



**BUNDY GROUP**

Mergers & Acquisitions | Capital Raises

# From Analysis to Action: Driving Business Value Through Insights into Today's Economy

October 2024

**Presented by**  
**Alex Chausovsky**



# Bundy Group Services

Founded in 1989, Bundy Group is an industry-focused investment bank dedicated to obtaining superior outcomes for clients seeking a business sale, capital raise, or acquisition. We have 15 years of experience in the automation segment.



## Mergers & Acquisitions Advisory Services

Whether it be an owner seeking a complete or partial exit from a business or a group focused on growth through acquisition, Bundy Group can offer expertise and an extensive network of business relationships for a client in need of a sell-side or buy-side investment banking representative.



## Capital Raise Advisory Services

Bundy Group's team provides expertise for companies seeking capital for growth, acquisitions, buying out other shareholders, or reducing borrowing costs.



## Strategic Advisory Services

Bundy Group offers advice and guidance to shareholders, boards and management teams as they are exploring ways to grow a firm, build value, prepare for a sale, or address any other number of business strategic initiatives.



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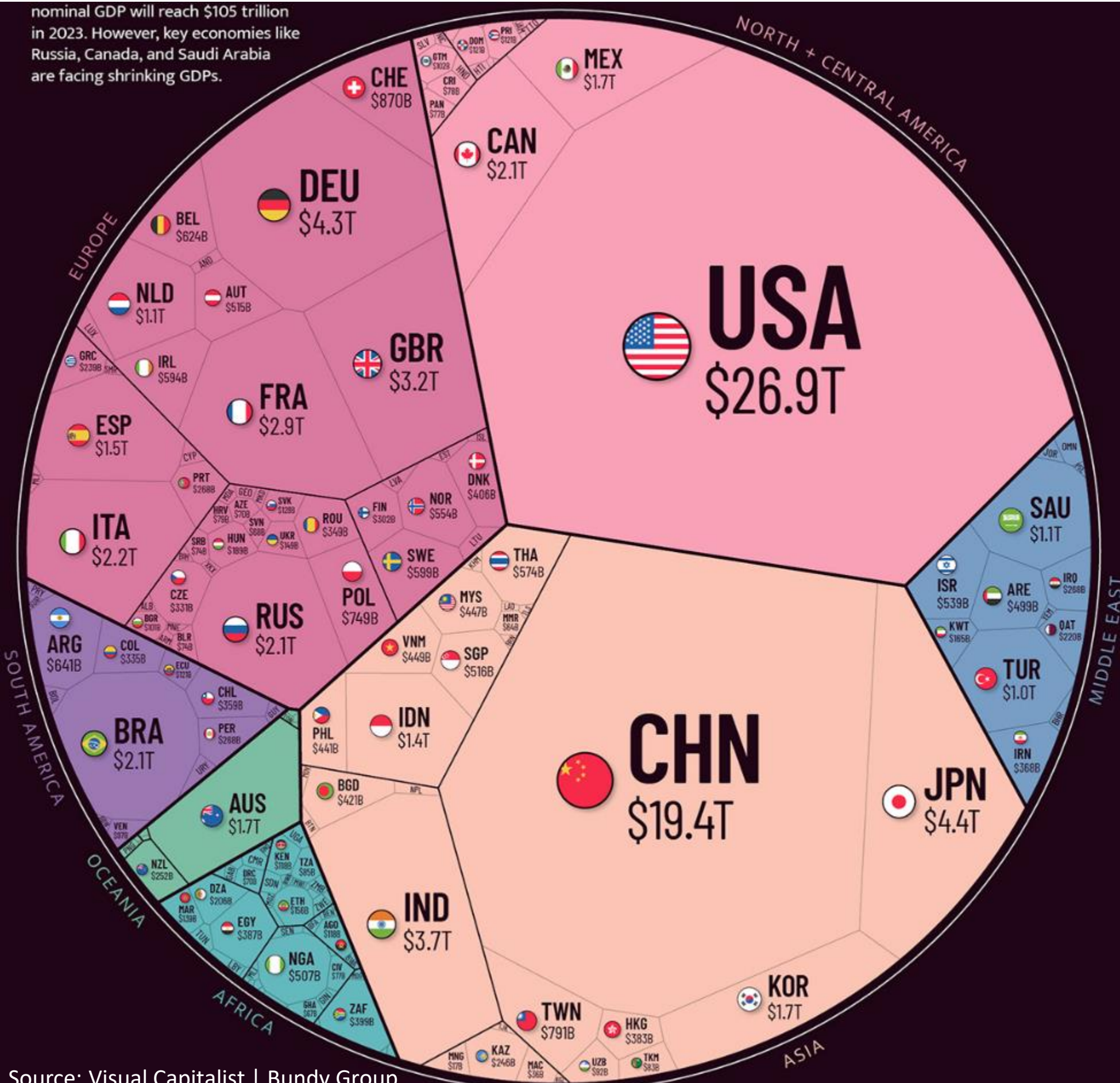
# Our Talk Today

Topics We'll Cover

- Macroeconomic Update
- Leading Indicator Input
- Labor Market Data
- Actionable Takeaways

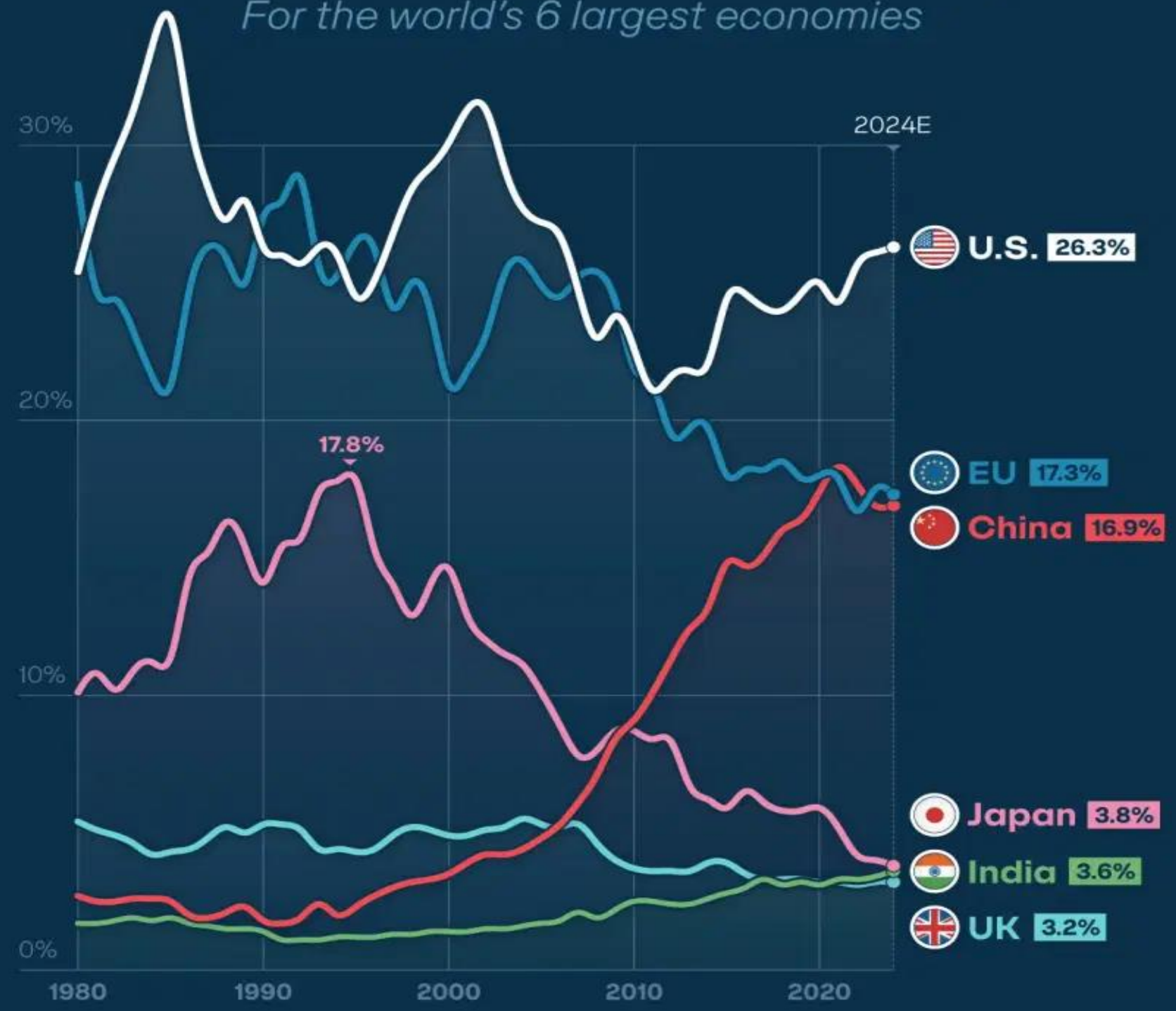
# The Global and US Economies

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



## SHARE OF GLOBAL GDP

For the world's 6 largest economies



Based on GDP in current prices. Figures for 2024 are projections. Source: IMF World Economic Outlook (April 2024)

