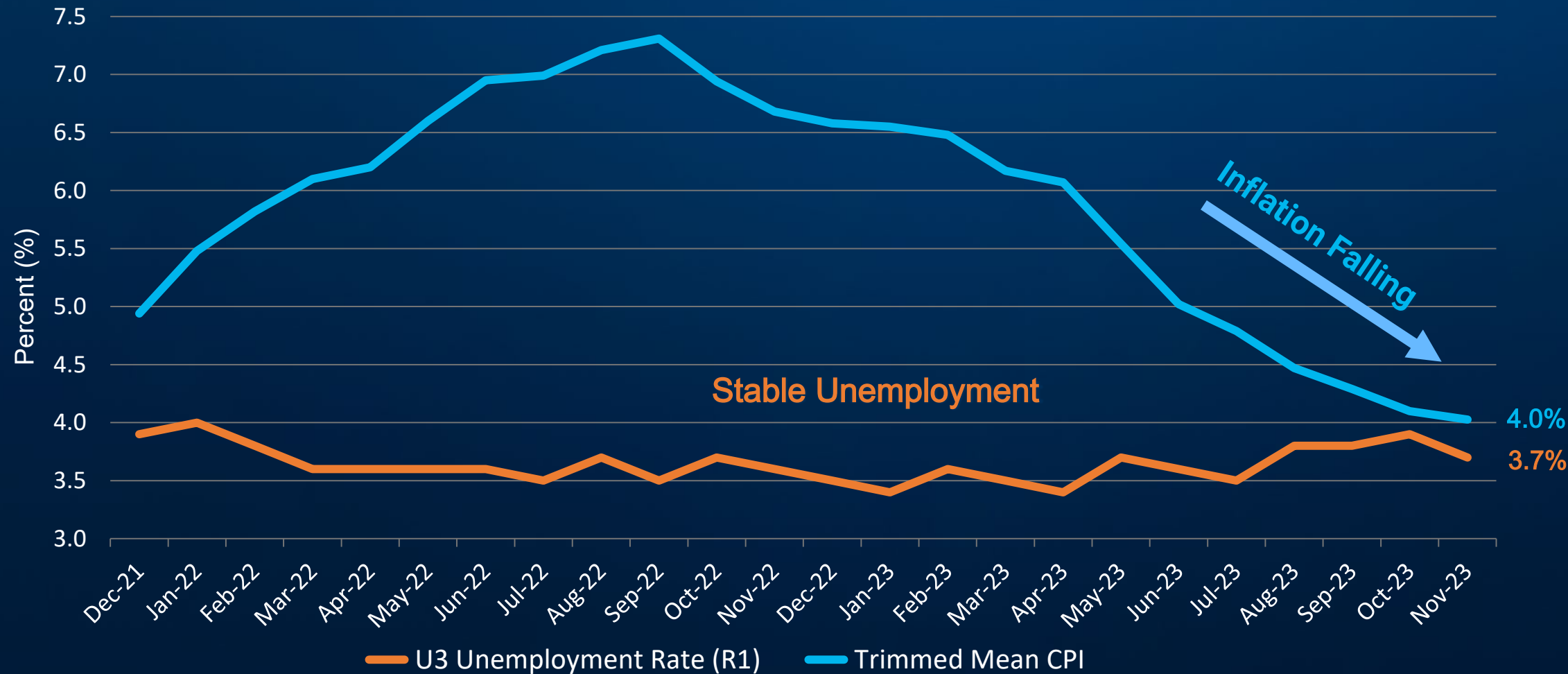
LOOKS LIKE IT SO FAR

ECONOMY

Soft Landing



Soft Landing? Looks Like it So Far...



Cross Currents

Many firms were looking for outright recession as we ended 2023

Contributors	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25
Wells Fargo	0.9	0.7	-0.3	-1.6	0.4	1.3	
Barclays	2	0.5	-0.5	-0.5	1		
BNP Paribas	0.5	-1.3	-0.5	0.9	1.3		
Citigroup	1.3	0.9	-1.3	-1.9	3.7		
Deutsche Bank	1	-0.6	-1.7	1	2.4	2.7	
RBC Financial Group	0.5	-1	-1	1	1.5		
UBS	1	1.4	-0.8	-1.1	1.7	2.4	2.5
Visa	-1	-1.6	2.2	2.4	2.6	2.5	
Bloomberg Economics	-0.2	-0.5	0.4	1.7	1.9	2	

Cross Currents

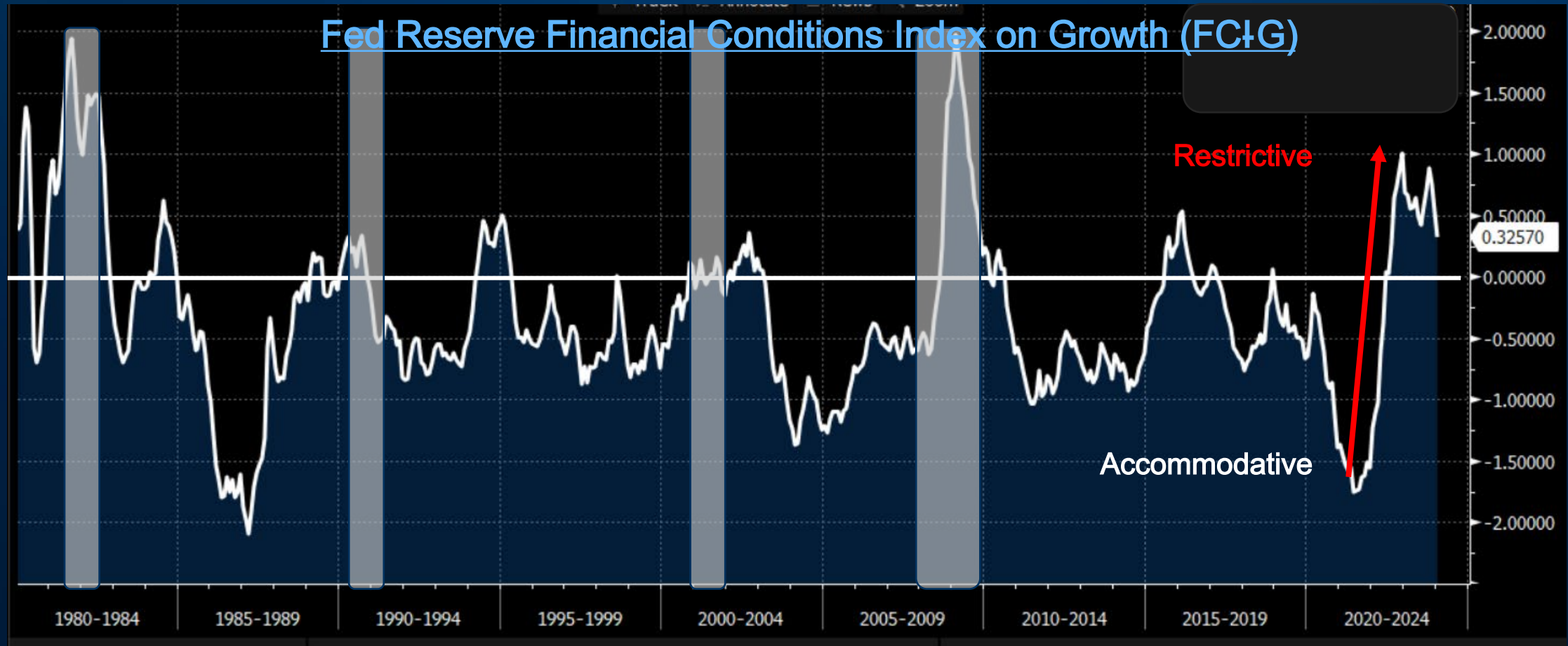
Many of those firms have softened their view in the direction of soft landing

