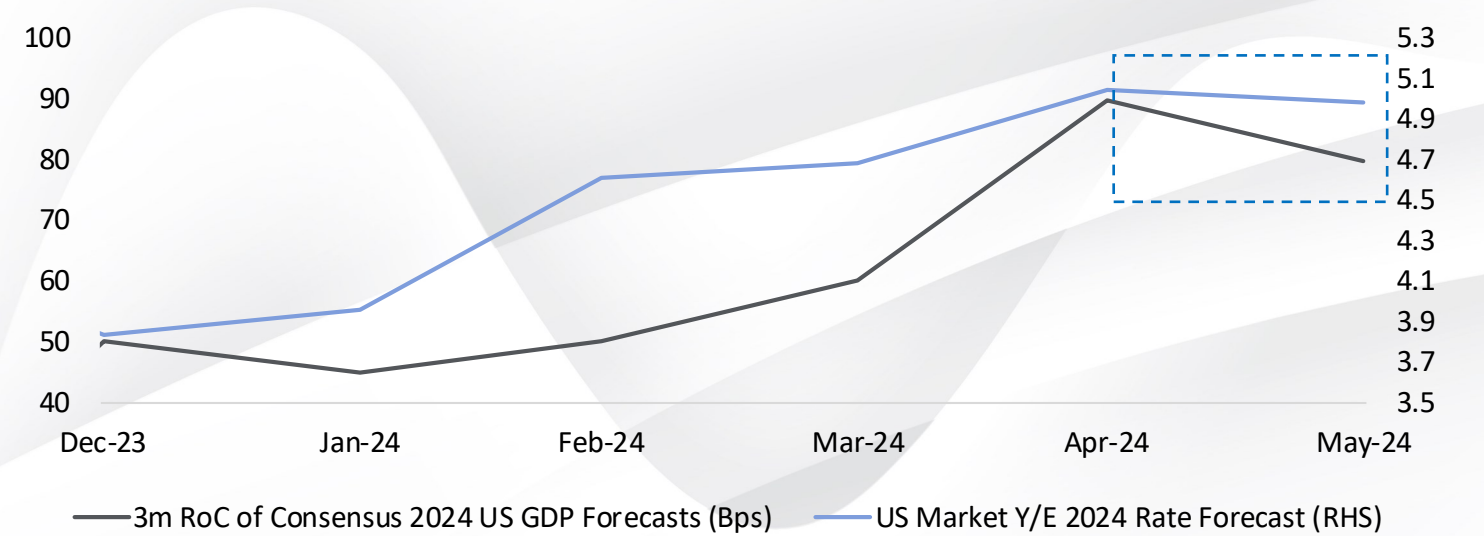# MARKET DRIVERS INSIGHT REPORT

May 2024

Risk appetite recovers on easing financial conditions but drives US 12m forward PE to more than one standard deviation above the 10-year average

Upward revisions to consensus US 2024 GDP forecasts have eased, helping to stabilise year end US interest rate expectations

— 3m RoC of Consensus 2024 US GDP Forecasts (Bps)   — US Market Y/E 2024 Rate Forecast (RHS)

IN THIS REPORT

FT Wilshire 5000 recovers to set new all-time highs as financial conditions ease on the back of lower inflation

Market Driver Rotation Since March 2022

Key Market Driver: ▮ Growth ▮ Financial Conditions

FT Wilshire 5000

01 · 02 +ve · 03 · 04 -ve · 05 · 06

— Index — 2m Moving Average
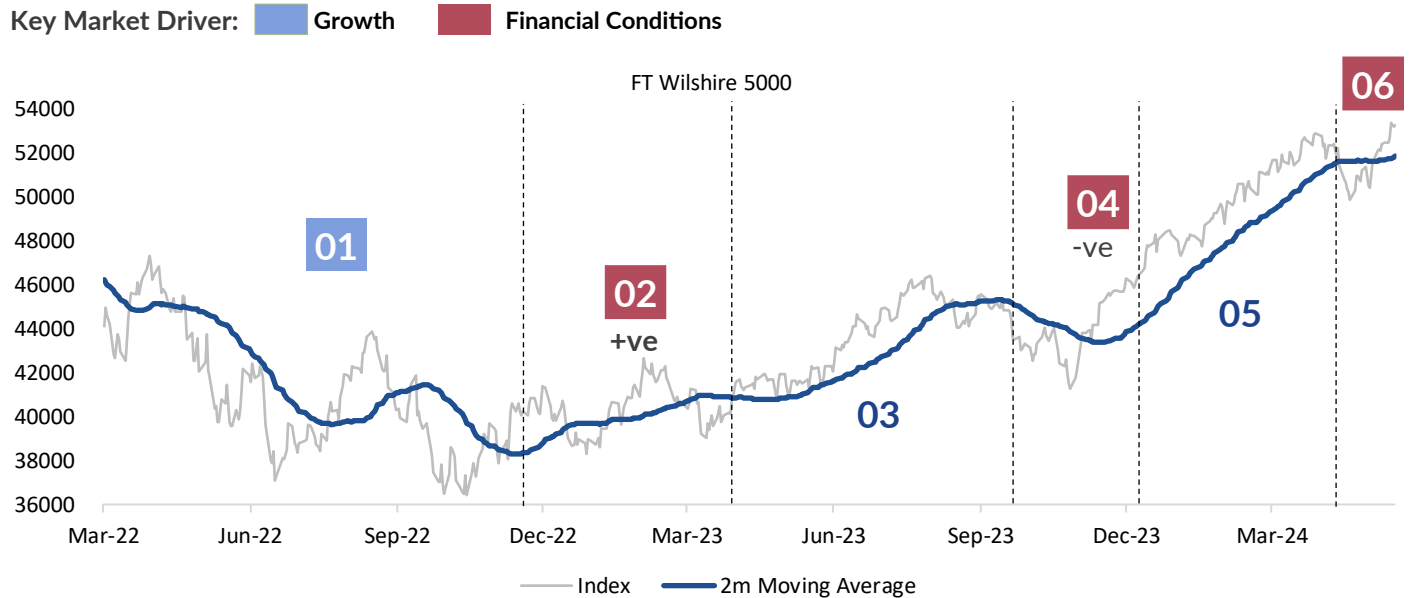
01 Declining Growth Expectations

Downgrades to consensus US GDP growth forecasts accelerate as US inflation hits highest level since 1981 leading to heightened recession fears.

02 Financial Conditions Begin to Ease

Risk appetite buoyed and market rebounds on hopes of soft landing and expectations of peak US rates as financial conditions ease back from restrictive levels.

03 The 'Magnificent 7' and AI-Trade drive the US market

AI theme turbo charges US market as 'Magnificent 7' stocks collectively contribute two-thirds of FT Wilshire 5000 H1 2023 total returns.

04 Fed Tightens Financial Conditions

Tightening financial conditions weighs on risk appetite. Markets reassess trajectory of US 2024 rates on Fed chair Powell's hawkish Jackson hole symposium comments.

05 AI (Nvidia) Optimism

Optimism over AI-focused stocks drives the market with Nvidia alone contributing almost a quarter of the Q1 return.

06 Shift in US Financial Conditions Generates Volatility

Rising inflation and strong economic data sees markets slash US 2024 rate cut expectations generating volatility. Financial conditions ease in May helping US market to recover.

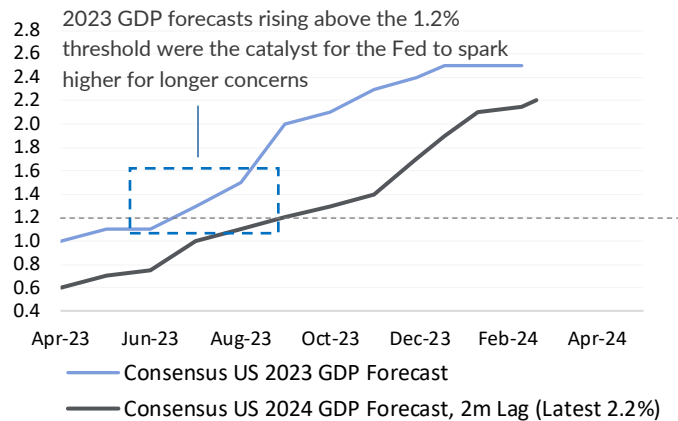Source: Wilshire Indexes. Data as of May 17, 2024.

Growth Cycle Analysis: Signs of peak optimism as pace of upgrades to US 2024 growth forecasts ease

Chart 1: Rapid shift from pessimism to relative optimism amongst consensus 2024 US GDP forecasts so far this year

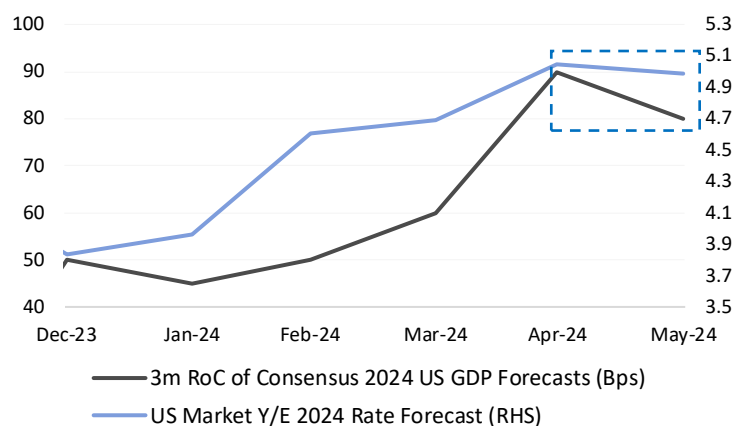| GDP Forecasts (%)				
	Consensus 2024 Forecast	YTD Chg in 2024 Forecast (Bps)	2024 Central Bank Forecast	YTD Chg in 2024 Forecast (Bps)
US	2.2	+100	2.1	+50
UK	0.4	0	0.25	-25
Eurozone	0.6	-20	0.6	-20
Japan	0.7	-30	1.2	+20
China	4.7	+10	5.0	0

The pendulum has shifted from pessimism over 2024 US growth at the start of the year to relative optimism, with consensus US GDP forecasts now exceeding the Fed's projections. This contrasts with the Eurozone and Japan where forecasts have seen a modest decline so far in 2024.

Chart 2: Any further upgrades to US 2024 GDP forecasts risk a 2023-style higher for longer redux

2023 GDP forecasts rising above the 1.2% threshold were the catalyst for the Fed to spark higher for longer concerns

—— Consensus US 2023 GDP Forecast
—— Consensus US 2024 GDP Forecast, 2m Lag (Latest 2.2%)

The rise in US 2024 GDP forecasts heightens the risk of a 2023-style replay. Any further significant upgrades to 2024 forecasts are likely add further conviction to the Fed's view that the rate cutting cycle will need to remain a shallower one.

Chart 3: Signs of peak optimism-the rate of change of upgrades to US 2024 GDP forecasts has recently slowed

—— 3m RoC of Consensus 2024 US GDP Forecasts (Bps)
—— US Market Y/E 2024 Rate Forecast (RHS)

The rate of change in consensus US 2024 GDP forecasts year to date (grey line) have been a key factor in driving the reversal in the market's US 2024 rate outlook (blue line). The recent easing in this rate of change could be a sign optimism over the US growth outlook for 2024 has now peaked.

Source: Wilshire Indexes, LSEG Datastream, FactSet and Federal Reserve. Data as of May 20, 2024.

Inflation Cycle Analysis: Markets breathe a sigh of relief as extended run of 'hot' US inflation comes to an end but services remain sticky

Chart 1: Rising consensus 2024 US inflation forecasts contrast with declines across other major regions

| Consensus and Central Bank CPI Forecasts (%)				
	Latest CPI	Consensus Y/E 2024 Forecast	YTD Chg in 2024 Forecast (Bps)	Central Bank Y/E 2024 Forecast
US	3.4	3.0	+50	2.6*
UK	2.3	2.5	-60	2.75
Eurozone	2.4	2.4	-20	2.3
Japan	2.7	2.3	+20	2.8
China	0.1	0.8	-70	<3.0

*Fed forecasts based on Core PCE

After a protracted run of rising and above-expectation US inflation readings, markets were relieved to see a (modest) decline in April. Y/E 2024 consensus inflation forecasts have crept higher for the US since the start of the year, contrasting with declines across most other regions, most notably the UK.