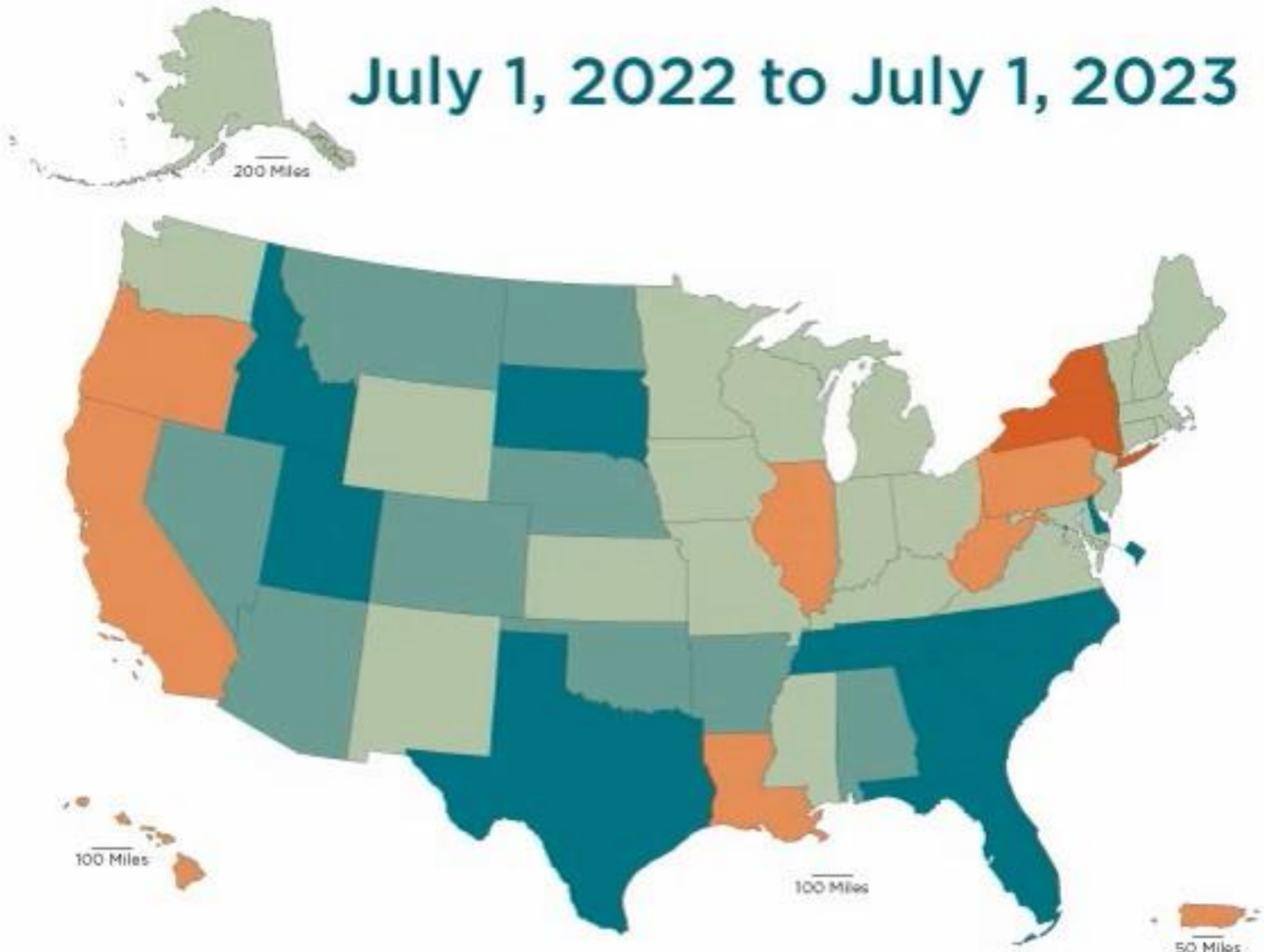
# AI's perspective on Russia



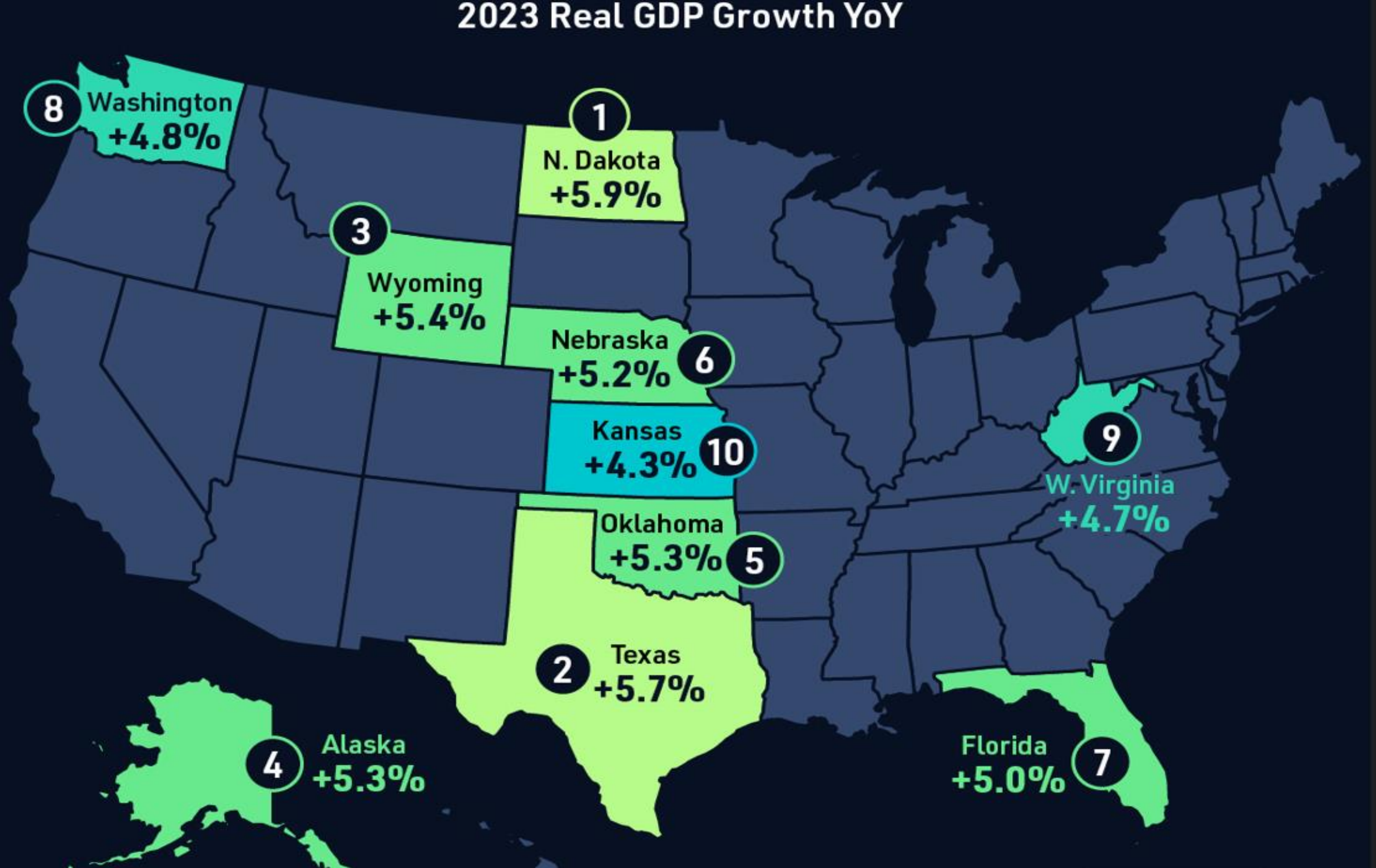
# Percent Change in State Population

July 1, 2022 to July 1, 2023

## Percent change



# US Growth Hotspots in 2023

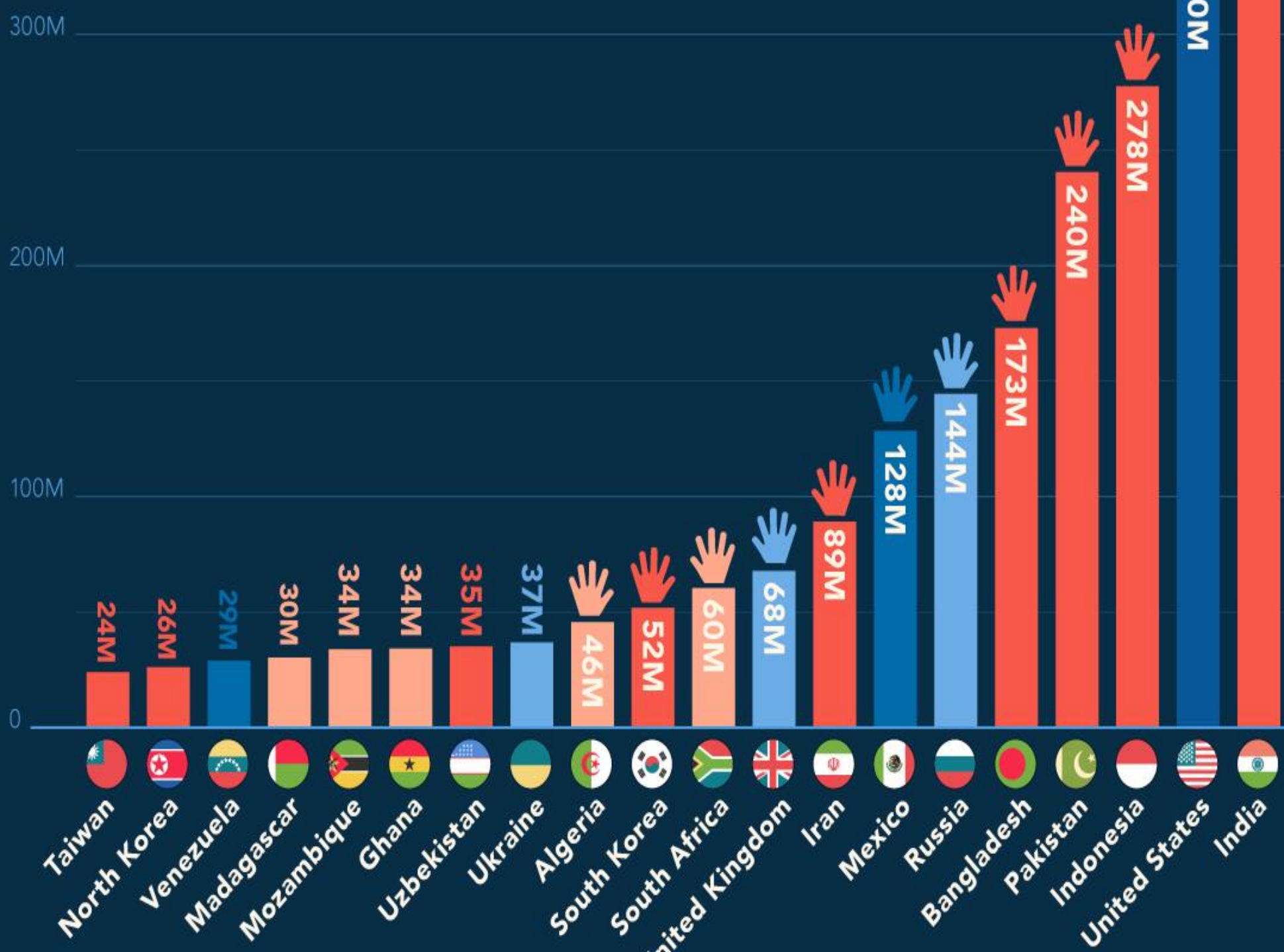


Source: Bureau of Economic Analysis | Visual Capitalist | Bundy Group

# 2024 is the Year of Global Elections

## Top 20 Most Populous Countries Holding National Elections

● Asia ● Africa ● Americas ● Europe