Contributors	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25
Wells Fargo	2.4	1.3	1	1.1	1.8	2.2
Barclays	3	2	1.5	1.5	1.5	1.5
BNP Paribas	1.5	0.7	0.6	1.2	1.5	1.7
Citigroup	0.9	-1.3	-2.1	3.6	2.6	2
Deutsche Bank	1.6	1.7	2	2.2	2	2.2
RBC Financial Group	1	0	1	1.2	1.8	1.8
UBS	1.8	-0.7	-1.1	1.7	2.4	2.5
Visa	2.4	1.6	2.1	2.7	2.8	2.7
Bloomberg Economics	1	0.5	1.7	1.9	2	2

The image features a blue-tinted background with a blurred image of hands holding a stack of US dollar bills. Overlaid on this is a white line graph with several peaks and valleys. A large, white, bold text 'ECONOMIC GROWTH' is centered, with '& OUTLOOK' in a smaller font below it. The text is framed by a thin blue diamond shape with yellow arrowheads at its corners.

ECONOMIC GROWTH & OUTLOOK

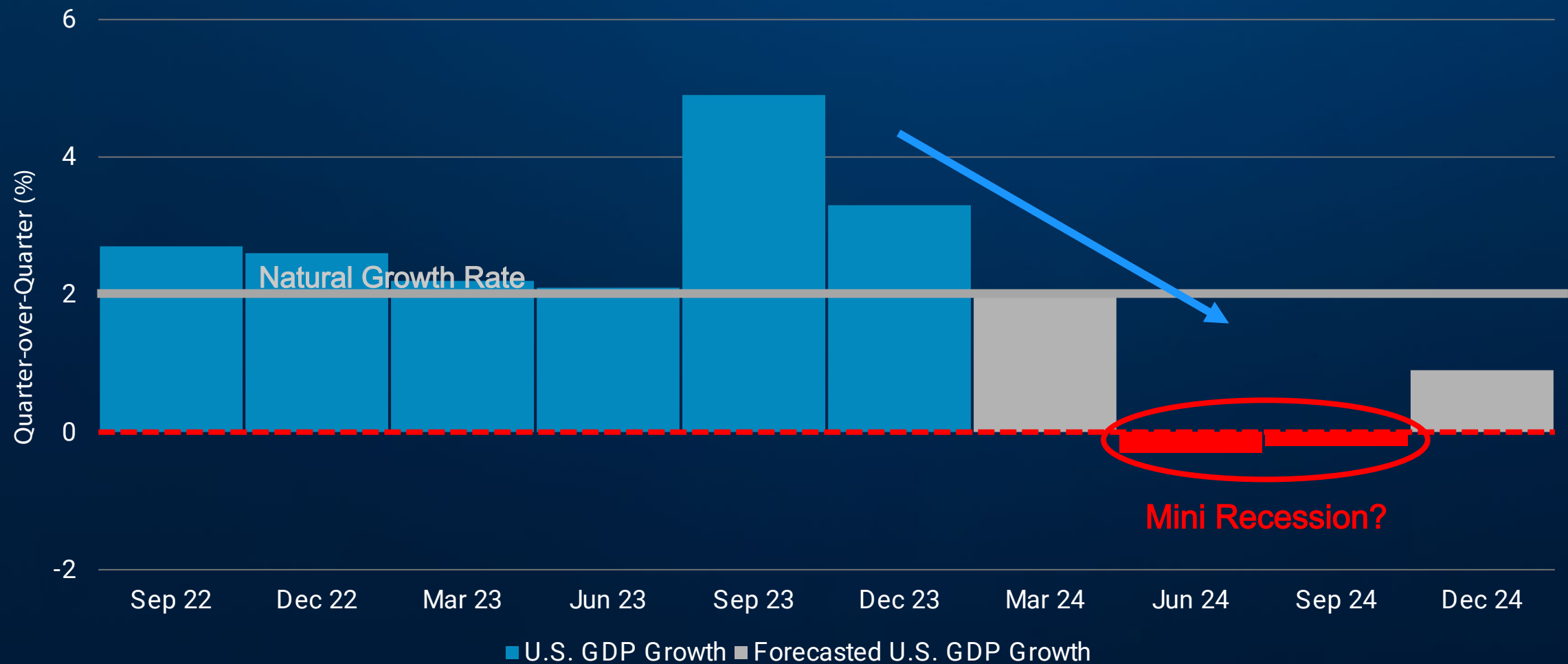
Financial Conditions Severely Deteriorated