Chart 2: US services inflation remains sticky and elevated, still well above pre-Covid average levels

US Goods CPI Inflation 0.3%
US Services CPI Inflation (RHS) 5.3%
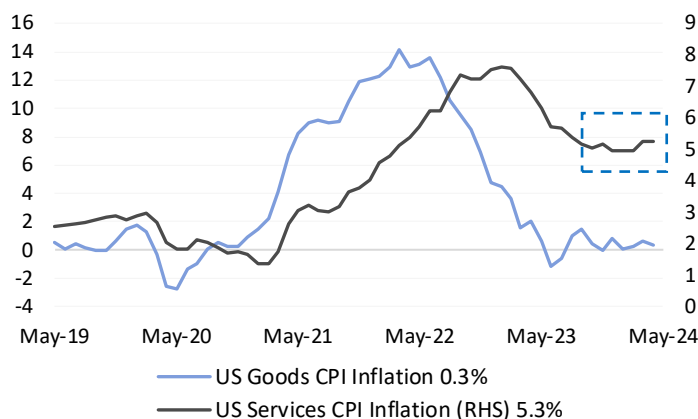
Despite the low level of US goods inflation (blue line), US services inflation (grey line, c65% of the US CPI bucket) has remained sticky and stubbornly elevated, reaccelerating year to date. Signs of progress on service disinflation is a key focus for the Fed in hitting its inflation target.

Chart 3: The Fed will want to see further signs of moderating US wage growth easing inflationary pressures

US Wage Growth (YoY% Chg) 4.0%
Atlanta Fed Wage Growth Tracker 4.7%
US Employment Cost Index (RHS, YoY% Chg) 4.2%
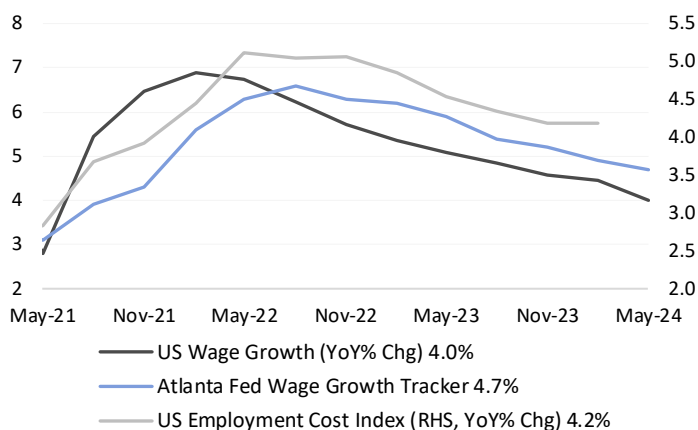
The Fed will be encouraged to see signs of the US labour market cooling, in particular the steady easing in the various measures of US wage growth shown in the chart. Further signs of a moderating US labour market will also be a key indicator for the Fed and any decision on potential rate cuts going forward.

Source: Wilshire Indexes, LSEG Datastream, FactSet, Federal Reserve, BoE and ECB. Data as of May 20, 2024.

Financial Conditions Cycle Analysis: US 2024 rate expectations stabilise after rapid rise year to date. UK and Eurozone expected to move first
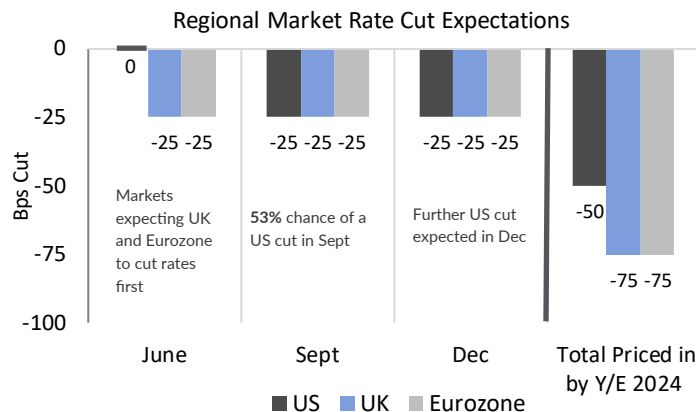
Chart 1: Markets expect fewer US interest rate cuts in 2024 than current Fed projections

Regional Interest Rate Expectations (%)				
	Latest	Y/E 2024 Market Forecast	YTD Chg in Forecast (Bps)	Y/E 2024 Central Bank Forecast
US	5.25-5.5*	**5.0**	*+125*	4.6
UK	5.25	**4.6**	*+100*	4.2
Eurozone	4.0	**3.2**	*+70*	3.4**
Japan	0.0-0.1	**0.1**	*0*	
Canada	5.0	**4.7**	*+80*	
Australia	4.35	**4.3**	*+50*	

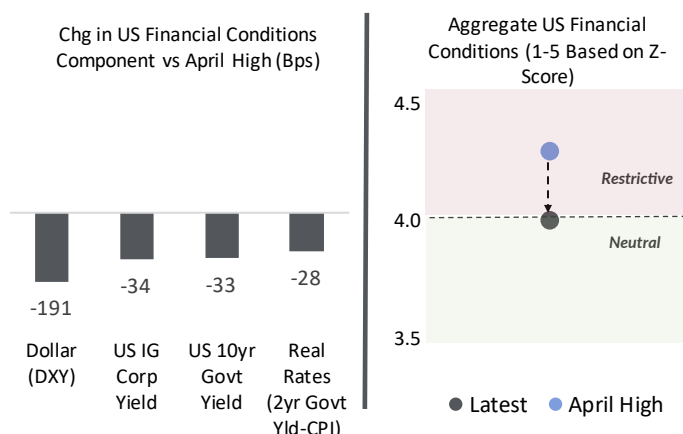*Fed funds target rate **ECB 3m EURIBOR forecast

Market year-end 2024 rate forecasts have stabilised around 5% after a rapid reversal from the start of the year through to the end of April. US market year-end forecasts show fewer cuts than the Fed's current projections. There will be significant focus on any update to the Fed's outlook following their meeting in June.

Chart 2: Markets are expecting the UK and Eurozone to cut rates sooner (June) and at a higher tempo than in the US

Regional Market Rate Cut Expectations

- US
- UK
- Eurozone

Markets expecting UK and Eurozone to cut rates first

53% chance of a US cut in Sept

Further US cut expected in Dec

Markets are pricing in the UK and Eurozone to be first movers in cutting rates, possibly as early as next month, ahead of the US where the probability of a first cut in September is currently at 53%. Markets also expect a higher tempo of rate cuts in the UK and Eurozone with 75bps priced in by year end vs just 50bps currently for the US.

Chart 3: Declines in the dollar and bond yields have led to aggregate US financial conditions easing back to neutral levels

Chg in US Financial Conditions Component vs April High (Bps)

Aggregate US Financial Conditions (1-5 Based on Z-Score)

- Dollar (DXY): -191
- US IG Corp Yield: -34
- US 10yr Govt Yield: -33
- Real Rates (2yr Govt Yld-CPI): -28

- Latest
- April High

The recent declines in key US financial condition components from their April highs has meant aggregate US financial conditions have eased from restrictive back to neutral levels (for more information on regional financial conditions indicators see page 13)

Source: Wilshire Indexes, LSEG Datastream, FactSet, Federal Reserve, BoE and ECB. Data as of May 20, 2024.

Profit Cycle Analysis: Double-digit US EPS growth expected in 2024 with the tech sectors contributing 50% of aggregate growth

Chart 1: Double-digit EPS growth in 2024 is forecast across most regions but expectations have eased YTD

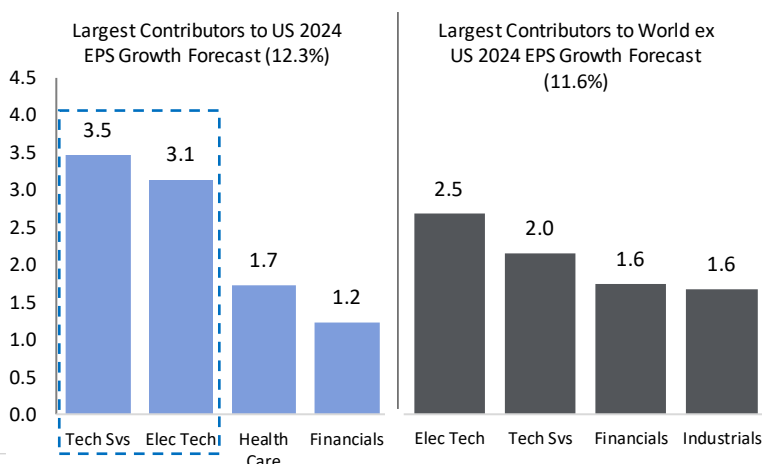| Regional EPS Growth Forecasts (%)			
	2023 EPS Growth	**2024 Growth Forecast**	*YTD Chg in 2024 Forecast (Bps)*
US	2.3	**12.3**	*-100*
World ex US	-4.2	**11.6**	*-90*
UK	-9.9	**4.9**	*-100*
Europe ex UK	9.6	**10.9**	*-60*
Japan	8.2	**12.6**	*-40*
Asia Pac ex Japan	-8.6	**17.4**	*-200*
Emerging Markets	-5.0	**11.6**	*-200*
China	-5.0	**10.8**	*-550*

Following a relatively solid Q1 earnings season, 2024 US EPS growth rates are expected to come in at 12.3%, a 10% rebound vs 2023. World ex US EPS growth is forecast to come in marginally lower at 11.6% vs –4.2% in 2023 (for more information on regional EPS and revenue estimates see page 14).

Chart 2: The progression of US 2024 EPS growth rate estimates have trended lower-much like last year

US EPS Growth Rate Estimates

———— US 2023 EPS Growth Estimate (Through Last Year) 2.3%
———— US 2024 EPS Growth Estimate YTD (RHS) 12.3%
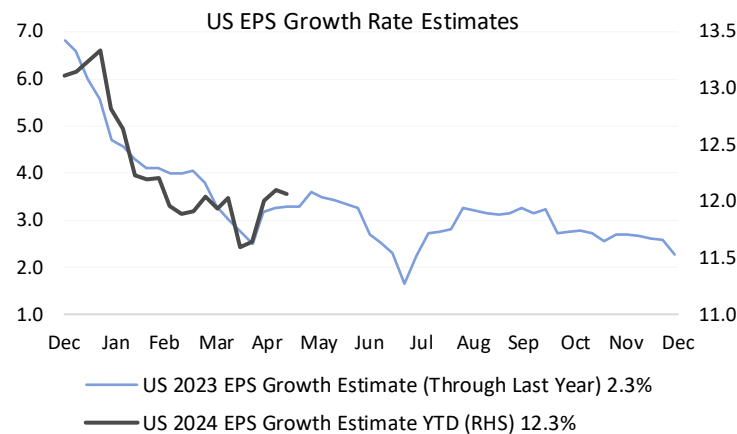
The path of US 2024 EPS growth rate estimates (grey line) have followed a similar trajectory to last year's growth rates (blue line), with analysts beginning the year overly optimistic before growth rates trended lower as the year progressed.

Chart 3: The tech sectors contribute 6.6% of the 12.3% (over half) US aggregate EPS growth forecast

Largest Contributors to US 2024 EPS Growth Forecast (12.3%)

Tech Svs	Elec Tech	Health Care	Financials
3.5	3.1	1.7	1.2

Largest Contributors to World ex US 2024 EPS Growth Forecast (11.6%)

Elec Tech	Tech Svs	Financials	Industrials
2.5	2.0	1.6	1.6

US technology sectors are expected to contribute 53% (6.6% of 12.3%) of the forecast US EPS growth rate this year. The sector-contribution blend for the World ex US is more broad-based.

Source: Wilshire Indexes and FactSet. Data as of May 20, 2024.