## Election Dates to Watch

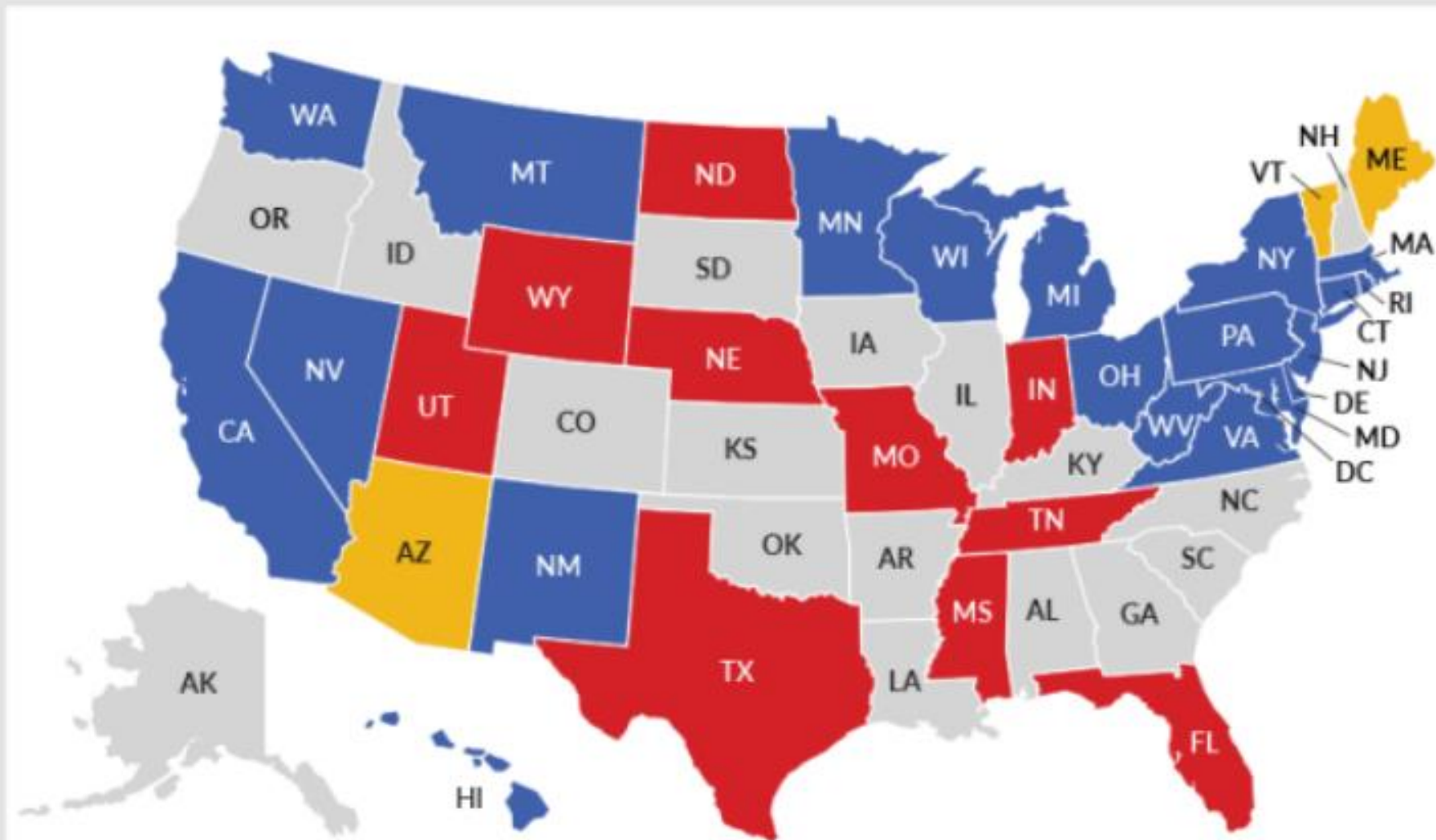


Source: Visual Capitalist | Ballotpedia



# 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

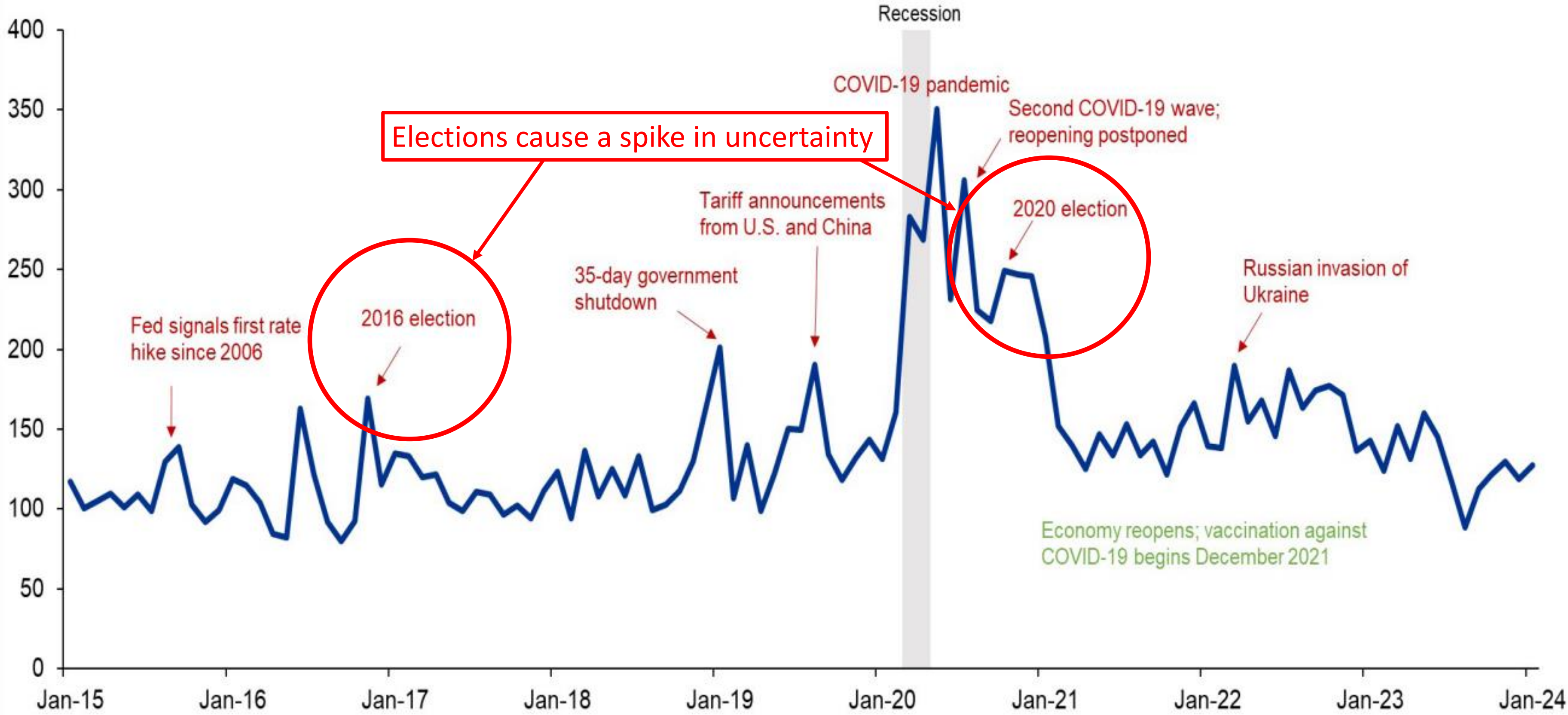
# The US Economy is Bigger than Politics

**Impartial Sources of Information:  
Committee for a Responsible Federal Budget  
Joint Economic Committee of the US Congress**