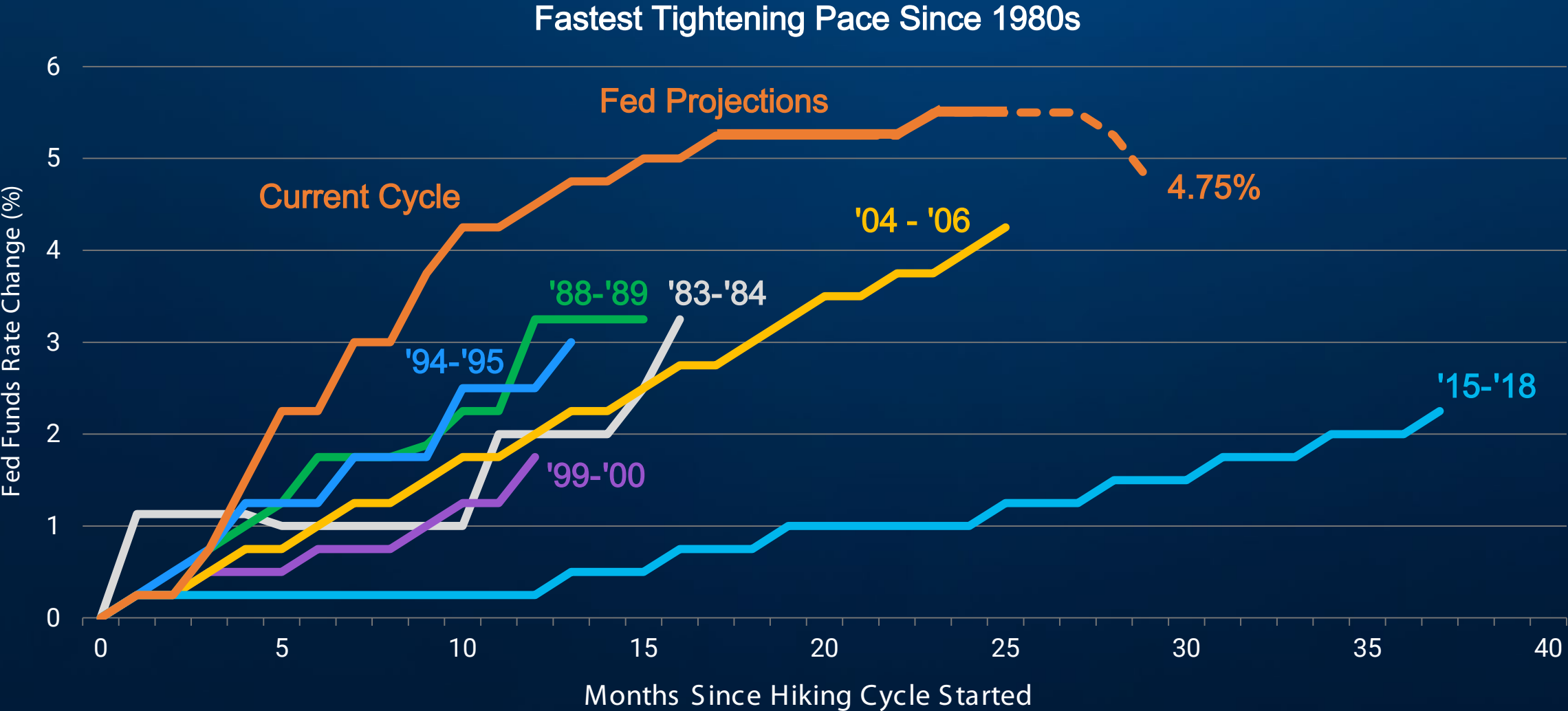
Economic Growth and Outlook



U.S. GDP Growth



Inflation and the Fed





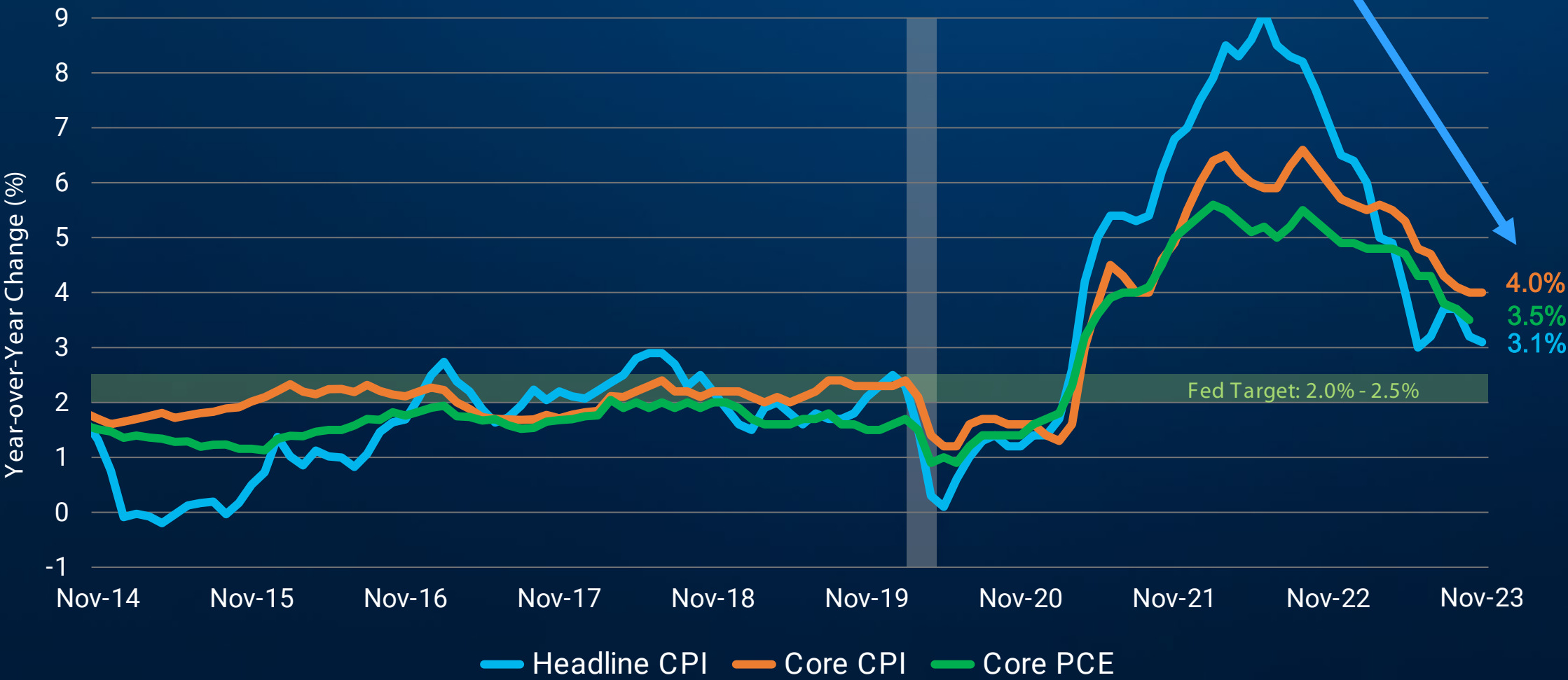
INFLATION

AND THE FED

Inflation and the Fed



Some Broad Measures of Inflation are Cooling Quickly