Valuation Cycle Analysis: The rebound in the US 12m forward PE to 21x has pushed valuations to 1.3 standard deviation above the 10 year average

Chart 1: The US 12m forward PE sits well above long-term averages on both an absolute and relative basis

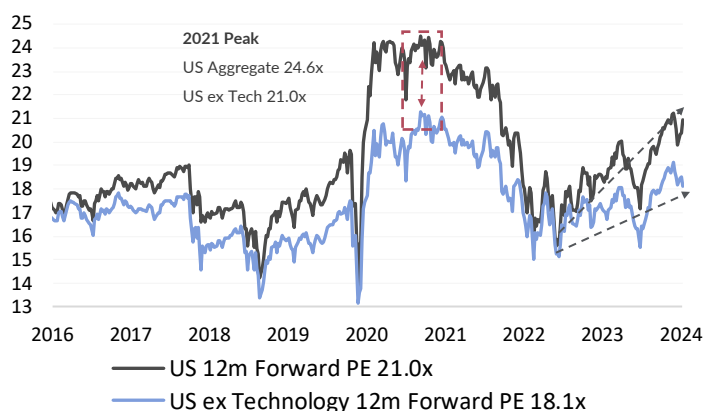| Regional 12 Month Forward PE Comparison				
	Latest 12m Fwd PE	10-Year Avg	Latest Relative 12m Fwd PE	10-Year Avg
US	**21.0**	*18.3*	**1.48**	*1.32*
UK	**12.0**	*13.6*	**0.70**	*0.84*
Europe ex UK	**14.5**	*14.5*	**0.82**	*0.87*
Japan	**15.1**	*14.6*	**0.88**	*0.90*
Asia Pac ex Japan	**14.7**	*14.3*	**0.87**	*0.90*
Emerging	**15.3**	*14.6*	**0.90**	*0.92*
China	**10.8**	*11.8*	**0.63**	*0.75*

The table shows regional absolute and relative 12m forward PEs vs their respective 10 year averages. The US sits at a significant absolute and relative premium compared with historical average levels. Only the UK and China are below their 10-year averages on an absolute and relative basis (see page 15 for more information on regional valuations)

Chart 2: US Health care and electronic tech sector valuations are significantly above long-term averages

US Sector 12m Forward PE vs 10yr Avg

Legend: ■ Latest ● 10yr Avg
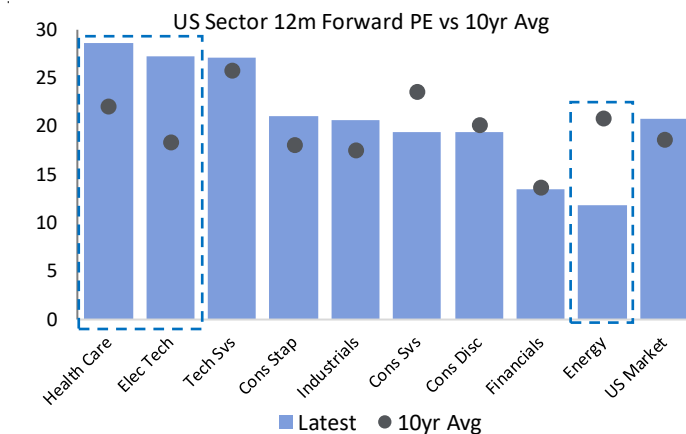
Examining US sector 12m forward PEs, health care (28.7x) and electronic tech (27.3x) sit at the highest premium to the aggregate US market, and well above their respective 10 year average. Energy (11.8x) is at a 45% discount to its 10 year average.

Chart 3: The tech sector has had a increasing impact on the US 12m forward PE once again since late 2022

2021 Peak
US Aggregate 24.6x
US ex Tech 21.0x

— US 12m Forward PE 21.0x
— US ex Technology 12m Forward PE 18.1x

When we exclude technology sectors (blue line) the US 12 month forward PE currently sits at 18.1x vs the aggregate market (grey line) at 21x. Excluding technology the PE hit at high of 21x in early 2021 vs 24.6x for the aggregate market. After falling to near parity in October 2022 the gap has widened again since.

Source: Wilshire Indexes, FactSet and LSEG Datastream. Data as of May 20, 2024.

Perspectives: Six months to the US presidential election and high inflation and weaker equity returns still a headwind for Biden

Chart 2: Despite rising GDP forecasts, higher US inflation is likely to remain an issue for the Biden administration

Consensus US GDP and CPI Forecasts 6 Months Prior to Presidential Election (%)
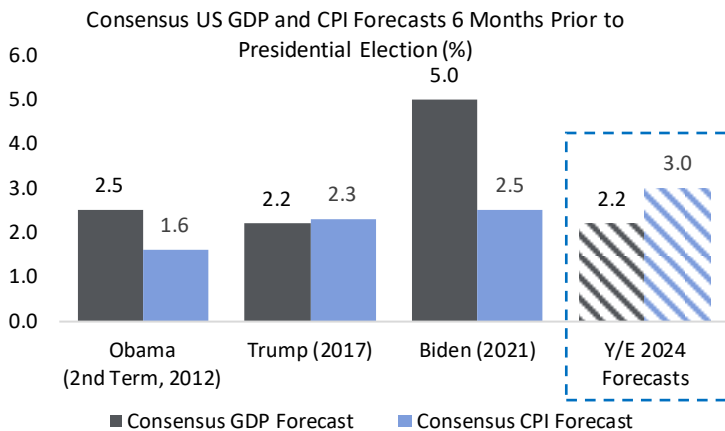
Just 6 months before the US presidential election and the rise in US 2024 GDP forecasts will be a positive for the Biden administration. Conversely the 3% Y/E 2024 US inflation forecast is well above forecasts in the 6 months leading up to previous elections.

Chart 2: US equity returns during Biden's term have lagged behind Trump and Obama

FT Wilshire 5000 (Rebased at Inauguration Date)
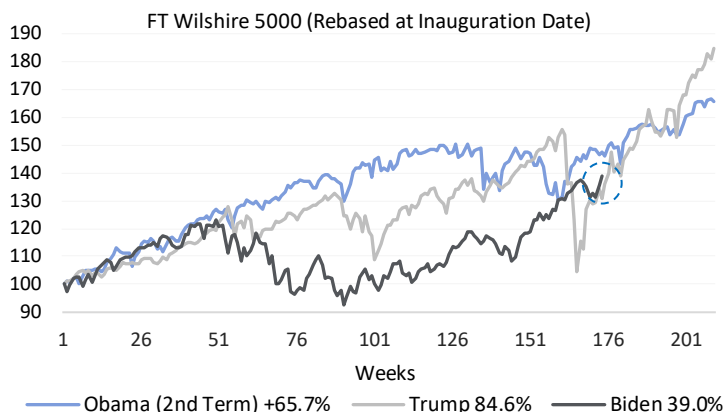
With around 65% of US households owning equities, market returns matter to voters. The chart shows US equity performance since Joe Biden inauguration has lagged well behind returns delivered during Trump and Obama's terms.

Chart 3: The percentage change in US household net worth has been much lower under Joe Biden

% Change in US Household Net Worth During Presidential Cycle
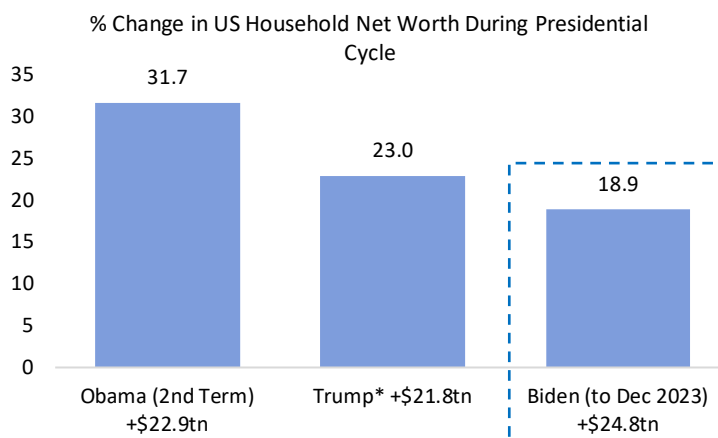

Weaker equity market returns have also meant (so far) that the percentage increase in US household net worth has also been more modest under Joe Biden, relative to Trump and Obama.

Source: Wilshire Indexes and FactSet. Data as of May 20, 2024.

Sentiment Analysis: Stabilising US 2024 rate expectations and lower inflation sees FT Wilshire 5000 recover to hit new all-time highs

Chart 1: Risk appetite has diverged from US economic leading indicator data over the past 12 months

FT Wilshire 5000/US 10yr Govt Bond (TR, YoY% Chg)
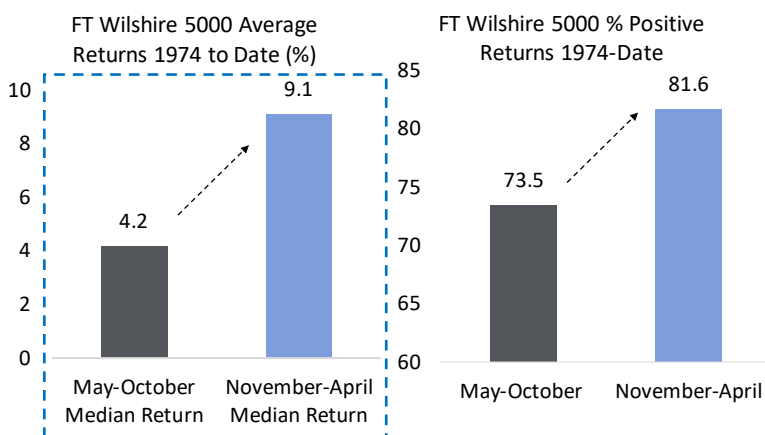
US ISM Manufacturing+Services Composite Index (RHS)
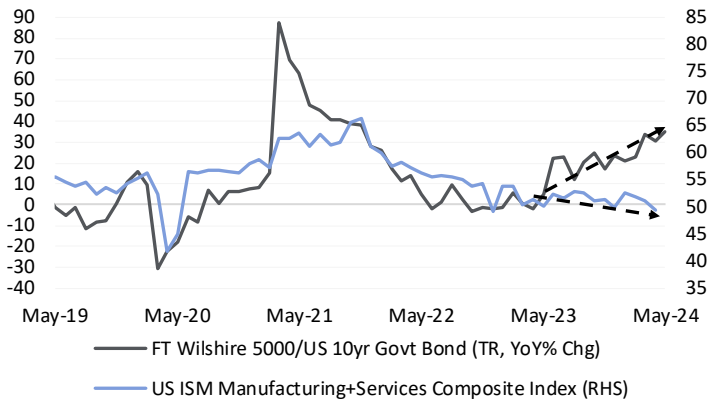
We have witnessed a disconnect over the past 12 months between the (normally reliable) relationship between US equity/bond returns and the US ISM composite index. Bad news on the US economy has largely been good news of risk appetite and equity markets.

Chart 2: The FT Wilshire 5000 index has again hit new all time highs but the equal-weighted version is still well below

Still -18.6% below its all time high

FT Wilshire 5000 Index (TR)

FT Wilshire 5000 Equal-Weighted Index (TR)
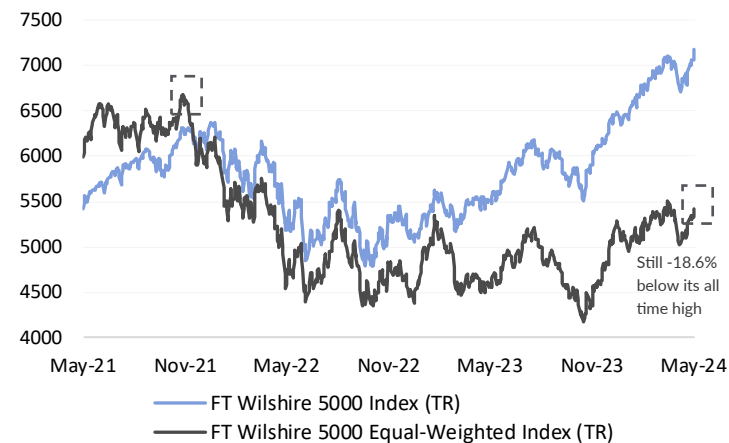
The FT Wilshire 5000 index has recovered the loses made during April, rising over 6% from the recent lows and again hitting new all-time highs. This contrasts with the FT Wilshire 5000 equal-weighted index which is still −18.6% below its all-time high reached in November 2021.