# Impact of the Election on the Economy

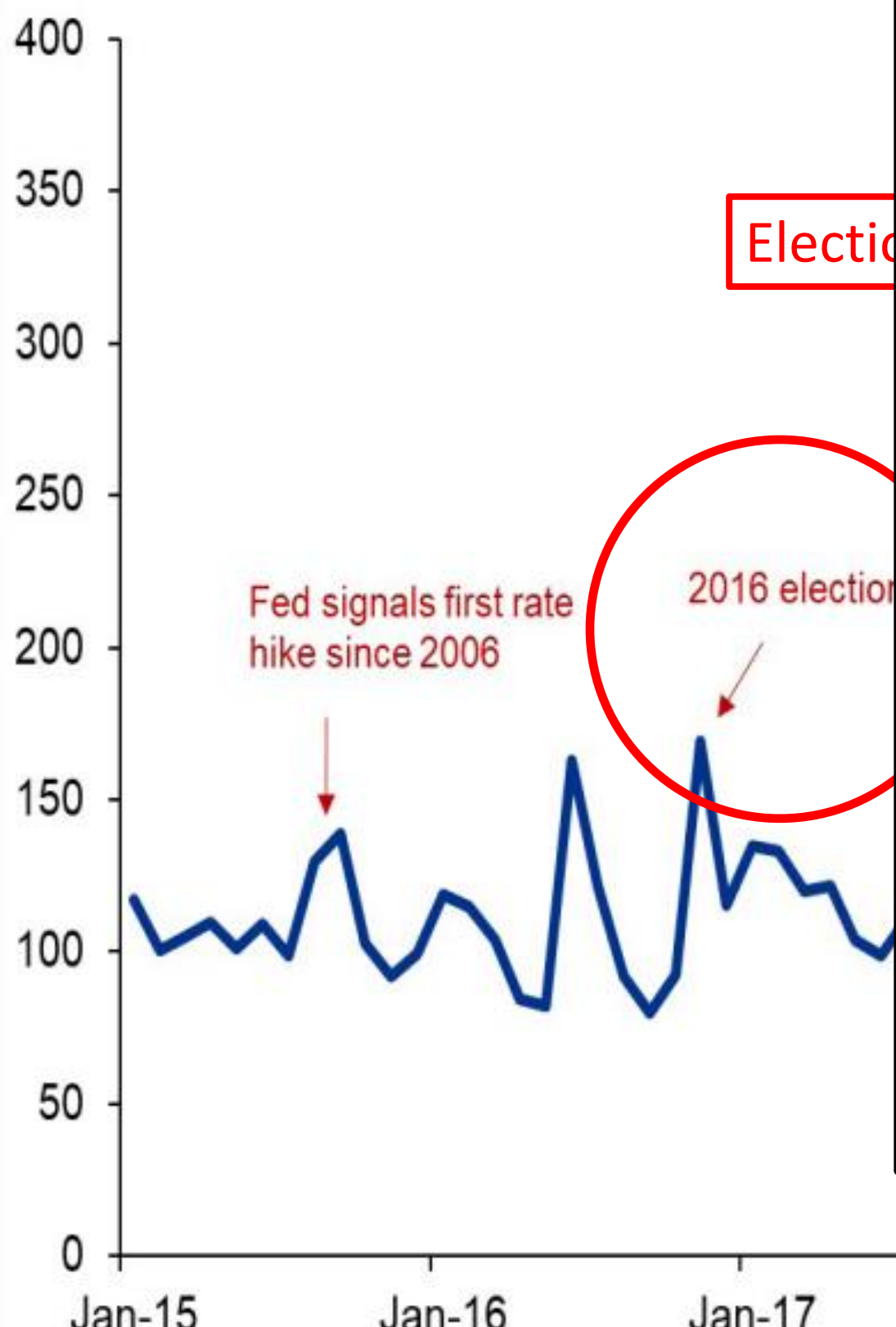
Economic policy uncertainty index



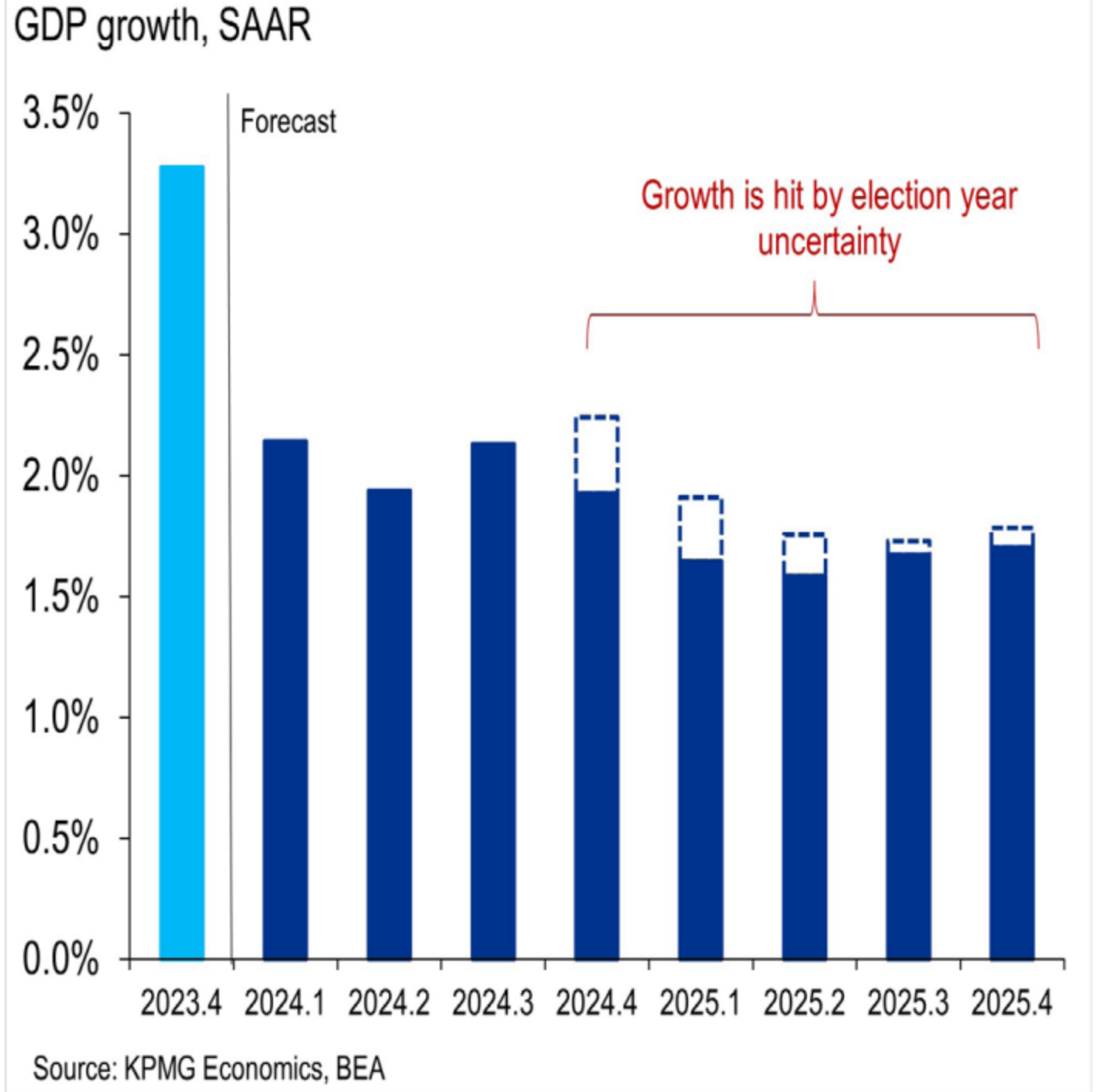
Source: KPMG | PolicyUncertainty.com | BEA | Bundy Group