Inflation and the Fed



Supercore Inflation Not Moving As Quickly



Source: Bloomberg

JOBS MARKET



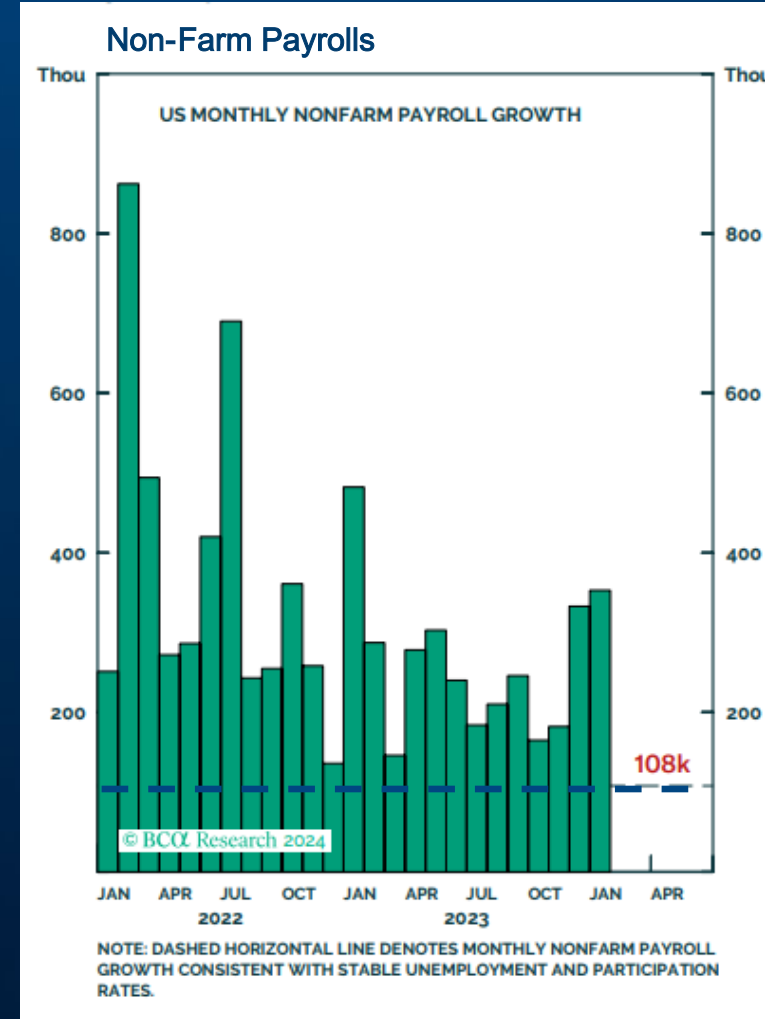
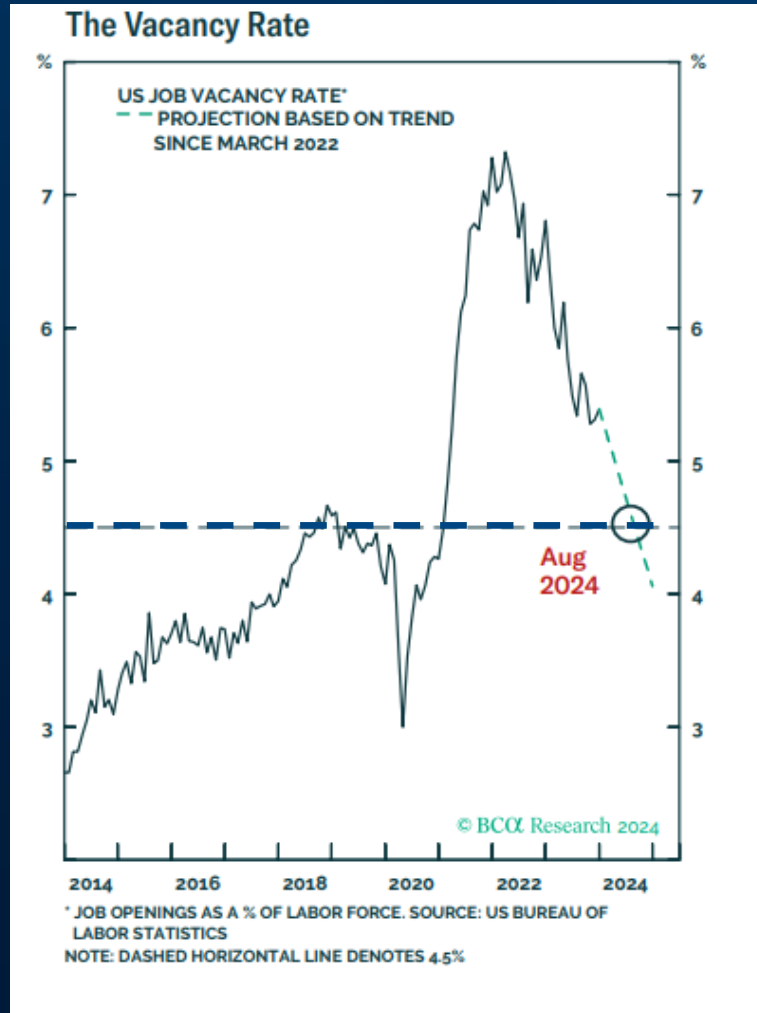
Unemployment Not Indicating Recession



