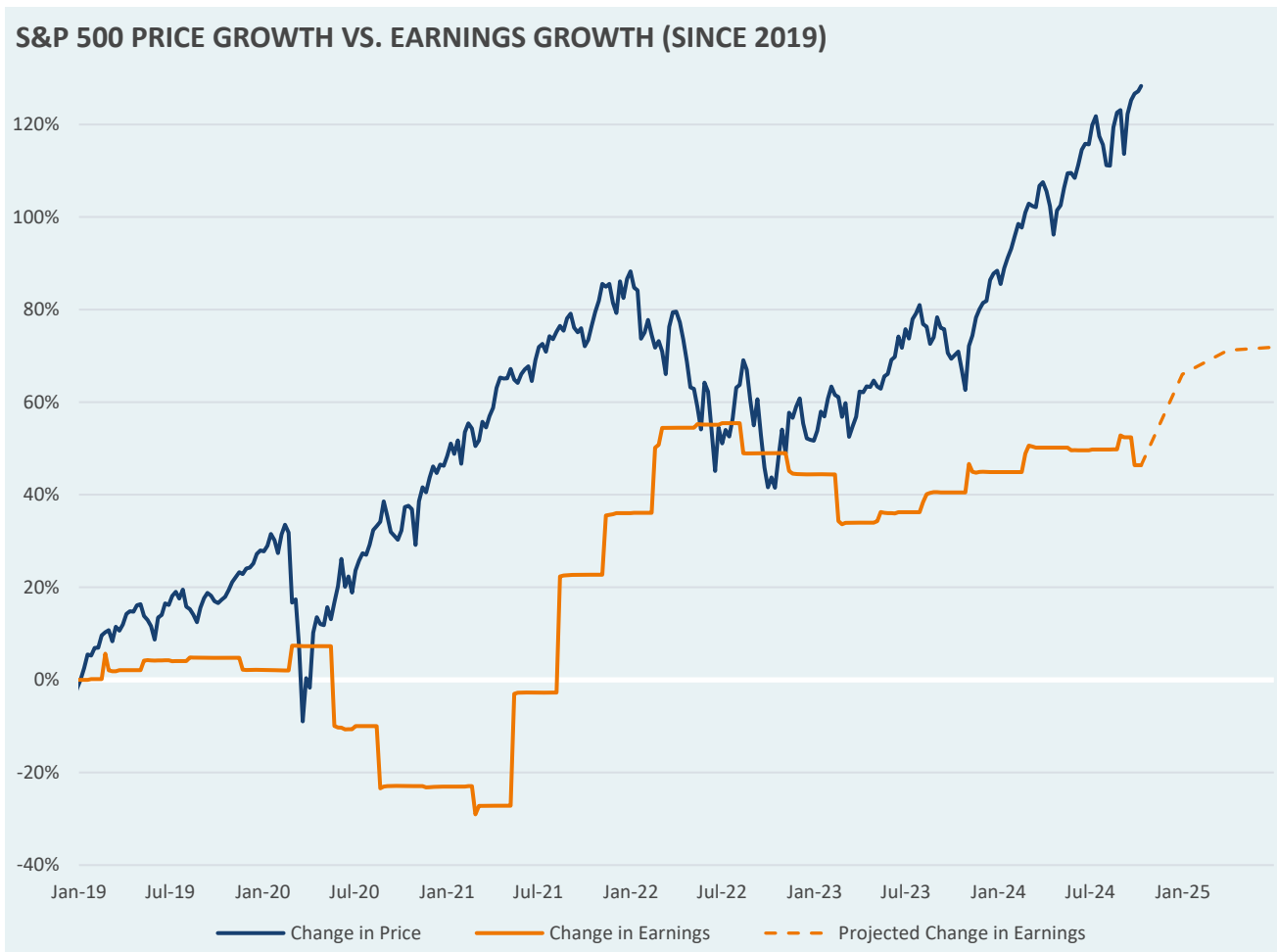


Verus Market Note

Equity valuations are high, but so are earnings growth forecasts...

As markets have rallied since the beginning of 2023, concerns have been building around high S&P 500 valuations. Investors are currently paying 24 dollars per one dollar of expected earnings (reflected in a 24 Forward Price/Earnings ratio). Valuations are in the 94th percentile relative to history, meaning multiples have only been this expensive 6% of the time. However, higher valuations could arguably be justified by high earnings growth forecasts, driven by innovations in artificial intelligence as well as a U.S. economic *soft landing* that seems likely.

This week's Market Note takes a look at S&P 500 price movement since early 2019, and the path of earnings during that time.



Source: S&P, Verus, as of 10/10/24