Chart 3: Does the old adage of 'Sell in May and Go Away' actually ring true?

FT Wilshire 5000 Average Returns 1974 to Date (%)

4.2 — May-October Median Return
9.1 — November-April Median Return

FT Wilshire 5000 % Positive Returns 1974-Date

73.5 — May-October
81.6 — November-April

Analysing the FT Wilshire 5000 since inception (1974) we can see there is evidence of some seasonality. Average returns from November to April have been over twice as large as returns delivered from May to October. Moreover the percentage of positive returns have also been higher in the November to April period (81.6%) vs May to October (73.5%)

Source: Wilshire Indexes and FactSet. Data as of May 20, 2024.

MARKET DRIVER PULSE SHEETS

IN THIS REPORT

Snapshot of Multi-Asset returns: MTD and YTD (USD, TR)

Chart 1: MTD as of May 20, 2024

Legend: ■ Equity ■ Currency ■ Style ■ Commodities ■ Fixed Income

MTD USD TR

Asset	Value
China Equity	11.7
Copper	9.2
Wilshire LC Growth	7.1
Wilshire US REIT	6.7
AP ex Japan Equity	6.0
FT Wilshire Small Cap	5.7
FT Wilshire 5000	5.6
Gold	5.6
FT Wilshire Large Cap	5.6
Developed Equity	5.4
UK Equity	5.4
EM Equity	5.3
Wilshire LC Value	4.0
World ex US 60/40	3.0
US 60/40	2.9
10Y UK Gov Bond	2.4
Japan Equity	1.8
US IG Credit	1.6
10Y US Gov Bond	1.5
10Y Ger Gov Bond	1.4
EM Gov Bond	1.4
US HY Credit	1.3
10Y Japan Gov Bond	0.1
DXY	-1.6
Oil	-4.5

Risk appetite has recovered from the lows in April. Chinese equities have continued to significantly outperform, with Japan lagging. Growth has outperformed Value within US equities. Bond markets have delivered small positive returns as yields have eased back. The dollar (DXY) has also retreated after a strong run YTD. Copper prices have surged, while oil has fallen from the recent mid-April highs.

Chart 2: YTD as of May 20, 2024

Legend: ■ Equity ■ Currency ■ Style ■ Commodities ■ Fixed Income

YTD USD TR

Asset	Value
Copper	27.6
Gold	17.4
China Equity	15.9
Wilshire LC Growth	14.8
FT Wilshire Large Cap	11.8
FT Wilshire 5000	11.0
Developed Equity	10.2
AP ex Japan Equity	8.9
UK Equity	8.8
EM Equity	8.7
Wilshire LC Value	8.6
Oil	8.0
FT Wilshire Small Cap	6.7
Japan Equity	6.6
US 60/40	5.7
DXY	3.2
US HY Credit	1.9
World ex US 60/40	1.5
EM Gov Bond	-0.5
US IG Credit	-0.5
Wilshire US REIT	-1.6
10Y US Gov Bond	-2.4
10Y UK Gov Bond	-3.3
10Y Ger Gov Bond	-4.7
10Y Japan Gov Bond	-11.6

Chinese equities are now the strongest regional performer YTD, outperforming US equities. Within the US, Growth has outperformed Value and Large Cap has outperformed Small Cap. Copper and gold have seen double-digit gains. US 60/40 has comfortably outperformed World ex US. Within the fixed income space Japanese government bonds (in USD terms) have significantly underperformed.

Source: Wilshire Indexes, FactSet and LSEG Datastream. Data as of May 20, 2024.

Growth and Inflation Cycle

Table 1: Regional consensus 2024 and 2025 Real GDP forecasts and long term CAGR (%)

			CAGR		
	2024E	**2025E**	**5yr CAGR**	**10yr CAGR**	**20yr CAGR**
US	**2.2**	**1.8**	2.2	2.3	2.0
UK	**0.4**	**1.2**	0.6	1.3	1.2
Eurozone	**0.6**	**1.5**	0.9	1.5	1.2
Japan	**0.7**	**1.0**	0.2	0.5	0.5
China	**4.7**	**4.3**	4.9	5.9	8.5

Regional Real GDP (%)

Table 2: Regional consensus 2024 and 2025 CPI forecasts and long term CAGR (%)

			CAGR		
	2024E	**2025E**	**5yr CAGR**	**10yr CAGR**	**20yr CAGR**
US	**3.0**	**2.4**	4.2	2.8	2.6
UK	**2.5**	**2.1**	4.4	2.9	2.8
Eurozone	**2.4**	**2.1**	3.7	2.3	2.1
Japan	**2.3**	**1.6**	1.4	1.1	0.6
China	**0.8**	**1.7**	1.6	1.7	2.4

Regional CPI Inflation (%)

Chart 1: Regional rolling 12m forward consensus GDP forecasts (%)

Chart 2: Change in 2024 consensus GDP forecasts vs the start of the year

Year to Date Changes to 2024 GDP Growth Forecasts
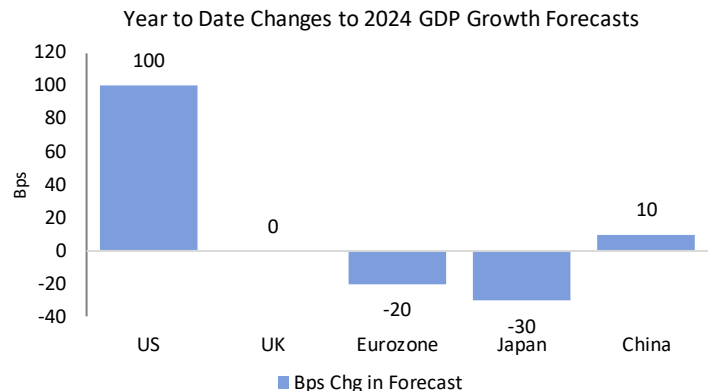
Chart 3: Measures of US Inflation (YoY% Chg)
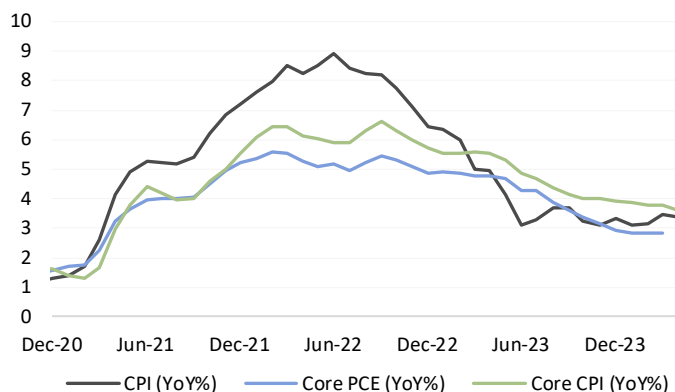
Chart 4: Regional CPI index weightings (%)
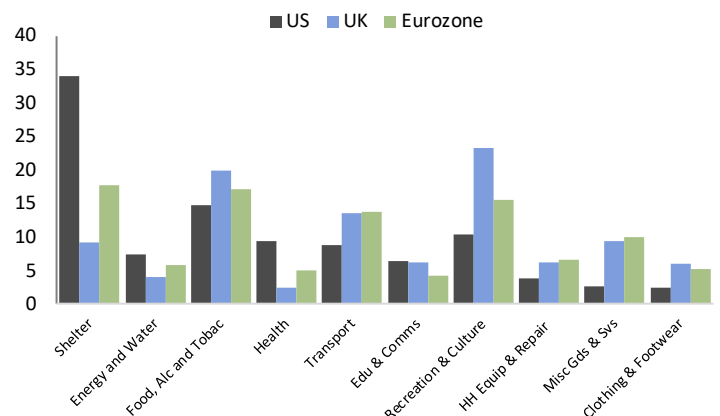
Source: Wilshire Indexes, FactSet and LSEG Datastream. Data as of May 20, 2024

Financial Conditions

Table 1: Monetary policy barometer components (1=Very Accommodative, 5=Restrictive)

Monetary Policy Barometer	US	UK	Eurozone	Japan
Interest Rate Expectations (12m Fwd OIS)	4.0	4.0	4.0	4.0
Real M2 Money Supply	4.0	3.5	3.5	2.5
Real Interest Rates	4.0	4.0	4.0	3.0
Central Bank Balance Sheets	4.0	3.5	3.5	2.5
Interest Rates/NGDP (12m Fwd)	5.0	5.0	4.0	1.0
Composite Monetary Policy	4.2	4.0	3.8	**2.6**

Table 2: Credit cycle barometer components (1=Very Accommodative, 5=Restrictive)

Credit Cycle Barometer	US	UK	Eurozone	Japan
Govt Bond Yields	4.0	3.5	3.5	4.0
Corp Bond Yields	3.5	4.0	3.5	4.0
Lending Standards	3.5	3.5	3.0	2.0
Debt Serv Levels-Households	3.0	3.0	3.0	3.0
Debt Serv Levels-Non-Fin Corps	4.0	3.0	3.0	3.0
Composite Credit Cycle	3.6	3.4	3.2	3.2

Chart 1: Regional Financial Conditions Indicators (FCI) (1-5 based on Z-scores)
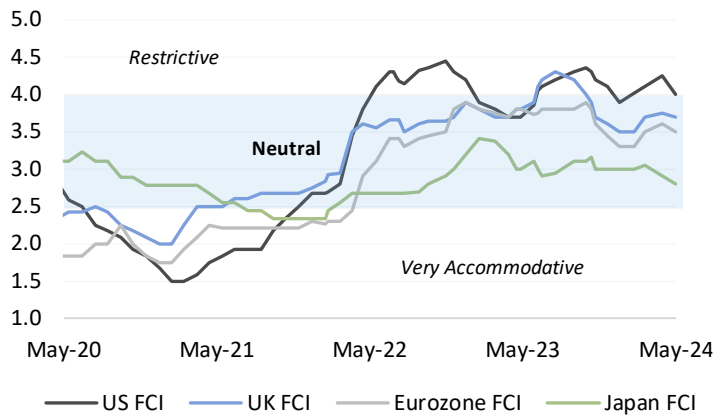
Chart 2: Regional Real M2 Money Supply (YoY %)
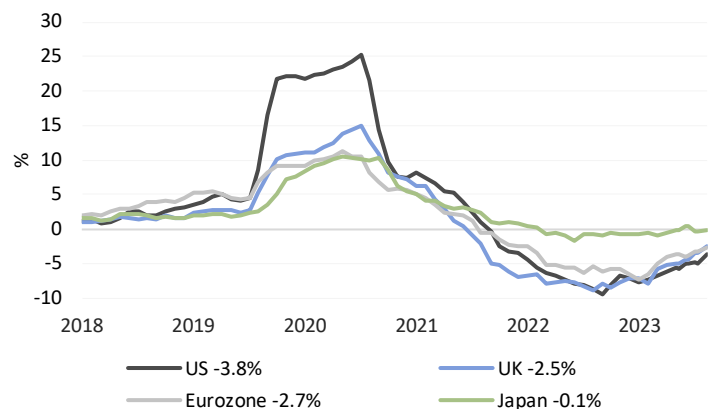
Chart 3: Regional Central bank balance sheets (local currency)

Chart 4: Real effective exchange rates (rebased 2010)

Source: Wilshire Indexes, FactSet and LSEG Datastream. Data as of May 20, 2024.