Aggregate Weekly Payroll Index



Jobs Market - Leading Indicators



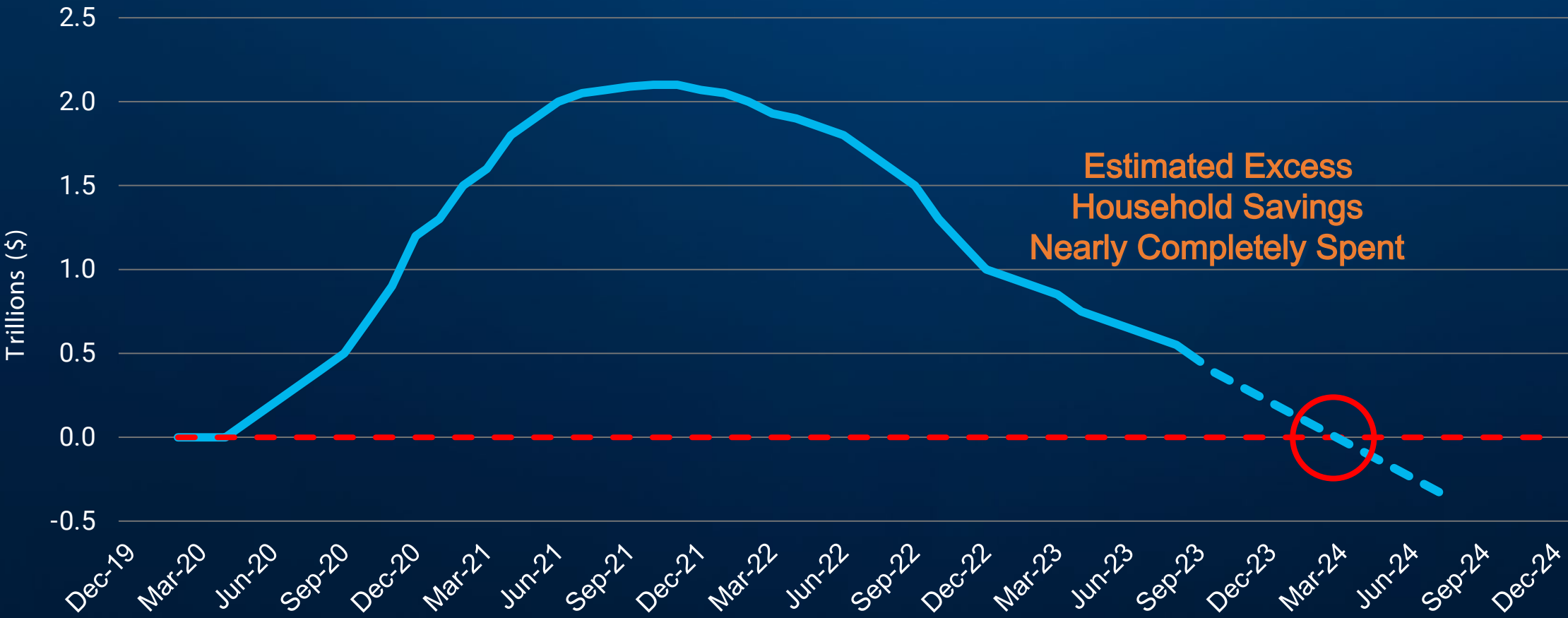
The background of the image is a blue-tinted collage. It features a house with a gabled roof and a chimney, and several US dollar bills, including a \$100 bill and a \$20 bill. A large, white, bold text 'HOUSEHOLD FINANCES' is centered over the image. The text is slightly tilted and is framed by a thin blue diamond shape. At the top and bottom vertices of the diamond, there are small yellow triangles pointing towards the center.