# Impact of the Election on the Economy

Economic policy uncertainty index



Policy uncertainty has lingering effects



COVID-19 wave; postponed

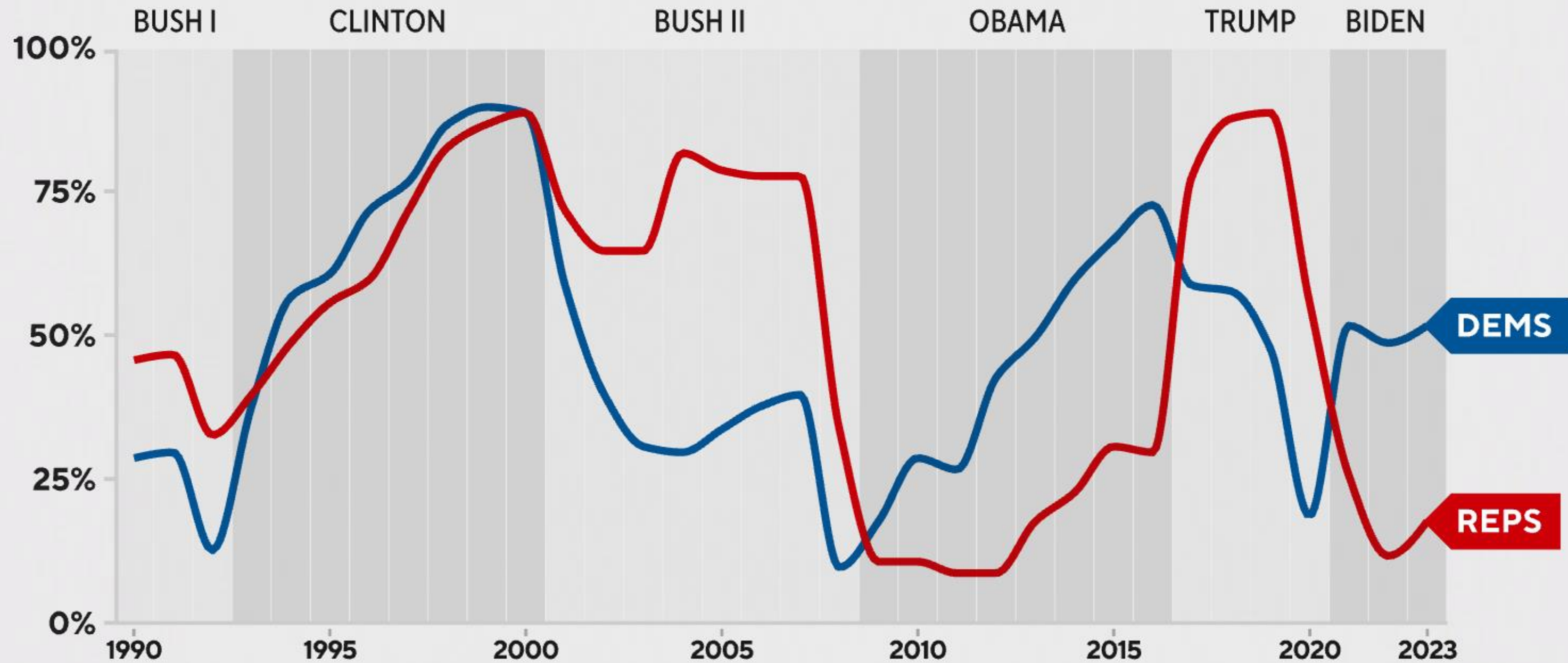
Russian invasion of Ukraine

my reopens; vaccination against -19 begins December 2021

Source: KPMG Economics, BEA

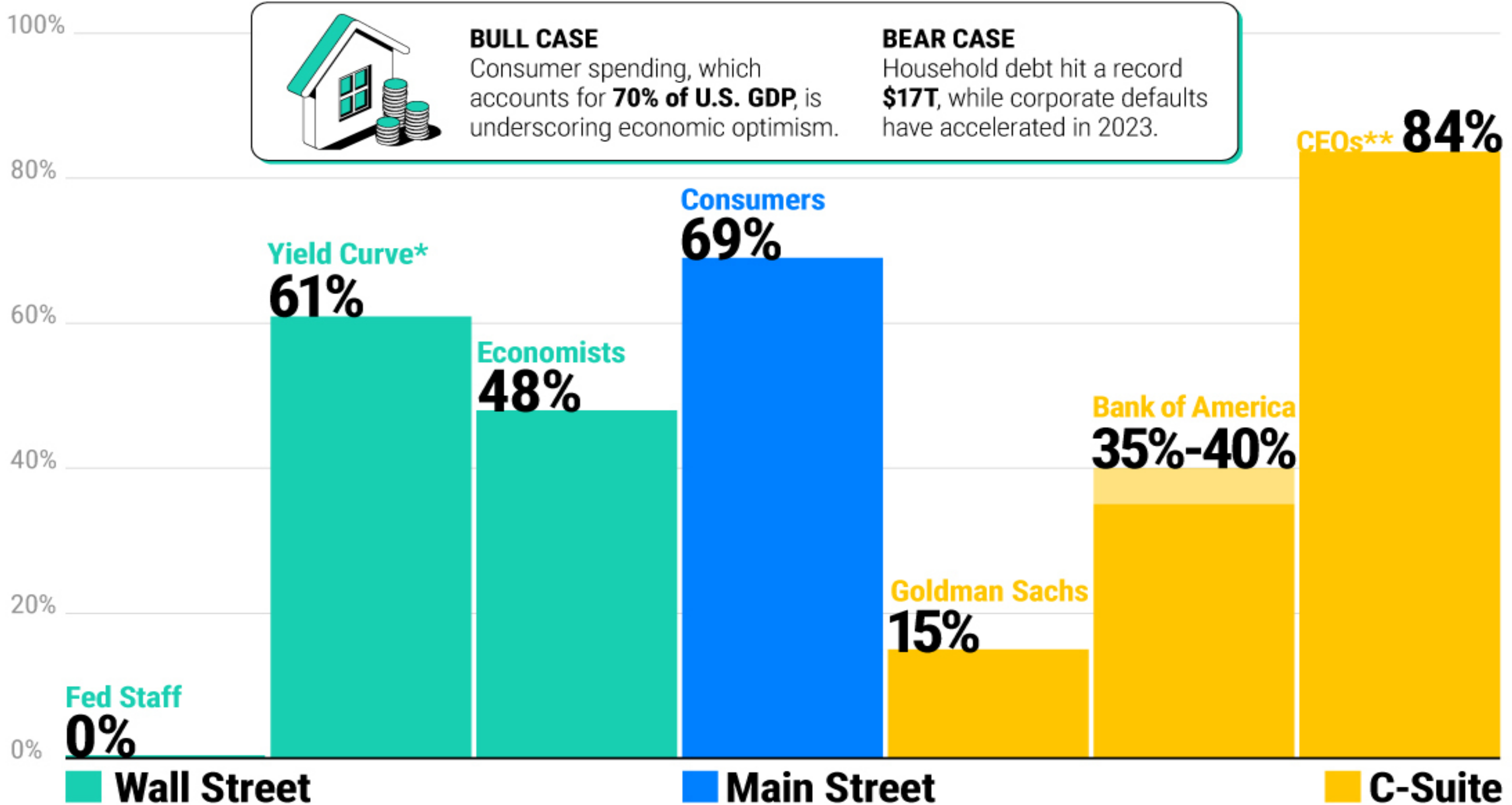
# THE PARTISAN GAP ON ECONOMY RATINGS

PERCENT SAYING GOOD



# 2024 Projections from Various Sources

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



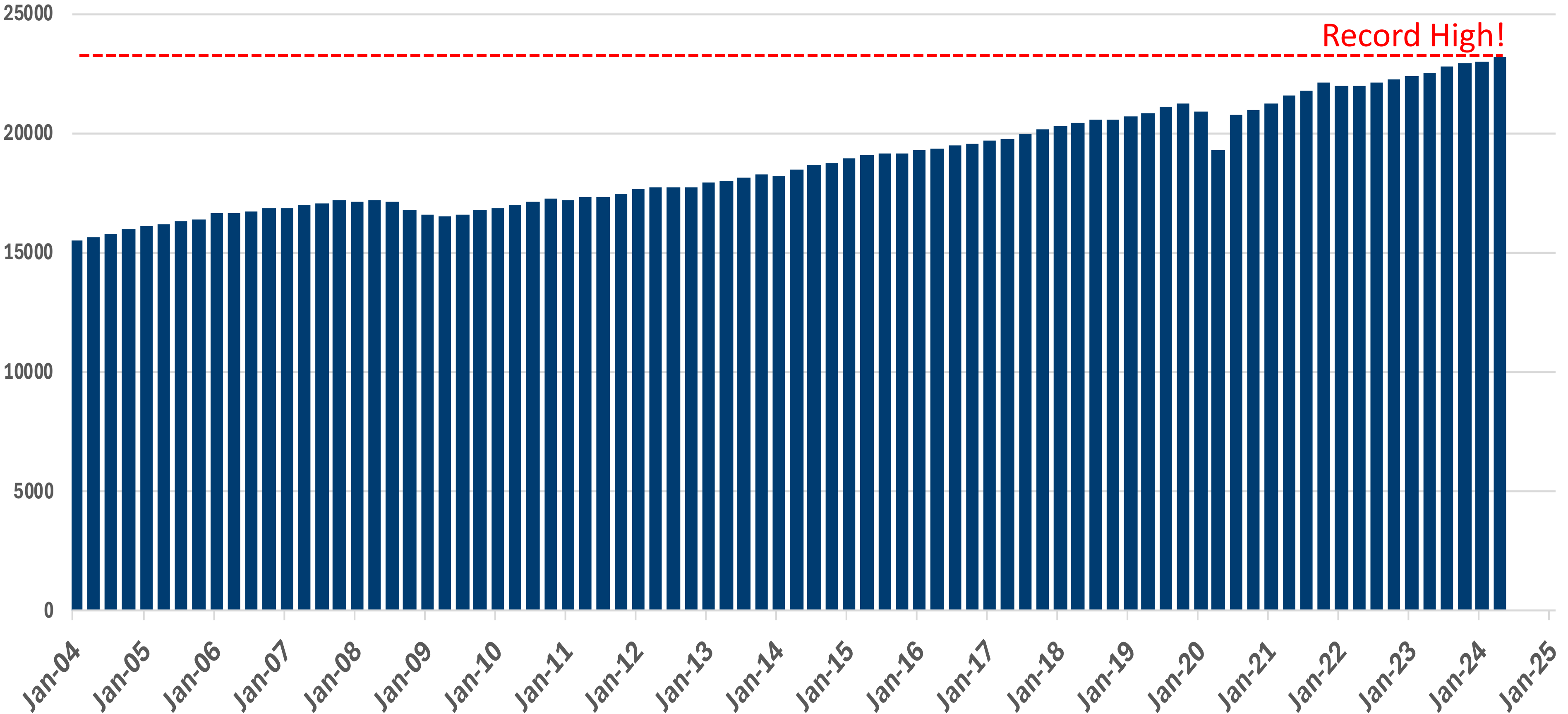
Source: Federal Reserve Bank of New York, Wolters Kluwer, The Conference Board, Goldman Sachs Investment Research, Bank of America. Data based on surveys and projections conducted August-September.

\*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.

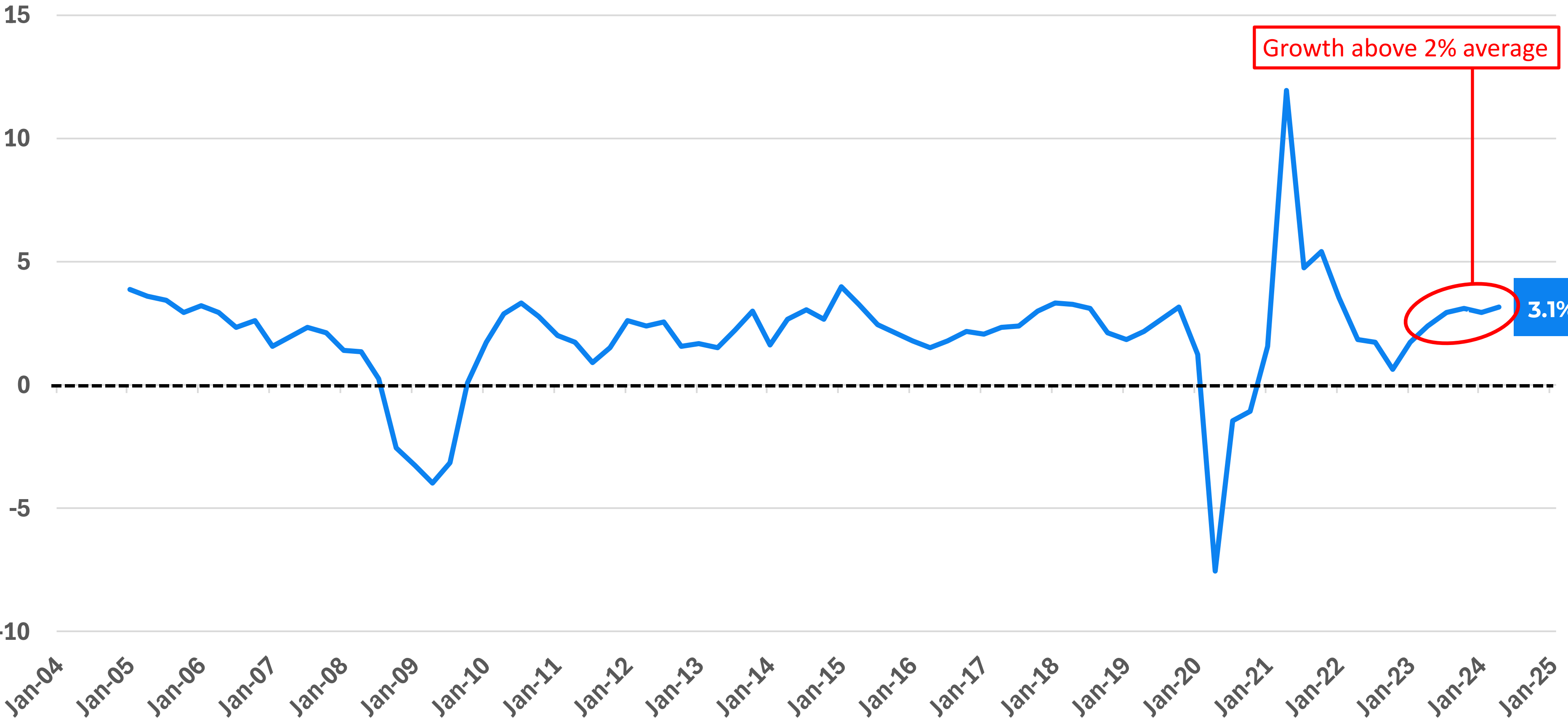
# US Real (Inflation Adjusted) GDP

Billions of Chained 2017 Dollars



# Real (Inflation Adjusted) GDP

Quarter-over-Quarter Growth Rate (%)