Profit and Earnings Cycle

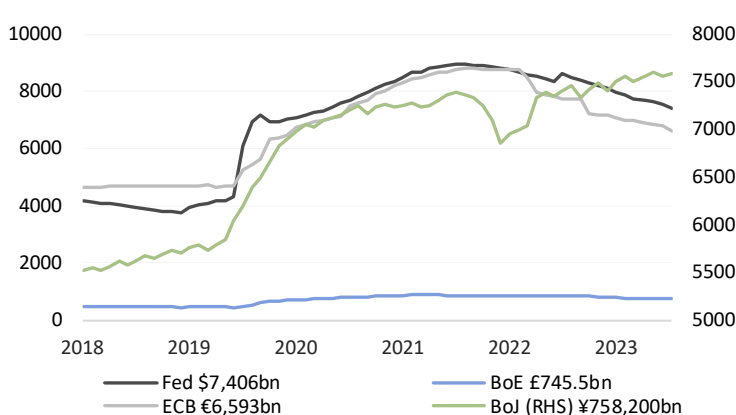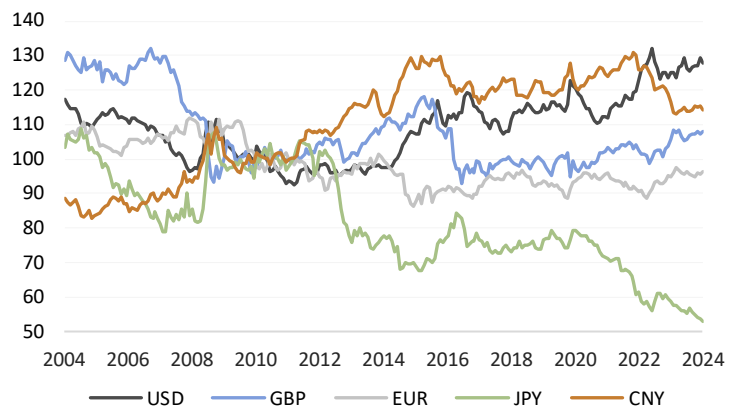**Table 1:** Regional 2023 and 2024 EPS growth forecasts and long-term CAGR (%)

Regional EPS Growth (%)					
	Forecasts (%)		CAGR (%)		
	2023	2024E	5yr	10yr	*20yr*
US	2.3	*12.3*	6.5	6.7	*6.9*
UK (GBP)	-9.9	*4.9*	5.2	1.1	*3.2*
Europe ex UK (EUR)	9.6	*10.9*	8.4	2.8	*5.5*
Japan (JPY)	8.2	*12.6*	6.8	4.5	*5.2*
Asia Pac ex Japan (USD)	-8.6	*17.4*	4.4	1.5	*5.4*
Emerging (USD)	-5.0	*11.6*	5.9	0.6	*4.8*
China (CNY)	-5.0	*10.8*	6.0	5.6	*9.7*
World ex US (USD)	-4.2	*11.6*	6.0	1.6	*6.8*

Table 2: Regional 2023 and 2024 revenue growth forecasts and long-term CAGR (%)

Regional Revenue Growth (%)					
	Forecasts (%)		CAGR (%)		
	2023	2024E	5yr	10yr	*20yr*
US	1.6	4.6	5.7	4.8	*5.4*
UK (GBP)	-2.6	2.1	0.9	1.9	*3.5*
Europe ex UK (EUR)	-1.9	1.4	4.1	2.4	*2.9*
Japan (JPY)	5.8	3.5	4.9	3.2	*2.5*
Asia Pac ex Japan (USD)	-4.1	8.4	0.5	0.2	*5.9*
Emerging (USD)	-3.6	8.1	2.1	0.5	*5.5*
China (CNY)	-2.5	9.9	2.9	2.9	
World ex US (USD)	-3.2	4.1	0.3	-0.6	*2.2*

Chart 1: Regional 12m forward EPS (Rebased)
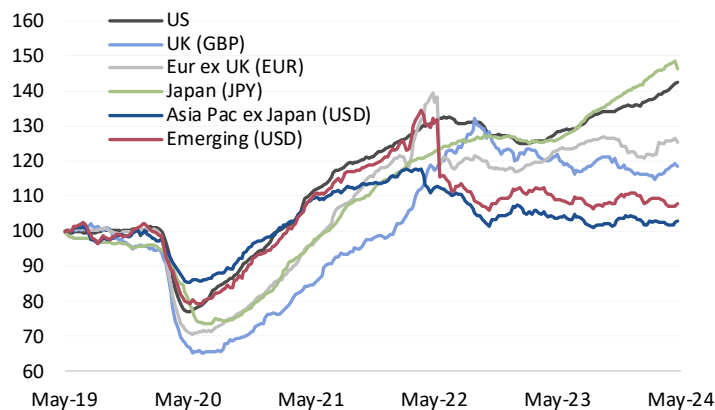
Chart 2: US Analyst EPS Estimate Trails (USD)
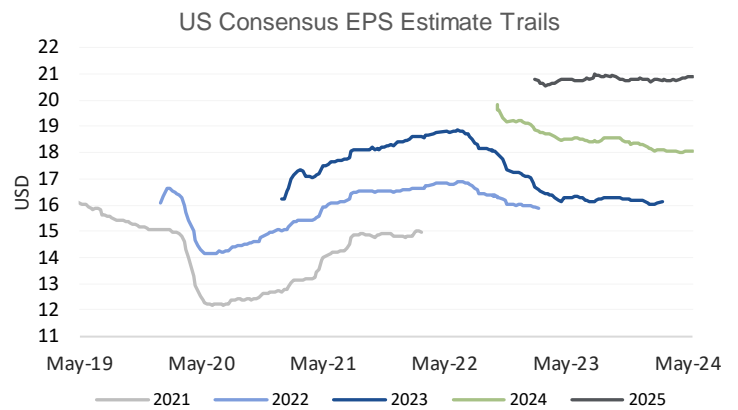
Chart 3: Regional 12m forward Sales (Rebased)

Chart 4: US Analyst Sales Per Share Estimate Trails (USD)

Source: FactSet. Data as of May 20, 2024.

Valuation Cycle

Table 1: Regional Valuation Summary-Absolute

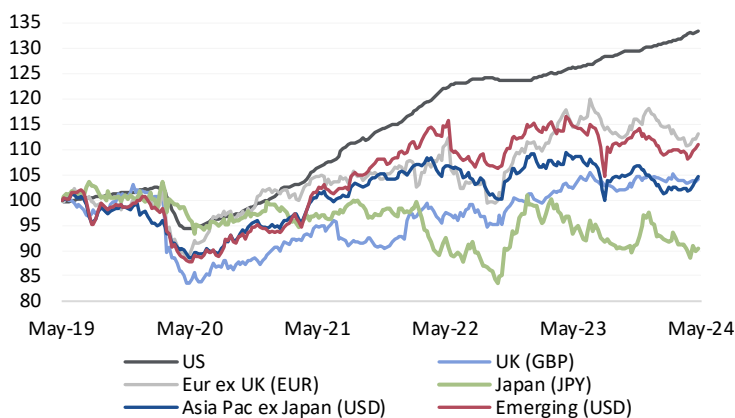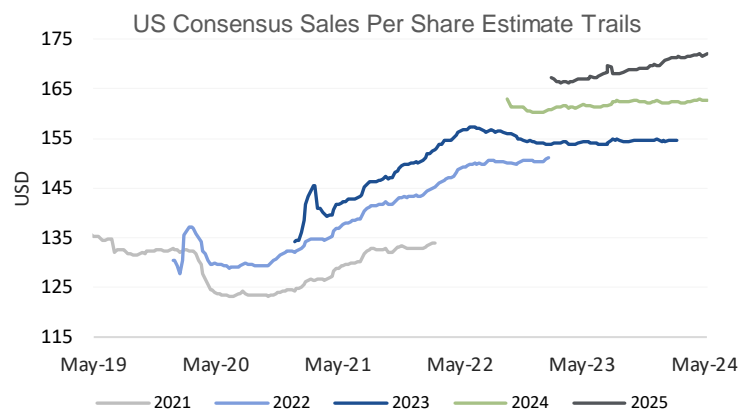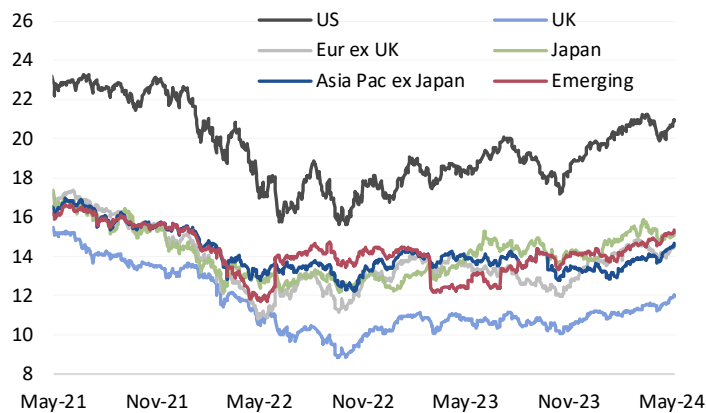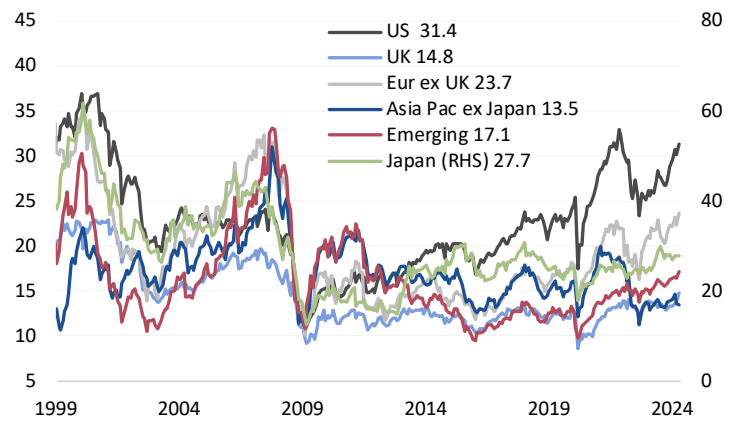| Regional Valuation Summary-Absolute																	
	12m Fwd PE	10yr Avg	12m Fwd P/B	10yr Avg	12m Fwd DY	10yr Avg	12m Fwd P/CF	10yr Avg	12m Fwd P/S	10yr Avg	12m ROE	10yr Avg	EY-BY	10yr Avg	CAPE	10yr Avg
US	21.0	18.3	3.9	3.0	1.5	1.9	15.3	12.8	2.4	1.9	18.6	16.6	0.4	3.1	31.4	23.5
UK	12.0	13.6	1.7	1.7	3.7	3.9	7.5	8.9	1.2	1.2	14.1	12.8	4.2	5.8	14.8	12.4
Europe ex UK	14.5	14.4	1.6	1.6	3.3	3.4	9.8	8.7	1.3	1.2	11.4	11.4	4.4	6.5	23.7	17.2
Japan	15.1	14.6	1.4	1.2	2.3	2.3	9.3	8.3	1.0	0.8	9.2	8.5	5.7	6.8	27.7	27.4
Asia Pacific ex Japan	14.7	14.3	1.6	1.6	2.5	2.7	9.4	9.7	1.4	1.4	11.0	11.5	6.8	3.9	13.5	15.4
Emerging Markets	15.3	14.6	2.0	1.9	2.4	2.7	10.5	9.9	1.4	1.4	13.1	13.1	6.5	3.7	17.1	13.1
China	10.8	11.8	1.2	1.4	3.5	2.9	5.0	5.9	1.2	1.5	11.4	13.4	7.0	5.6	13.7	15.1
World	17.0	15.9	2.3	2.0	2.2	2.5	11.8	10.5	1.7	1.5	13.7	12.8	1.5	4.0	18.7	15.9
World ex US	14.2	14.3	1.6	1.6	3.0	3.0	9.3	9.1	1.3	1.2	11.6	11.3	2.6	4.7	16.7	14.1

Chart 1: Regional 12m forward PE ratios

Chart 2: Regional cyclically-adjusted 12m forward PE ratios

Table 2: Regional Valuation Summary-Relative

Regional Valuation Summary-Relative																	
	12m Fwd PE	10yr Avg	12m Fwd P/B	10yr Avg	12m Fwd DY	10yr Avg	12m Fwd P/CF	10yr Avg	12m Fwd P/S	10yr Avg	12m ROE	10yr Avg	EY-BY	10yr Avg	CAPE	10yr Avg
US	1.5	1.3	2.3	1.9	0.5	0.6	1.6	1.4	1.8	1.6	1.6	1.5	0.1	0.5	1.8	1.7
UK	0.7	0.8	0.7	0.8	1.7	1.6	0.6	0.8	0.7	0.8	1.0	1.0	3.0	1.8	0.8	0.8
Europe ex UK	0.8	0.9	0.7	0.8	1.6	1.5	0.8	0.8	0.7	0.8	0.8	0.9	3.6	1.9	1.2	1.0
Japan	0.9	0.9	0.6	0.6	1.0	0.9	0.8	0.8	0.6	0.5	0.6	0.6	4.0	2.0	1.7	1.8
Asia Pacific ex Japan	0.9	0.9	0.7	0.8	1.1	1.1	0.8	0.9	0.8	0.9	0.8	0.9	4.6	1.2	0.8	1.0
Emerging Markets	0.9	0.9	0.9	0.9	1.1	1.1	0.9	0.9	0.8	0.9	1.0	1.0	2.8	1.2	0.9	0.8
China	0.6	0.8	0.5	0.8	1.6	1.1	0.4	0.6	0.7	1.0	0.8	1.1	4.7	1.8	0.7	1.0

Source: Wilshire Indexes, FactSet and LSEG Datastream. Data as of May 20, 2024.