HOUSEHOLD FINANCES

Household Finances



Excess Savings

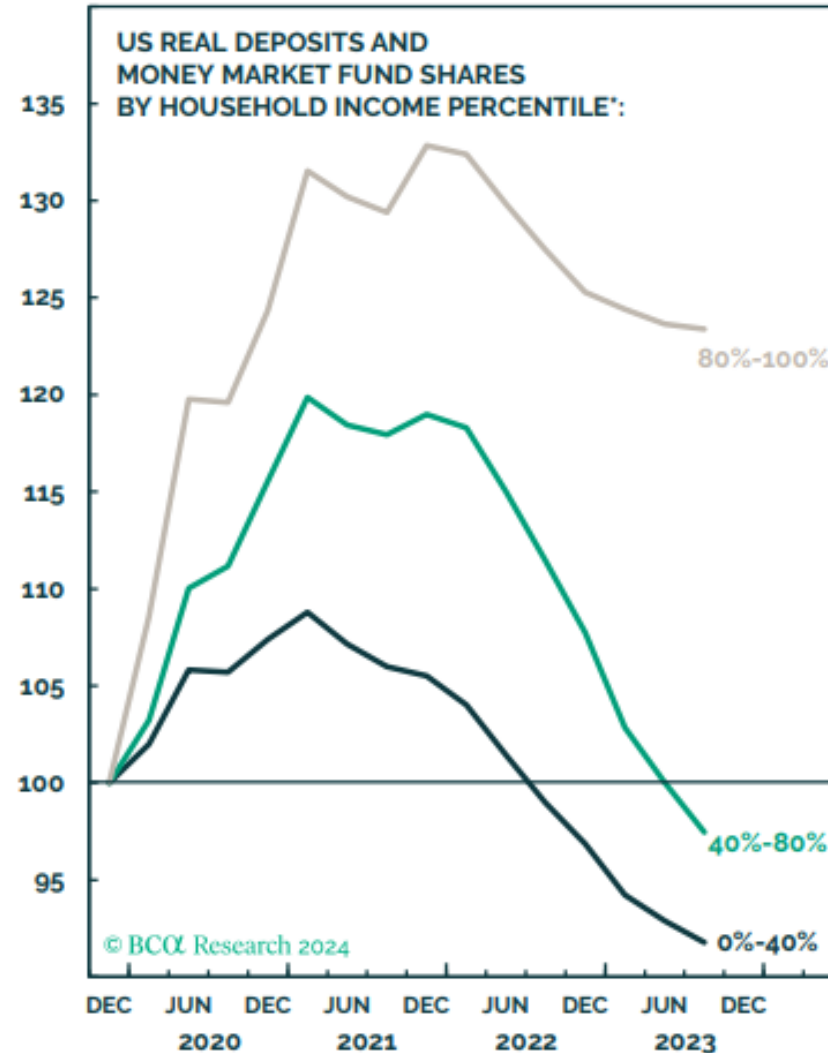


Estimated Excess Household Savings Nearly Completely Spent

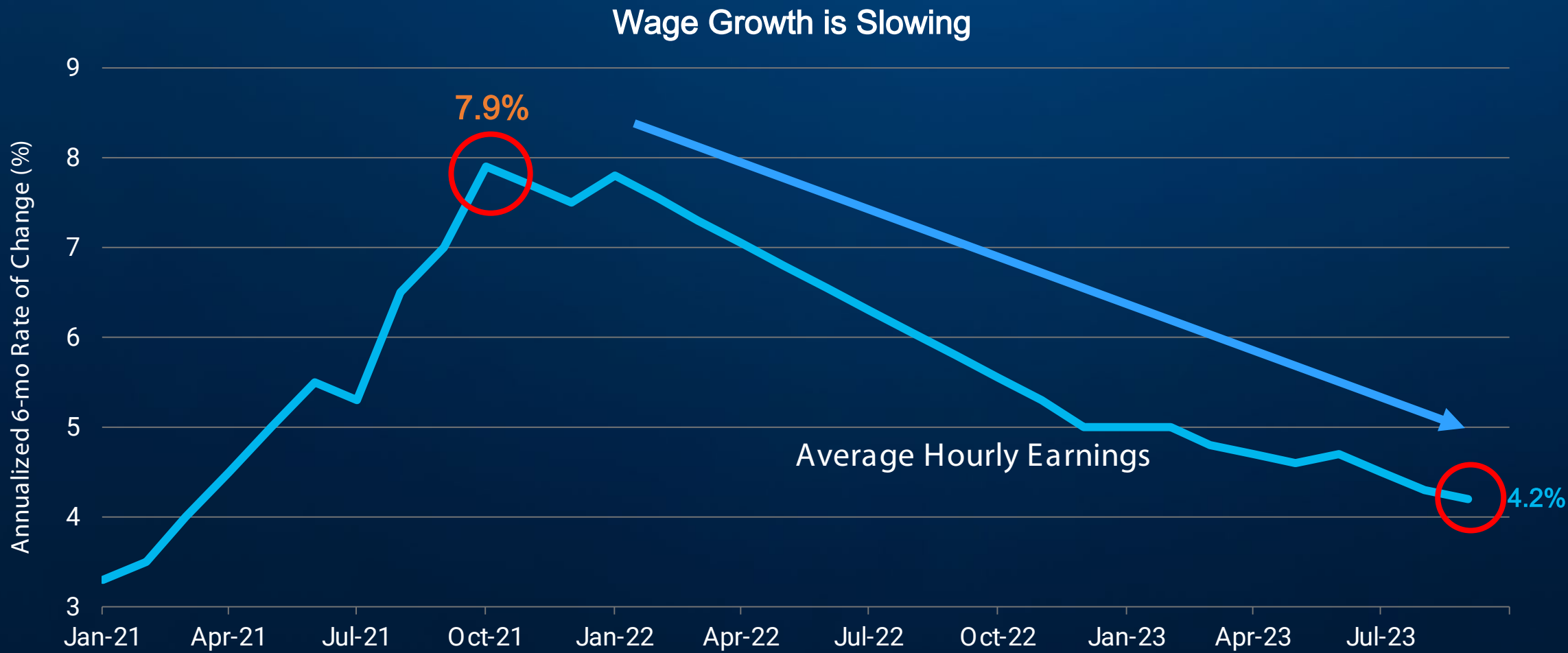
Source: Federal Reserve Bank of San Francisco, BCA Research