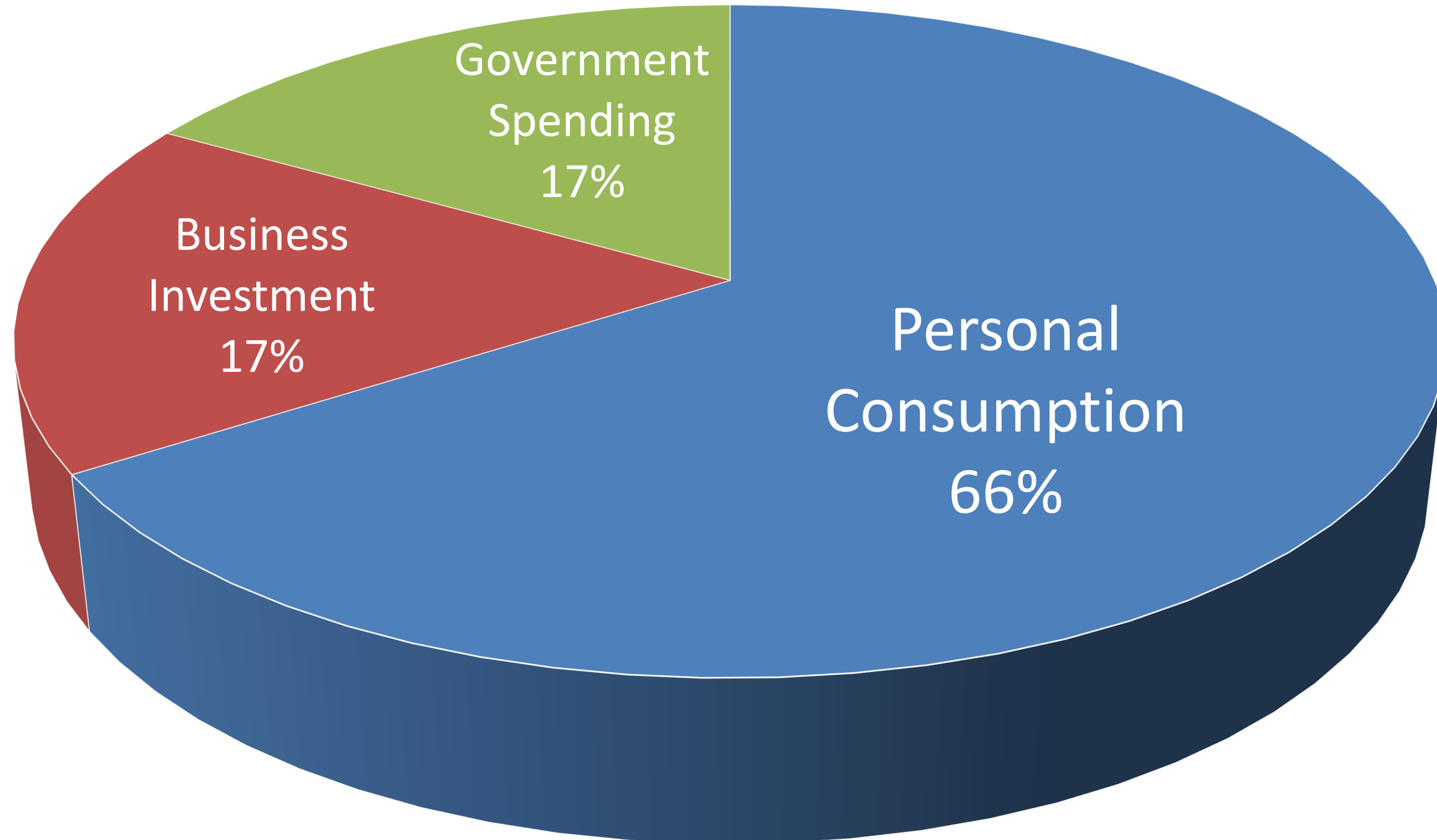


Source: Bureau of Economic Analysis | Bundy Group



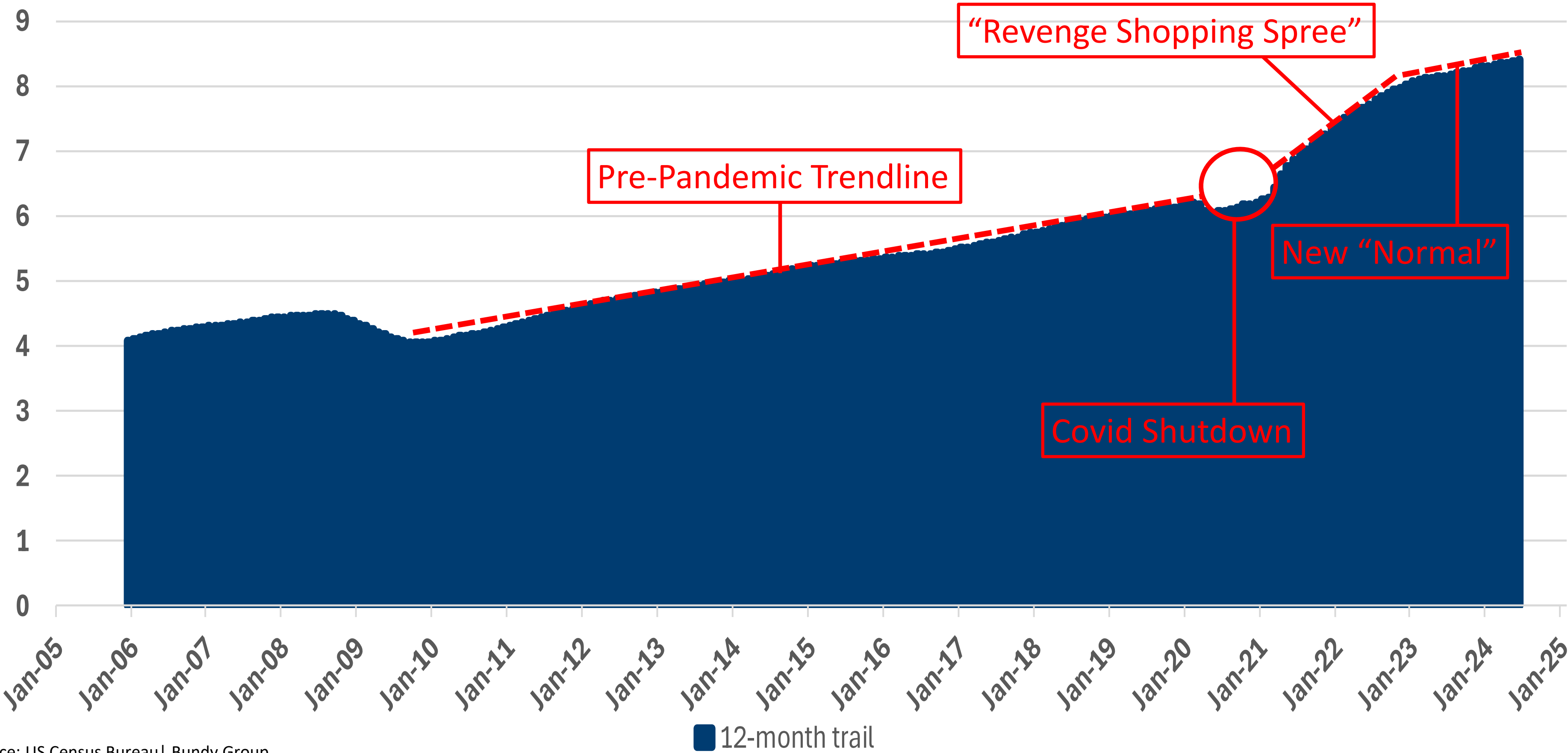
# Breaking Down the US Economy

## GDP Components



# Retail Trade and Food Services

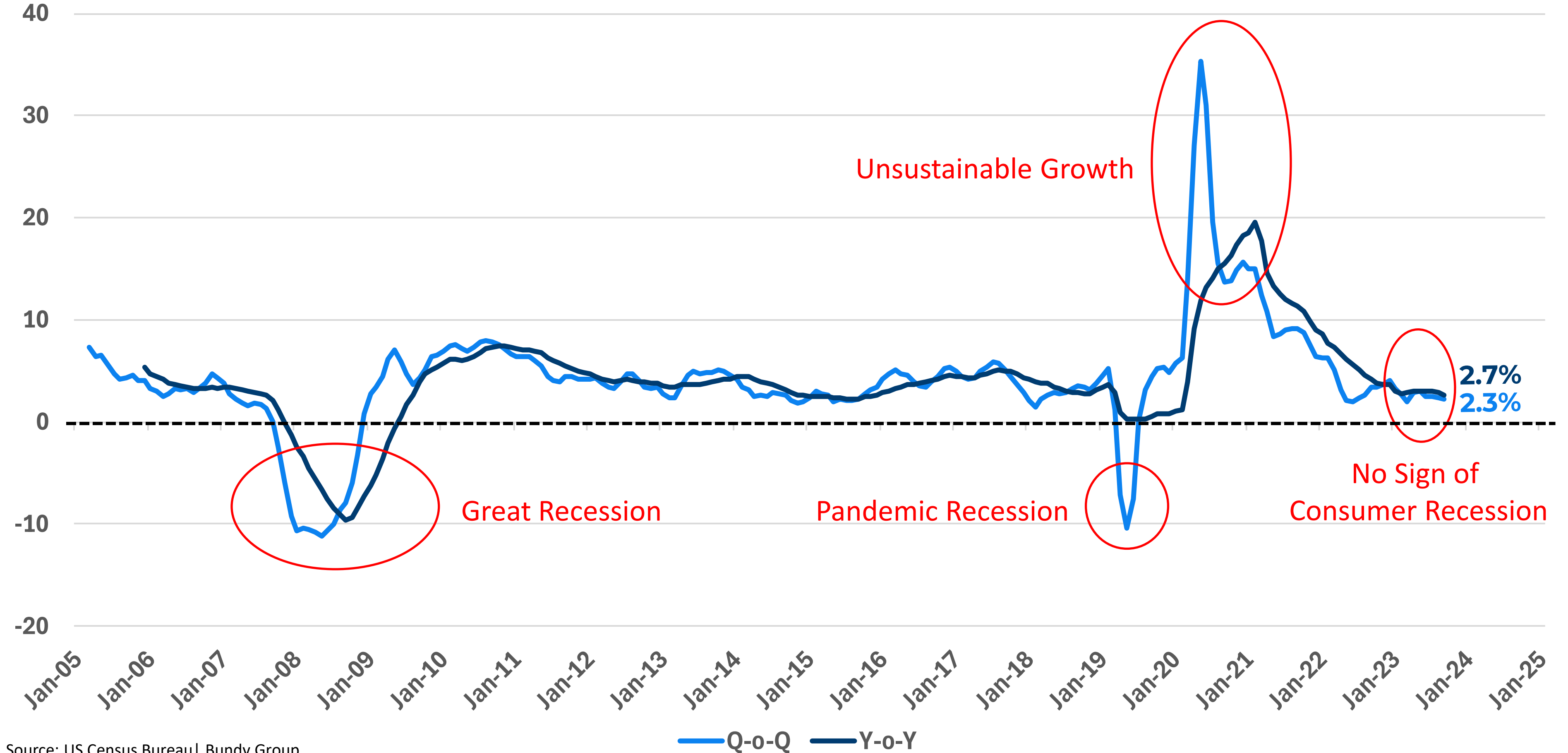
U.S. Total (Trillions of Dollars)



Source: US Census Bureau | Bundy Group

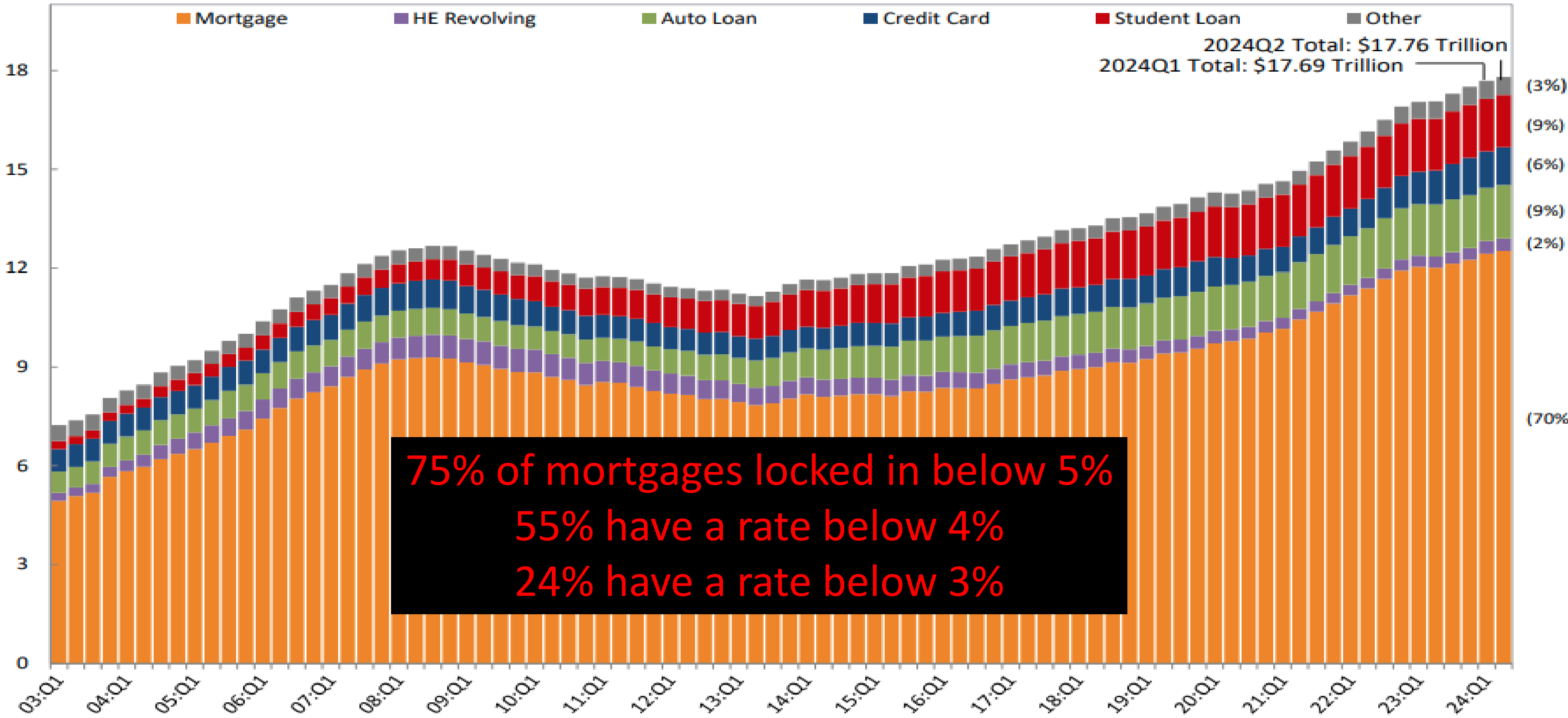
# Retail Activity Trend Remains Positive