Technical Analysis

Chart 1: FT Wilshire 5000 index with 50 and 200 day moving averages

FT Wilshire 5000 Index (TR)

Legend: Index — 50 DMA — 200 DMA
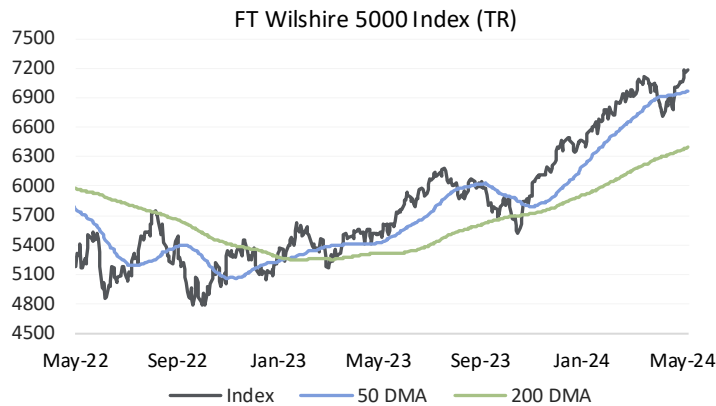
Chart 2: FT Wilshire Index Relative Strength Indexes (RSI)-Latest vs 1m Ago

Relative Strength Index

Categories: FT Wilshire 5000, US Large Cap, US Small Cap, US LC Growth, US LC Value

Legend: Latest ● 1m Ago
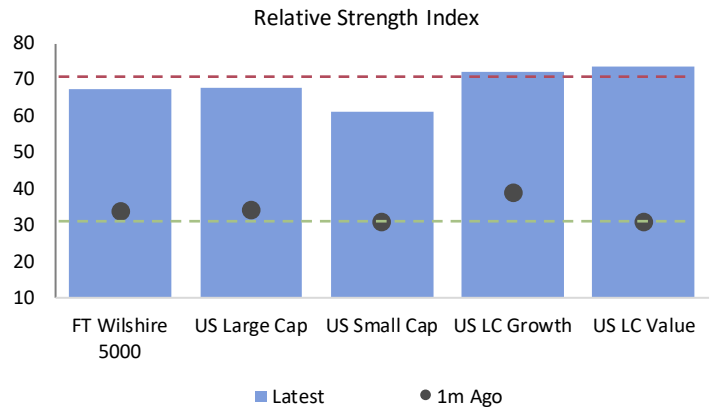
Chart 1: Percentage of stocks above 200-day moving average (DMA)-US, UK, Eur ex UK and Japan

Legend: US — UK — Eur ex UK — Japan
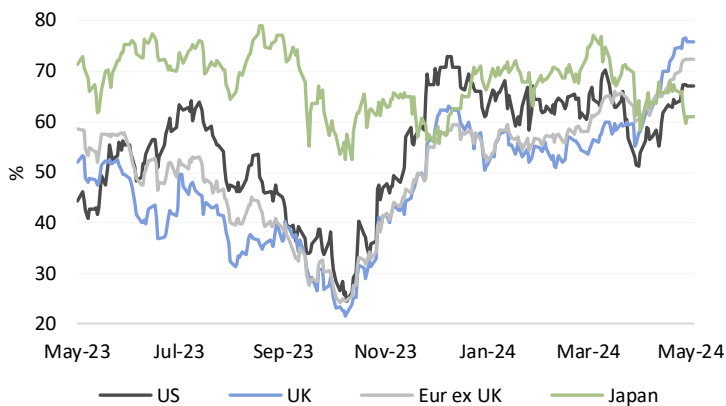
Chart 2: Percentage of stocks above 200-day moving average (DMA)-Asia Pac ex Japan, EM, China

Legend: Asia Pac ex Japan — Emerging — China
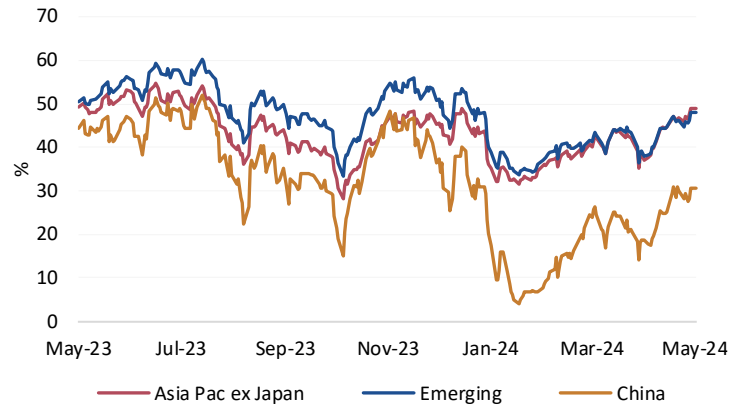
Chart 3: Index positioning vs 200-Day Moving Average (DMA)-Latest vs 3m ago

Index Position vs 200DMA (%)

Categories: US, UK, Eur ex UK, Japan, Asia Pac ex Jap, Emerging, China

Legend: Latest ● 3m Ago
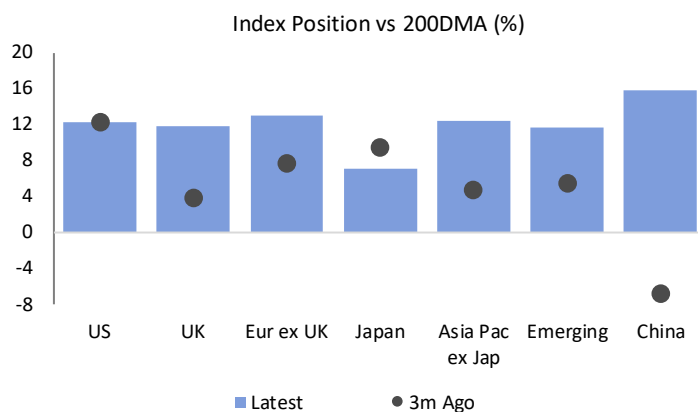
Chart 4: Regional Relative Strength Indexes (RSI)-Latest vs 1m Ago
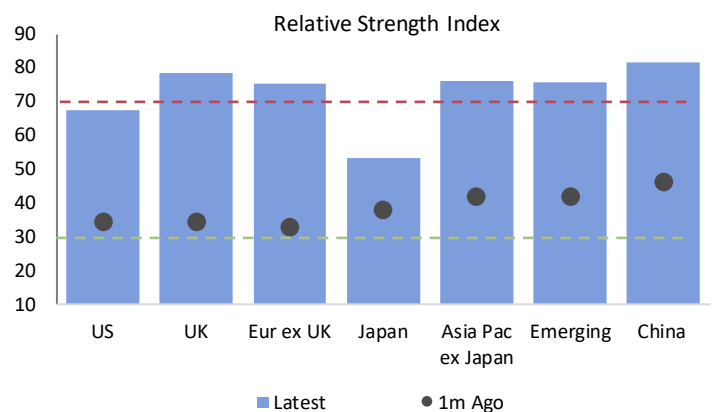
Relative Strength Index

Categories: US, UK, Eur ex UK, Japan, Asia Pac ex Japan, Emerging, China

Legend: Latest ● 1m Ago

Source: Wilshire Indexes, and FactSet. Data as of May 20, 2024.

Global Equity Market Returns - MTD vs YTD

MTD as of May 20, 2024

YTD as of May 20, 2024

Regions - MTD USD TR

Region	Value
Europe ex UK	6.5
AP ex Japan	6.0
Global ex Japan	5.6
FT Wilshire 5000	5.6
Developed	5.4
Global	5.4
Emerging	5.3
Global ex US	5.2

Regions - YTD USD TR

Region	Value
FT Wilshire 5000	11.0
Global ex Japan	10.2
Developed	10.2
Global	10.0
Europe ex UK	9.9
AP ex Japan	8.9
Emerging	8.7
Global ex US	8.1

Developed - MTD USD TR

Country	Value
Hong Kong	11.1
Sweden	7.7
Switzerland	7.6
Netherlands	6.7
Spain	6.5
Italy	6.5
Germany	6.2
Australia	6.0
USA	5.5
Developed	5.4
France	5.4
United Kingdom	5.4
Canada	4.6
Denmark	3.4
Korea	3.3
Japan	1.8

Developed - YTD USD TR

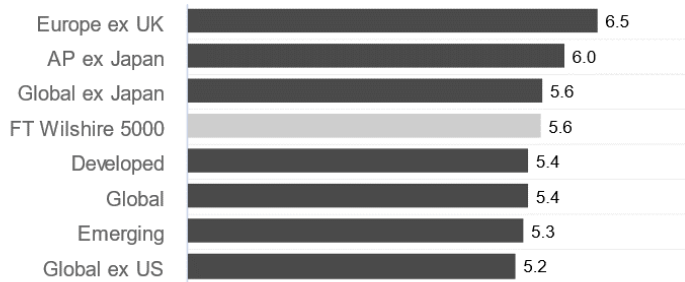| Country	Value
Italy	19.5
Denmark	18.5
Netherlands	16.7
Spain	13.2
USA	11.3
Developed	10.2
France	9.3
United Kingdom	8.8
Germany	8.7
Japan	6.6
Sweden	6.3
Canada	5.4
Hong Kong	3.7
Switzerland	3.3
Australia	3.3
Korea	-0.4

Emerging Markets - MTD USD TR

Country	Value
China	11.7
South Africa	9.1
Malaysia	6.2
Taiwan	5.4
Emerging	5.3
Brazil	3.0
India	1.3
Russia	0.0
Saudi Arabia	-1.9
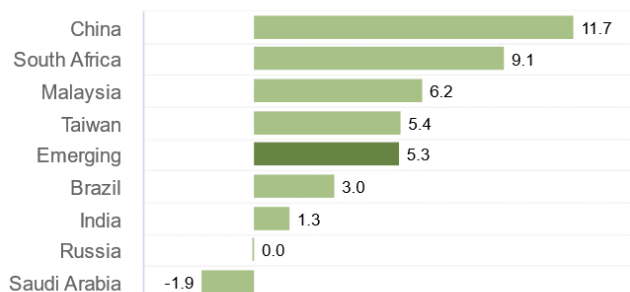
Emerging Markets - YTD USD

Country	Value
China	15.9
Malaysia	15.0
Taiwan	14.9
India	10.0
Emerging	8.7
South Africa	5.4
Saudi Arabia	1.6
Russia	0.0
Brazil	-8.0
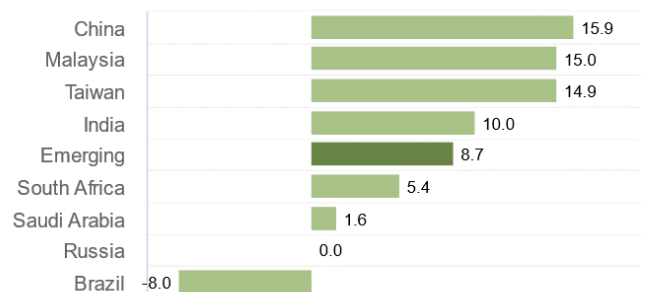
Source: Wilshire Indexes. Data as of May 20, 2024.