Household Finances

Only The Highest Earners Still Hold Excess Savings



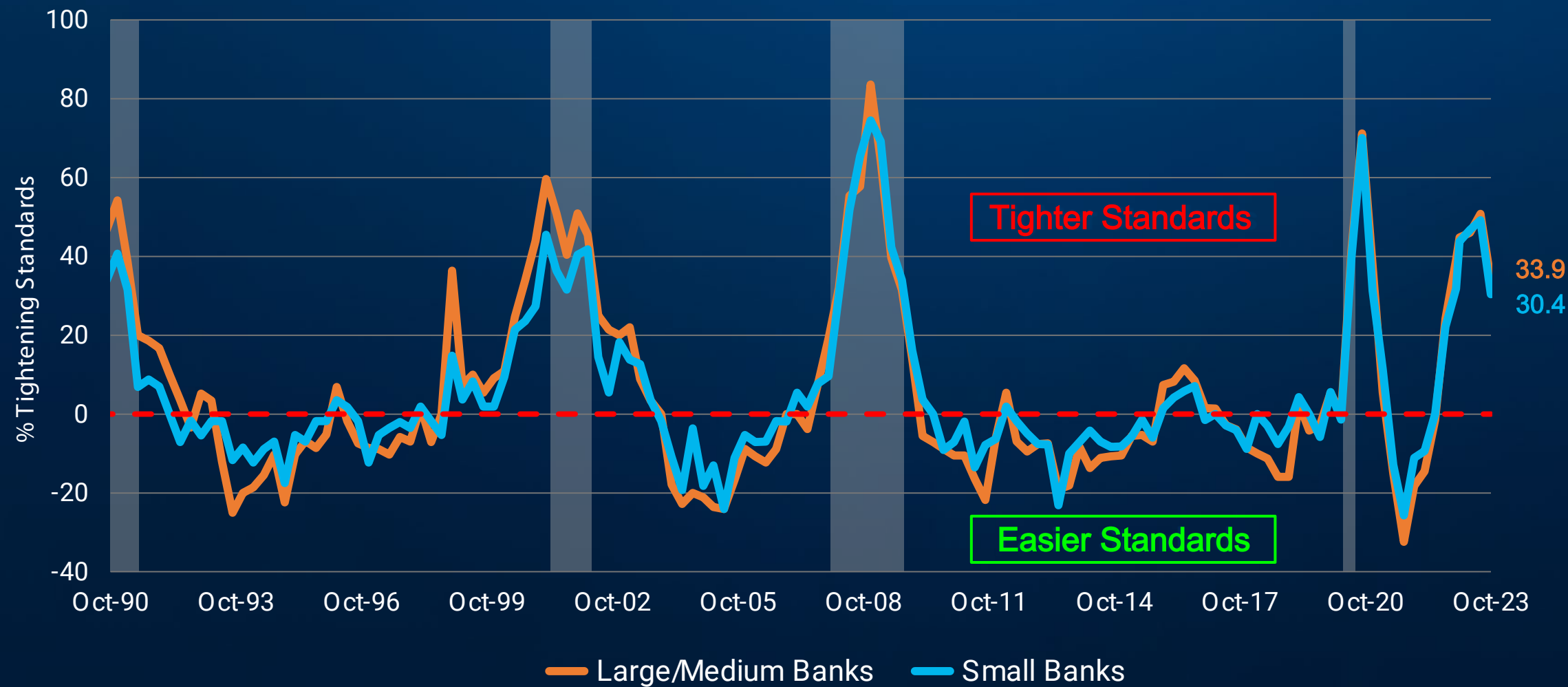
Household Finances



Household Finances



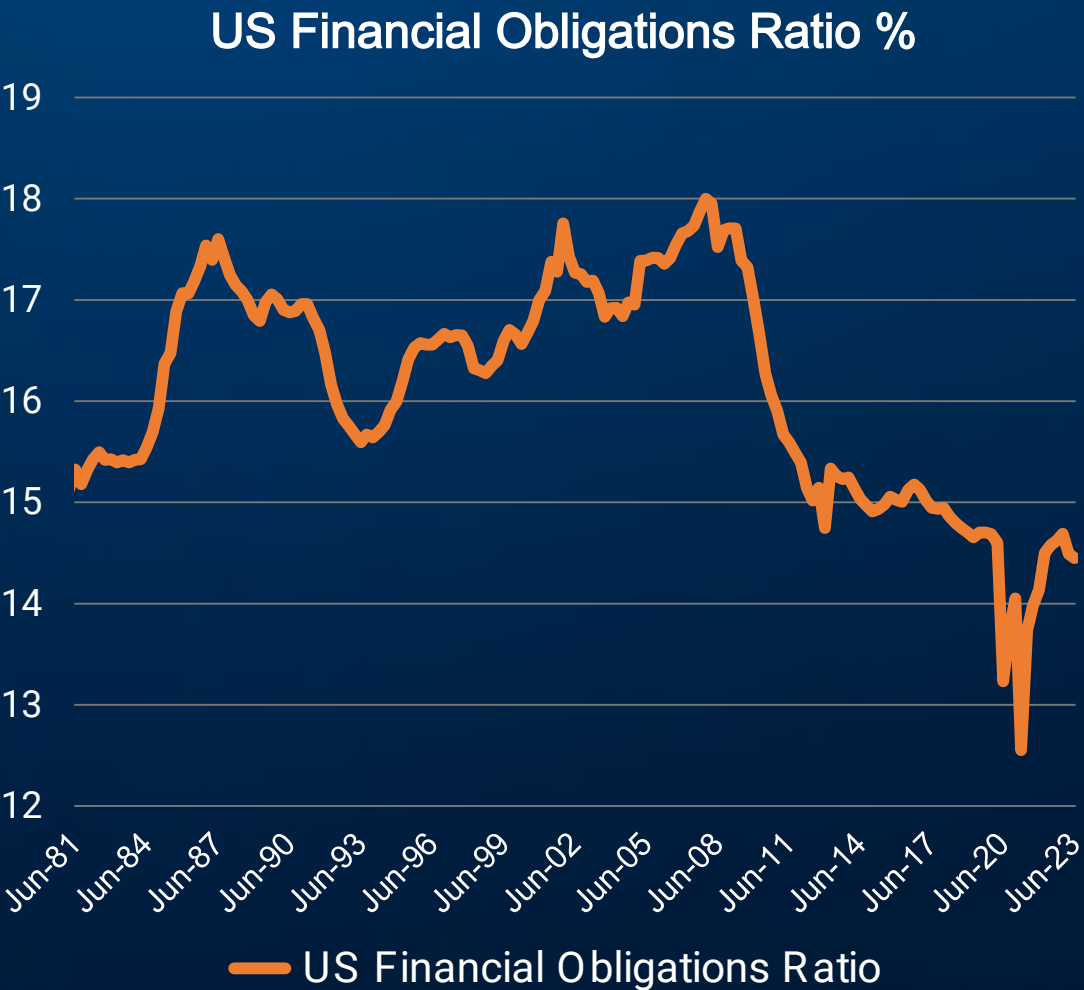
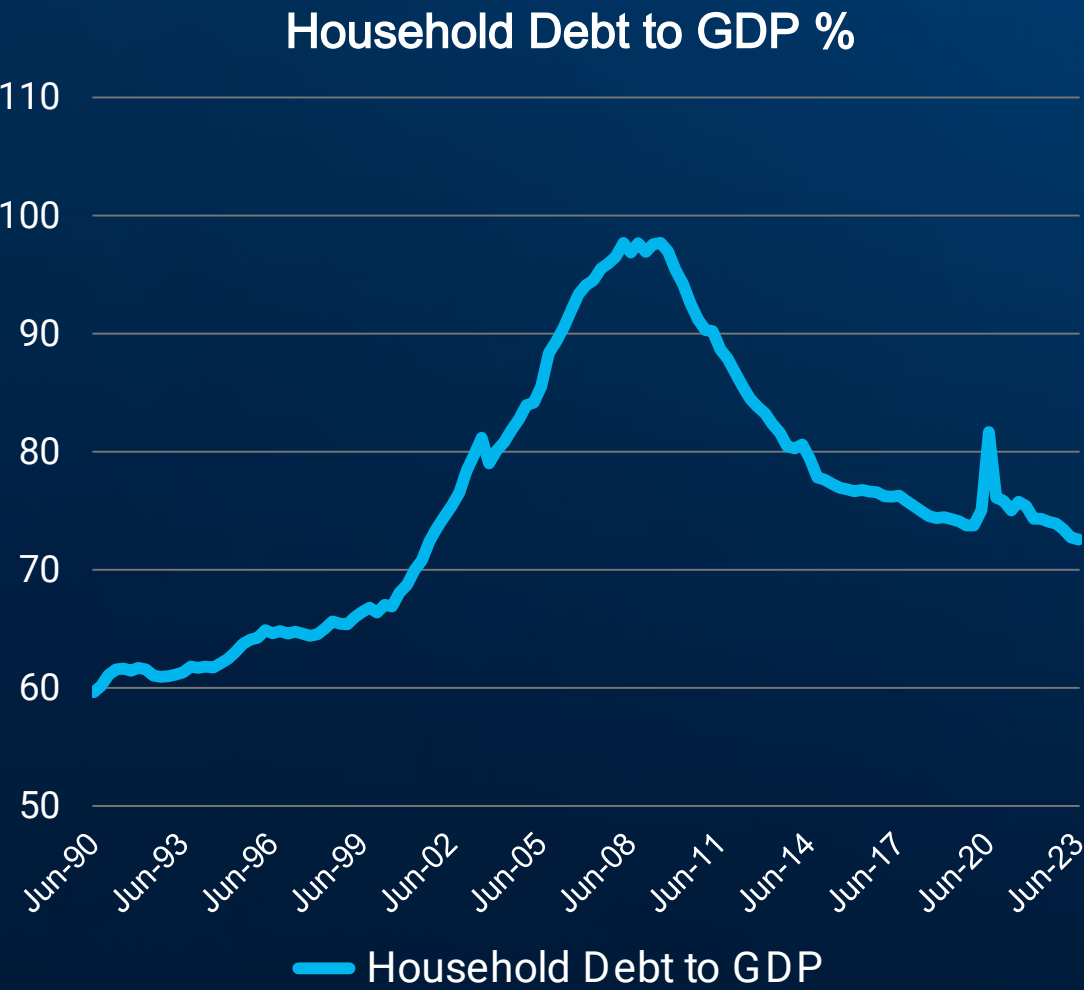
U.S. Banks Tightening Loan Standards