## Quarterly and Annual Growth Rates (%)



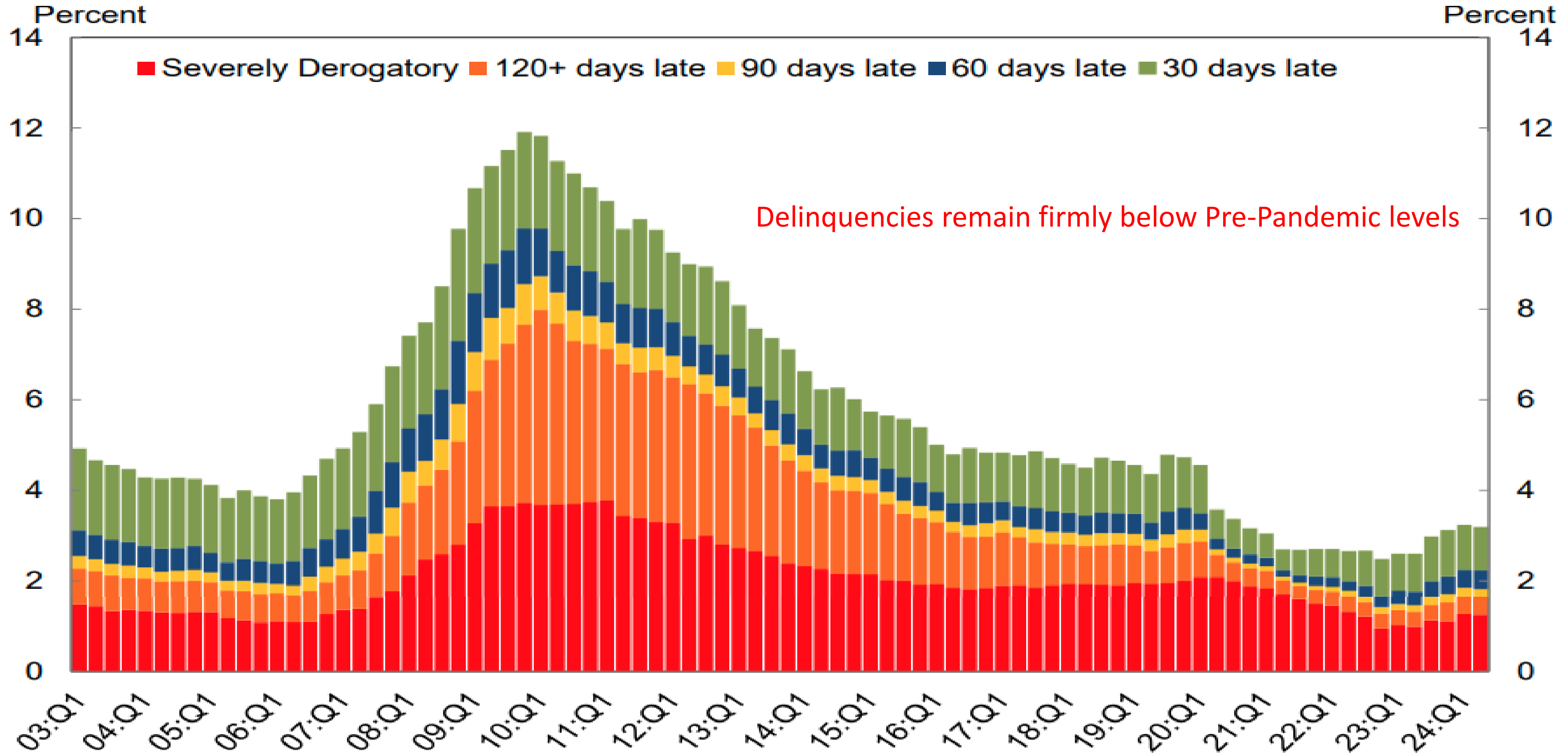
# Distribution of American Consumer Debt