Sector Returns and Sector-Weighted Contribution

MTD as of May 20, 2024

Sector Returns MTD (USD, TR, %)

■ US: 5.5   ■ Global ex US: 5.2

Sector	US	Global ex US
Technology	8.1	5.8
Digital Info & Svc	5.4	5.2
Real Estate	4.5	5.4
Health Care	3.9	3.9
Financials	3.1	5.5
Res & Materials	2.6	4.8
Industrials	2.5	5.5
Agri Food Bev	1.4	4.5
Cons Goods & Svc	1.3	5.4
Energy	1.2	2.6
Transportation	-4.1	2.0

Contribution to Returns MTD (USD, TR, %)

Sector	US	Global ex US
Technology	1.3	0.6
Digital Info & Svc	1.1	0.4
Financials	0.5	1.1
Health Care	0.4	0.3
Industrials	0.2	0.6
Cons Goods & Svc	0.2	0.6
Real Estate	0.1	0.1
Res & Materials	0.1	0.4
Energy	0.1	0.2
Agri Food Bev	0.0	0.2
Transportation	-0.1	0.1

YTD as of May 20, 2024

Sector Returns YTD (USD, TR, %)

■ US: 11.3   ■ Global ex US: 8.1

Sector	US	Global ex US
Technology	21.5	11.5
Energy	14.0	7.7
Digital Info & Svc	13.6	6.0
Industrials	12.3	14.2
Financials	10.1	11.0
Cons Goods & Svc	9.6	6.3
Res & Materials	9.2	4.9
Health Care	7.8	6.1
Agri Food Bev	5.1	0.9
Real Estate	-3.6	1.5
Transportation	-11.8	6.0

Contribution to Returns YTD (USD, TR, %)

Sector	US	Global ex US
Technology	3.5	1.1
Digital Info & Svc	2.8	0.5
Financials	1.5	2.2
Cons Goods & Svc	1.2	0.7
Energy	0.9	0.7
Industrials	0.9	1.5
Health Care	0.8	0.5
Res & Materials	0.3	0.4
Agri Food Bev	0.1	0.0
Real Estate	-0.1	0.0
Transportation	-0.4	0.4

Source: Wilshire Indexes. Data as of May 20, 2024

Wilshire Indexes - Market Drivers Report (May 2024)   18
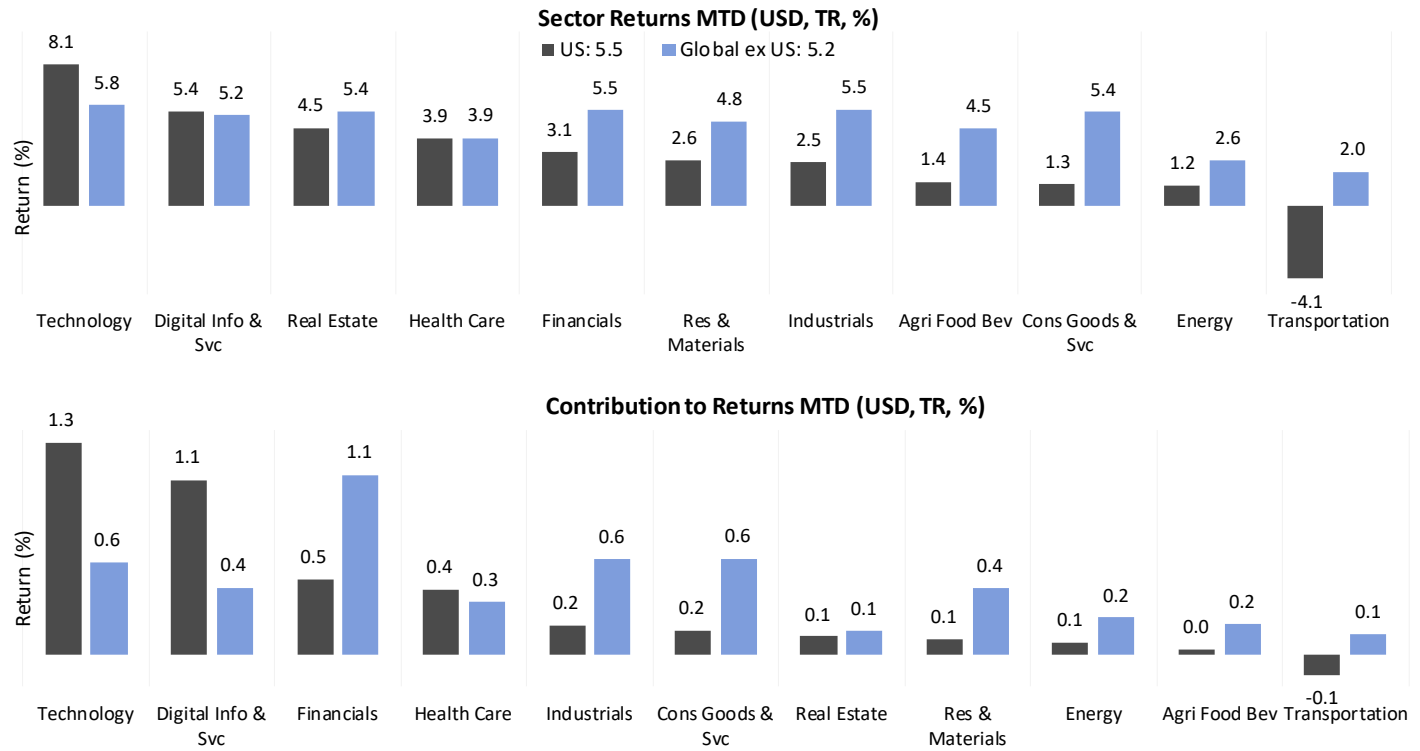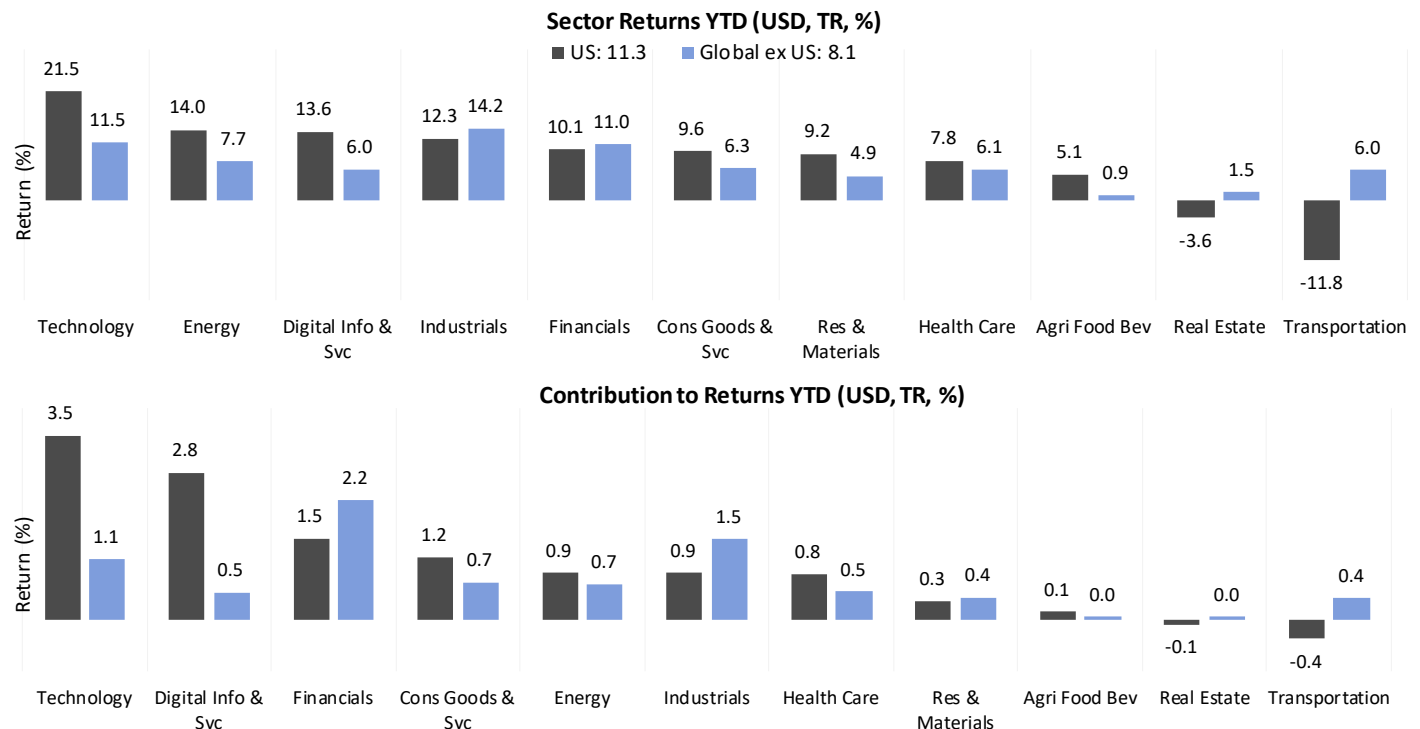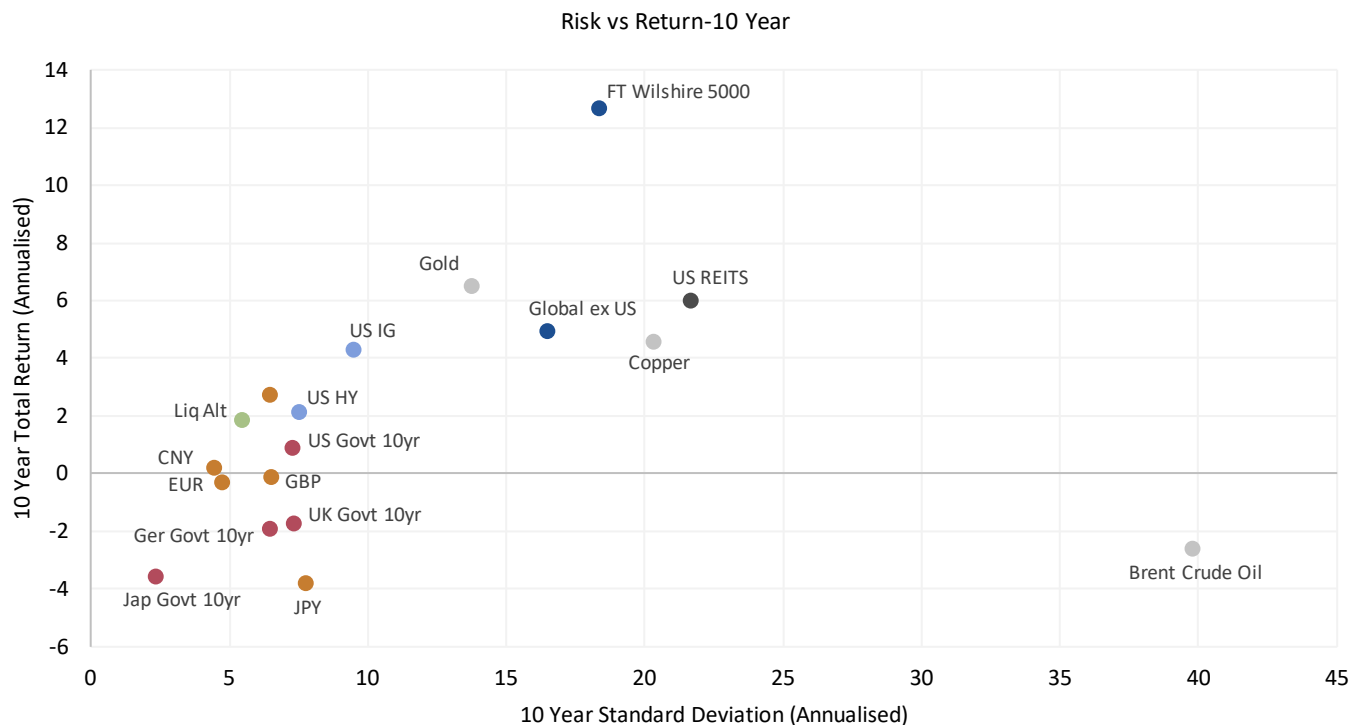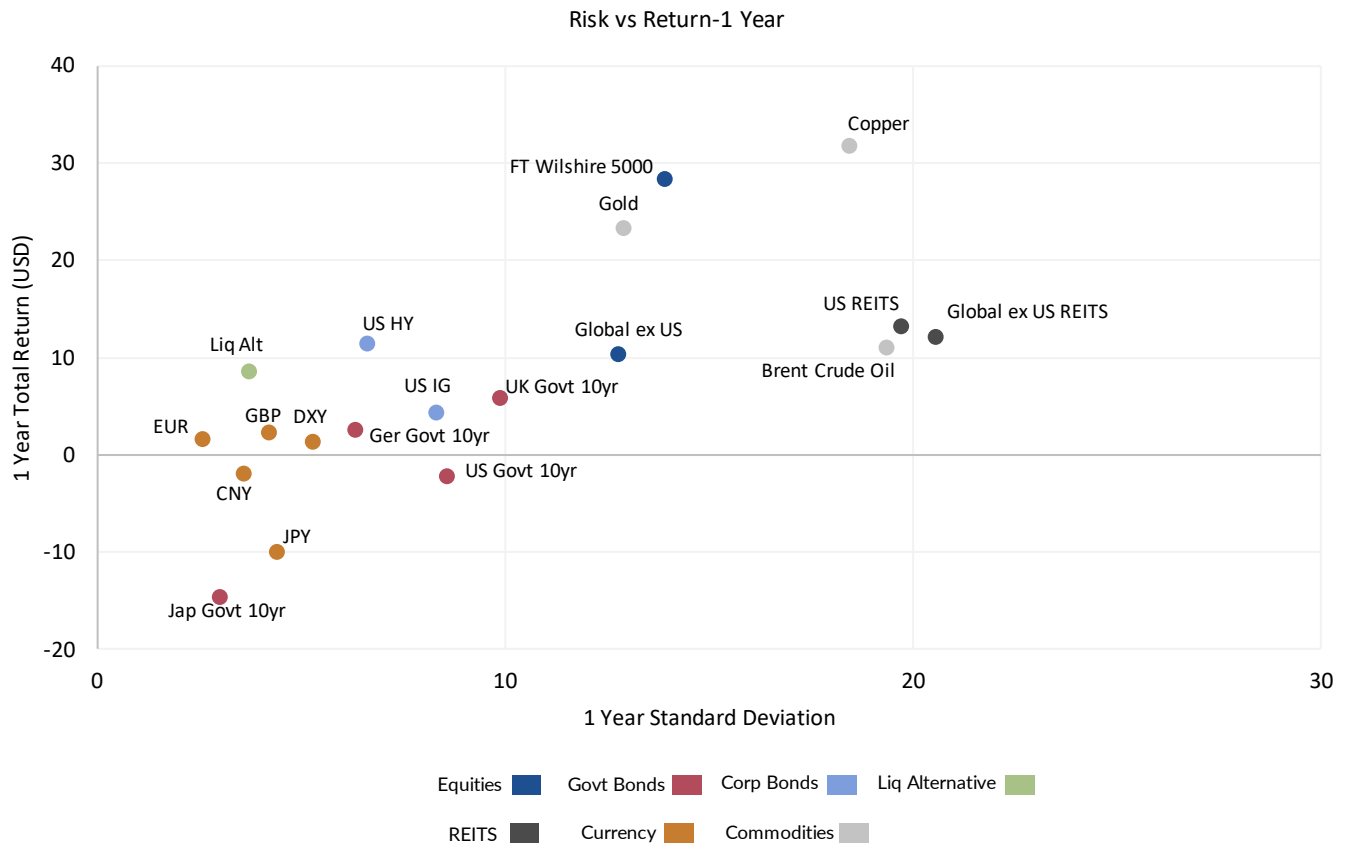
Risk vs Return