Source: Bloomberg

Recession

Household Finances – Strong Balance Sheets





HOUSING MARKET & MORTGAGE RATES

Housing Market



US Housing Affordability at a Record Low





GEOPOLITICAL LANDSCAPE

Geopolitical Landscape



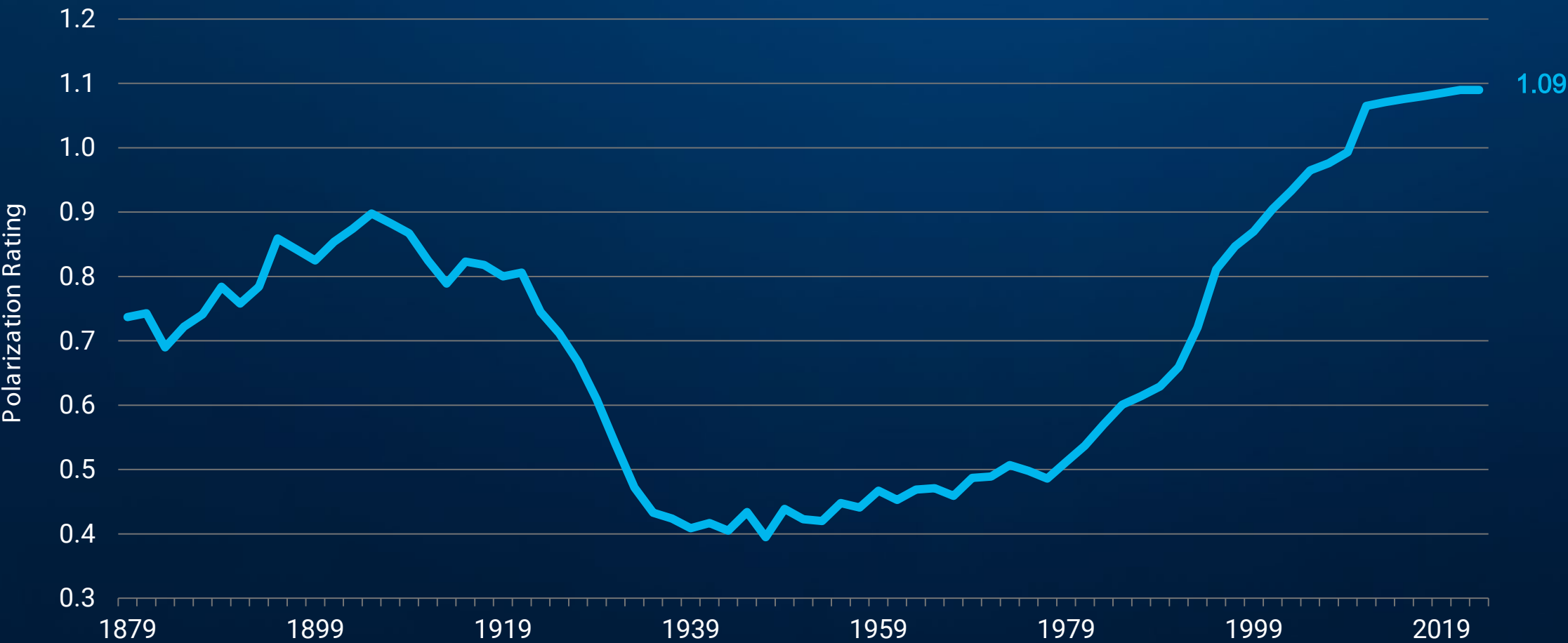
Current and Looming Military Conflicts in Multiple Regions, Involving Major Global Forces

ELECTION

The background is a dark blue gradient. It features several faint, semi-transparent elements: a bar chart on the left, a pie chart with a 75% label at the top center, a line graph with data points in the middle, and a ballot box at the bottom left with the word 'VOTE' on it. A hand is shown dropping a ballot into the box. A large, light blue diamond shape is superimposed over the center, with small yellow triangles at its four vertices. The word 'ELECTION' is written in large, white, bold, sans-serif capital letters across the middle of the diamond.

VOTE

US Congress Polarization Rating





**WHAT DOES IT MEAN FOR
INVESTMENT
PORTFOLIOS?**

What does it mean for Asset allocation?



Neutral Weightings Appropriate
While we Work Through the Cross-Currents

The background is a dark blue digital landscape. On the left, a wireframe bull is visible. The center and right are filled with glowing blue data visualizations, including line graphs, bar charts, and a grid pattern. A large, light blue diamond shape is superimposed over the scene, with small yellow triangles at its top and bottom vertices. The text "FINANCIAL MARKETS" is written in large, bold, white capital letters, slanted upwards from left to right, and positioned within the diamond.

FINANCIAL MARKETS

S&P 500 Earnings 2024 Growth Estimates



Fixed Income Forecast





YEAR
AHEAD

2024 Forecast



FUNDAMENTALS OF THE US ECONOMY

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Real GDP	1.9%	2.4% (<i>est.</i>)	0.6 – 1.0%
Inflation (Core PCE)	4.9%	3.2%	2.5 – 2.8%
Unemployment	3.5%	3.7%	4.5 - 4.7%
Fed Funds	4.50%	5.50%	4.50 - 4.75%
10-Year Treasury	3.87%	3.90%	3.75 - 4.00%
S&P 500	-18%	+26%	+6.0 - 9.0%



The background of the image is a dense, overlapping collage of US one hundred dollar bills. A semi-transparent blue filter is applied over the entire image. A light blue diamond shape is centered on the page, with its vertices pointing towards the corners. At each of the four vertices of this diamond, there is a small yellow triangle pointing outwards. In the center of the diamond, the text "Q & A" is written in a large, white, bold, sans-serif font.

Q & A

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