Risk vs Return-1 Year

Risk vs Return-10 Year

Source: Wilshire Indexes, FactSet and LSEG Datastream. Data as of May 20, 2024.
**Wilshire Indexes** - Market Drivers Report (May 2024)

19

Regional Market Cap and Sector Weights

Regional Sector Weights (USD, Bn)

Regional Sector Weighting (%)

	US	Global ex US	UK	EUexUK	Japan	APexJapan
Digital Info & Svc	20.1	8.1	4.0	6.3	11.7	10.1
Technology	16.4	10.0	4.3	7.1	12.5	18.0
Financials	15.1	20.5	20.4	18.6	12.6	21.5
Cons Goods & Svc	12.1	11.2	14.4	11.8	8.0	11.9
Health Care	10.6	8.4	12.3	14.3	6.1	5.0
Industrials	7.2	10.8	11.7	14.3	19.9	5.3
Energy	6.5	8.8	15.7	7.3	2.4	7.2
Res & Materials	3.7	8.6	7.4	7.6	6.3	8.5
Transportation	3.0	6.5	1.0	5.8	13.0	5.9
Agri Food Bev	2.7	4.3	6.4	5.6	3.2	2.8
Real Estate	2.5	2.8	2.3	1.2	4.2	3.9
	100.0	100.0	100.0	100.0	100.0	100.0

US vs Global ex US Sector Weights
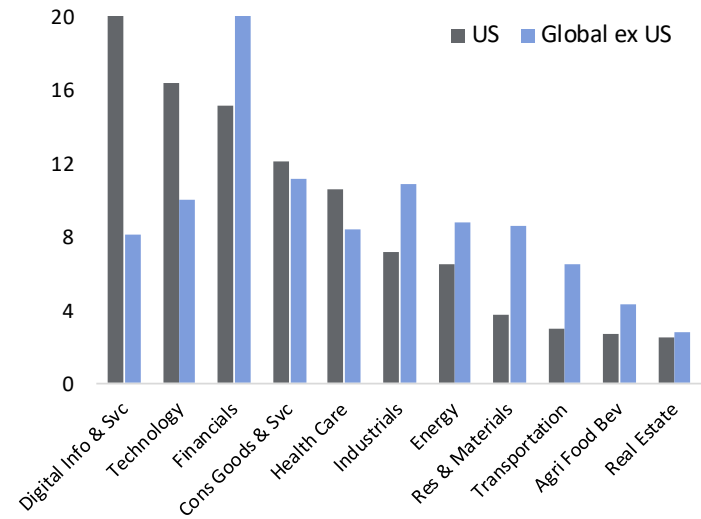
Regional Equity Market Size and Weighting in World Index-Latest vs 10-Years Ago (USD)

	Latest	% Global Index	10Y Ago	% Global Index
USA	50,142	61.6	20,124	48.0
Japan	4,453	5.5	2,795	6.7
UK	2,931	3.6	3,206	7.6
Canada	2,346	2.9	877	2.1
Switzerland	2,318	2.8	1,642	3.9
France	2,018	2.5	1,434	3.4
China	1,983	2.4	1,455	3.5
India	1,818	2.2	524	1.3
Taiwan	1,686	2.1	567	1.4
Australia	1,463	1.8	1,335	3.2
Germany	1,458	1.8	1,238	3.0
Netherlands	1,032	1.3	441	1.1
Global	**81,437**		**41,922**	

Markets size (USD, Bn) and weights - Developed and Emerging markets

Developed	Latest	% Developed	10Y Ago	% Developed
USA	50,142	69.3	20,124	54.1
Japan	4,453	6.2	2,795	7.5
UK	2,931	4.1	3,206	8.6
Canada	2,318	3.2	1,642	4.4
Switzerland	1,983	2.7	1,455	3.9
Developed	**72,361**		**37,166**	

Emerging	Latest	% Emerging	10Y Ago	% Emerging
China	2,346	25.3	877	9.5
Korea	1,030	11.1	718	7.7
India	1,818	19.6	524	5.7
Taiwan	1,686	18.2	567	6.1
Brazil	449	4.8	545	5.9
Emerging	**9,267**		**4,696**	

Important Information

No material published by Wilshire Opco UK Limited ("Wilshire Indexes") should be construed as granting any license or right to use any trademark, service mark or other intellectual property right for any purpose whatsoever without the written permission of the lawful owner and an appropriate license.

"Information" means any data or other material published or made available by Wilshire Indexes. This includes presentations, factsheets, product files, methodology documents, benchmark statements, policies or other documents relating to the operation, calculation or administration of Wilshire Indexes benchmarks, whether supplied physically or published electronically, for example on Wilshire Indexes websites or the websites or materials of Wilshire Indexes clients that relate to Wilshire Indexes.

All Information is provided for information purposes only and is made available "as is" without warranty or other commitment of any kind.

Wilshire Indexes, its parent and affiliate companies, and its and their respective directors, officers, employees, partners and licensors make no claim, prediction, warranty, representation or other commitment whatsoever, expressly or impliedly, as to the accuracy, timeliness, completeness, merchantability of any Information available or of results to be obtained from the use of the Information or the fitness or suitability of the Information for any particular purpose to which it might be put.

Any representation of historical data is provided for information purposes only and is not a reliable indicator of future performance. The Information may contain back-tested data. Back-tested performance is not actual performance, but is hypothetical. There may be differences between back-tested performance results and actual results subsequently achieved by any investment strategy.

To the fullest extent permitted by applicable law, Wilshire Indexes, its parent and affiliate companies, and its and their respective directors, officers, employees, partners and licensors accept no responsibility or liability for:

a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, calculating, analysing, editing, transcribing, transmitting, communicating or delivering the Information or from use of the Information; and

b) any direct, indirect, special, consequential or incidental damages whatsoever, even if Wilshire Indexes (or the relevant person) is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, the Information.

Wilshire Indexes, its parent and affiliate companies and its and their respective directors, officers, employees, partners and licensors do not provide investment advice and nothing in the Information or any links thereto, including statistical data and industry reports, should be taken as constituting financial or investment advice or a financial promotion.

Wilshire Indexes, its parent and affiliate companies and its and their respective directors, officers, employees, partners and licensors are not responsible for and make no representation regarding the appropriateness or suitability of using, or investing in any financial instrument or entering into any contract linked to, Wilshire Indexes benchmarks or other Information provided by Wilshire Indexes and any decision to engage in such use or to invest in any such instrument or enter into any such contract should not be made in reliance on Wilshire Indexes benchmarks or other Information provided or published by Wilshire Indexes. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.

To the fullest extent permitted by applicable law, Wilshire Indexes, its parent and affiliate companies and its and their respective directors, officers, employees, partners and licensors will not be liable in contract or tort (including negligence), for breach of statutory duty, misrepresentation or otherwise, in respect of any inaccuracies, errors, omissions, delays, failures, cessations or changes (material or otherwise) in Wilshire Indexes benchmarks or other Information.

No part of the Information contained herein may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission from Wilshire Indexes.

None of the Information may be used to create derivative works or to verify or correct other data or Information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other Wilshire Indexes data, Information, products or services.

Use or distribution of any Wilshire Indexes data or of any third party data requires a license from Wilshire Indexes.

Wilshire® and Wilshire 5000® are registered trademarks owned by Wilshire Advisors LLC and are used under license. "FT" is the trade mark of the Financial Times Limited and is used under licence.

Wilshire Indexes is the trading name of Wilshire Opco UK Limited, a company registered in England and Wales under registered number 12991656, with its registered office at C/O Tmf Group 8th Floor, 20 Farringdon Street, London, United Kingdom, EC4A 4AB.

Wilshire Indexes is authorized and regulated by the Financial Conduct Authority as a benchmark administrator, with reference number 985021.