Trillions of Dollars



Source: New York Fed Consumer Credit Panel/Equifax

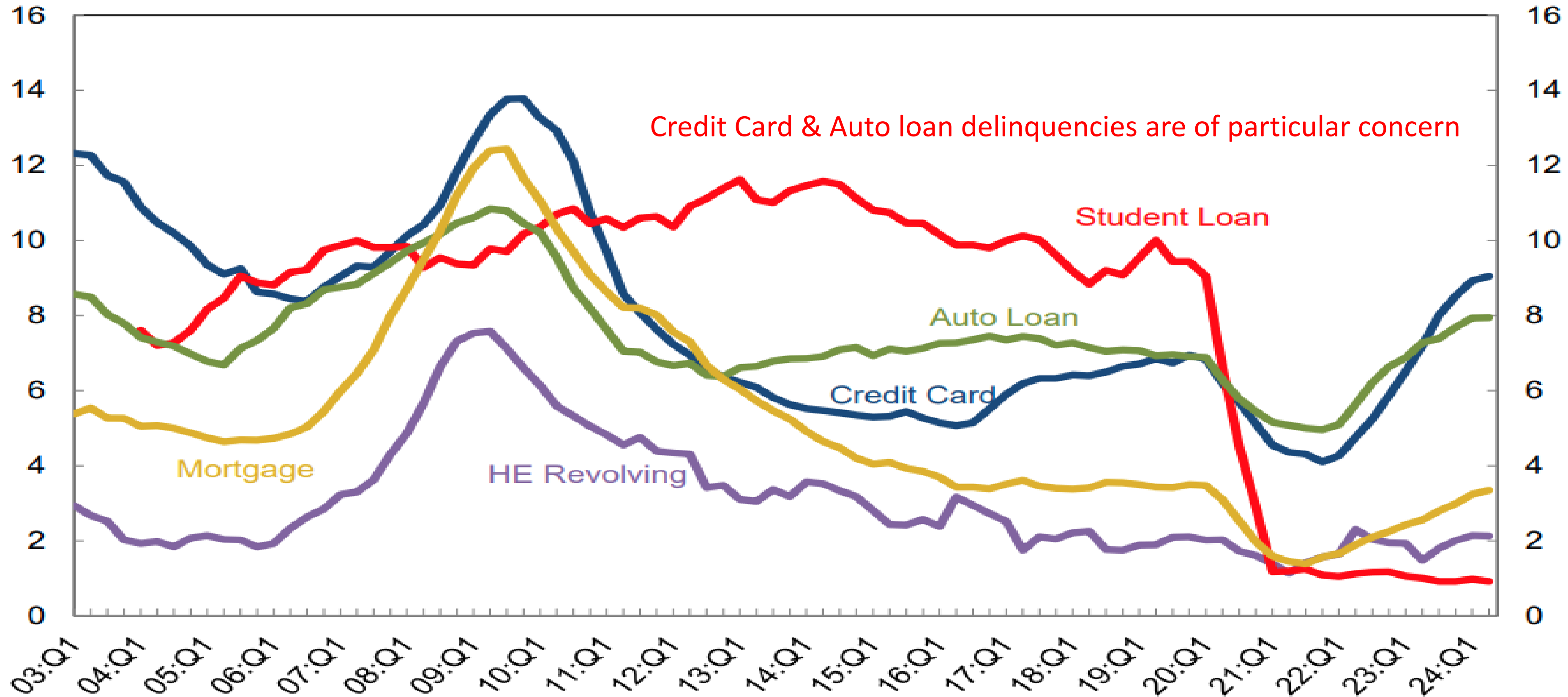
# Total Balance by Delinquency Status



# Transition into Delinquency by Loan Type

Percent of Balance

Percent of Balance

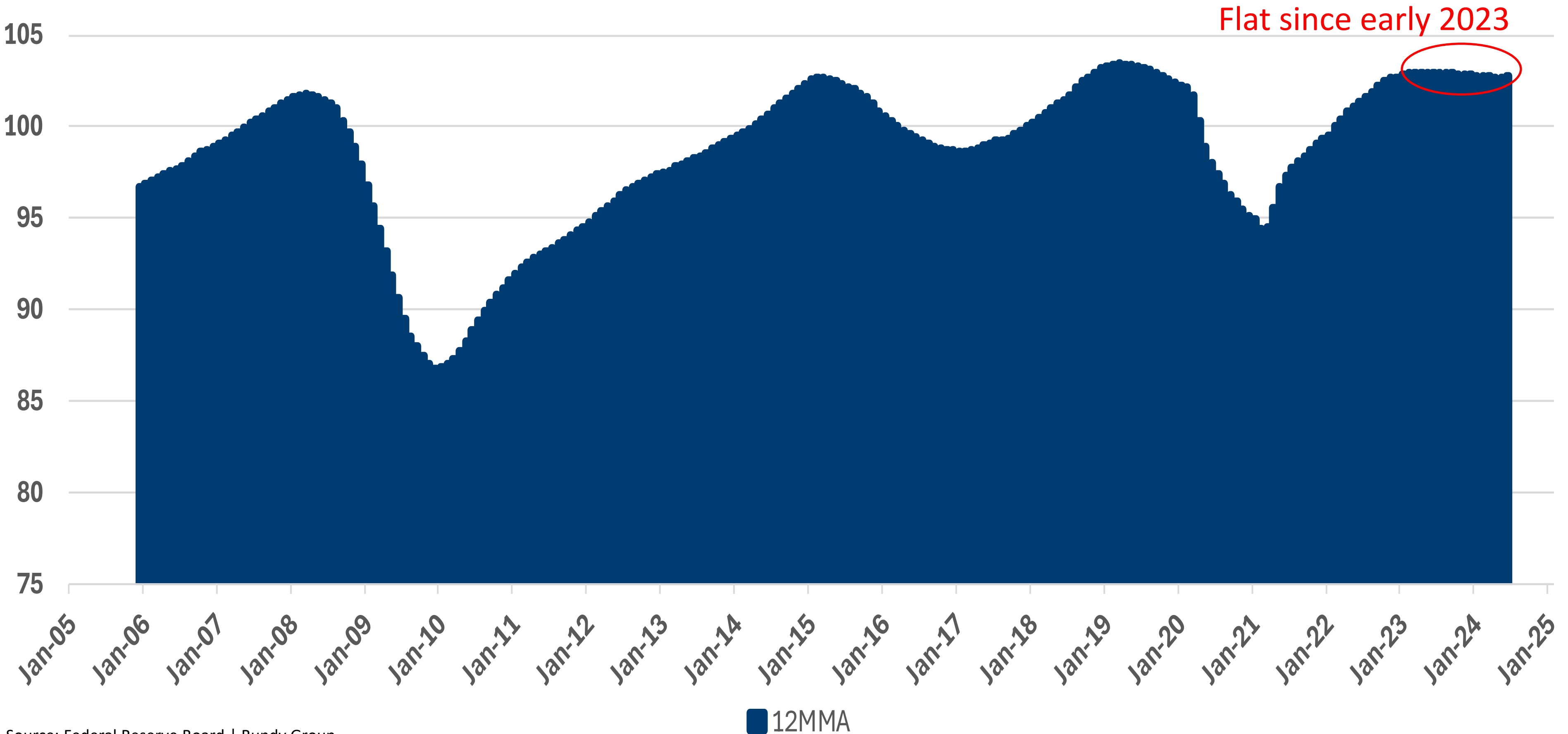


Source: New York Fed Consumer Credit Panel/Equifax

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

# US Industrial Production (B2B Economy)

Index

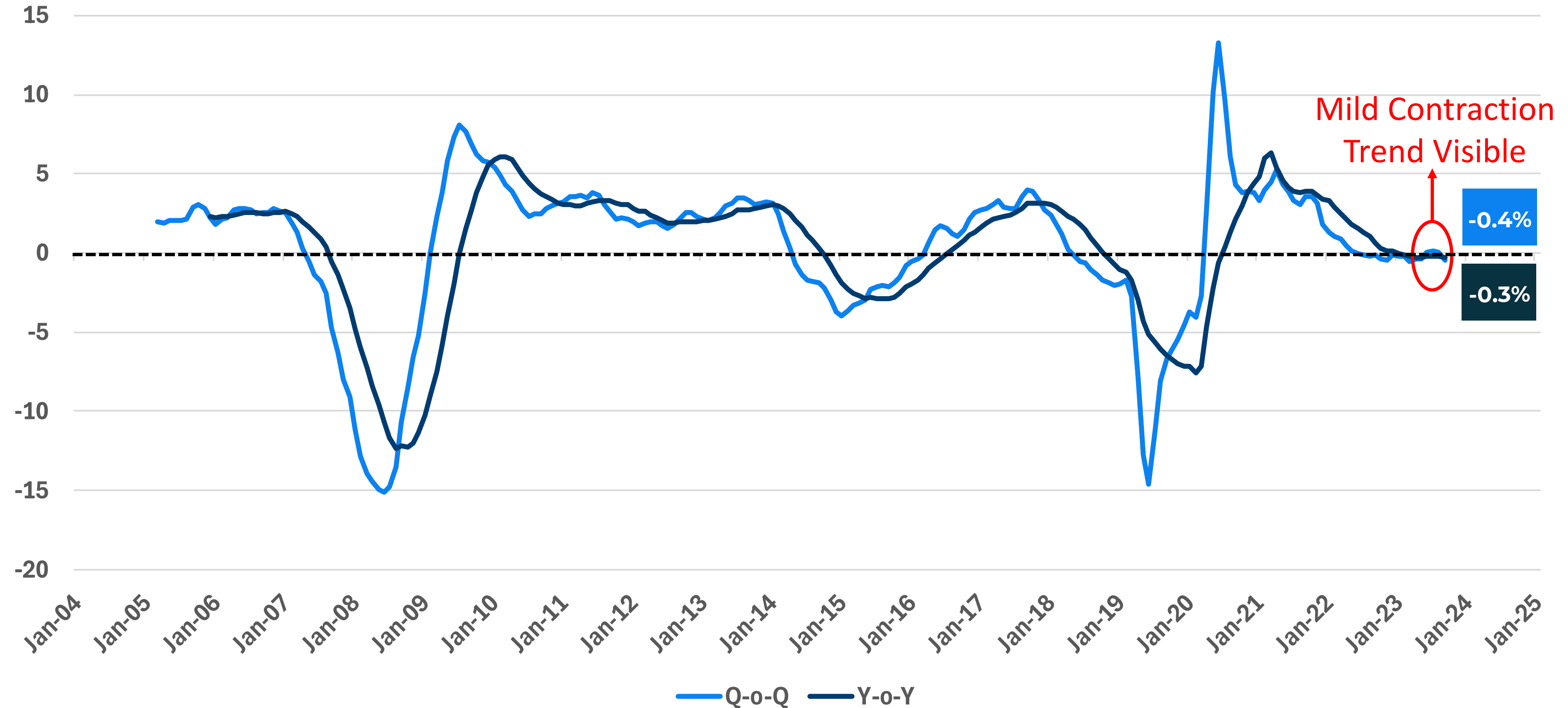


Flat since early 2023

12MMA

# B2B Economy Under Pressure

## Quarterly and Annual Growth Rates (%)



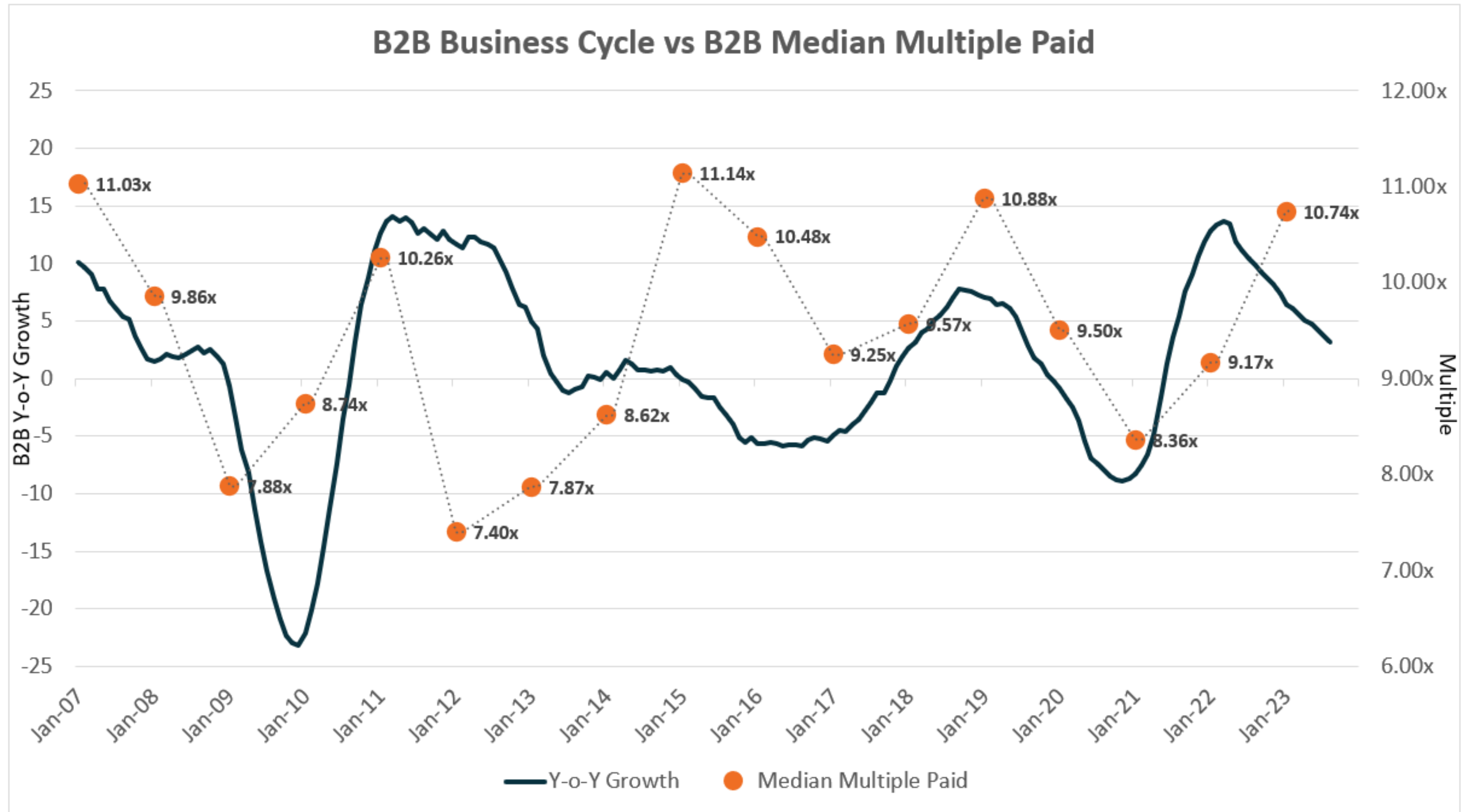


# A Global Perspective of Industrials

Current and Projected Growth Rates (%) for Industrial Production

	Current Y-o-Y Growth		2025 Outlook
<b>1. Canada</b>	<b>-0.9%</b>	<b>Recovering</b>	<b>2.0%</b>
<b>2. Mexico</b>	<b>2.6%</b>	<b>Slowing</b>	<b>0.5%</b>
<b>3. Brazil</b>	<b>1.5%</b>	<b>Slowing</b>	<b>-2.0%</b>
<b>4. Western Europe</b>	<b>-2.2%</b>	<b>Recovering</b>	<b>2.0%</b>
<b>5. Eastern Europe</b>	<b>-1.6%</b>	<b>Recovering</b>	<b>3.0%</b>
<b>6. India</b>	<b>6.0%</b>	<b>Slowing</b>	<b>5.0%</b>
<b>7. China</b>	<b>5.7%</b>	<b>Accelerating</b>	<b>4.0%</b>

# B2B Cycle and Industry Multiples



# M&A Activity: Our Perspective

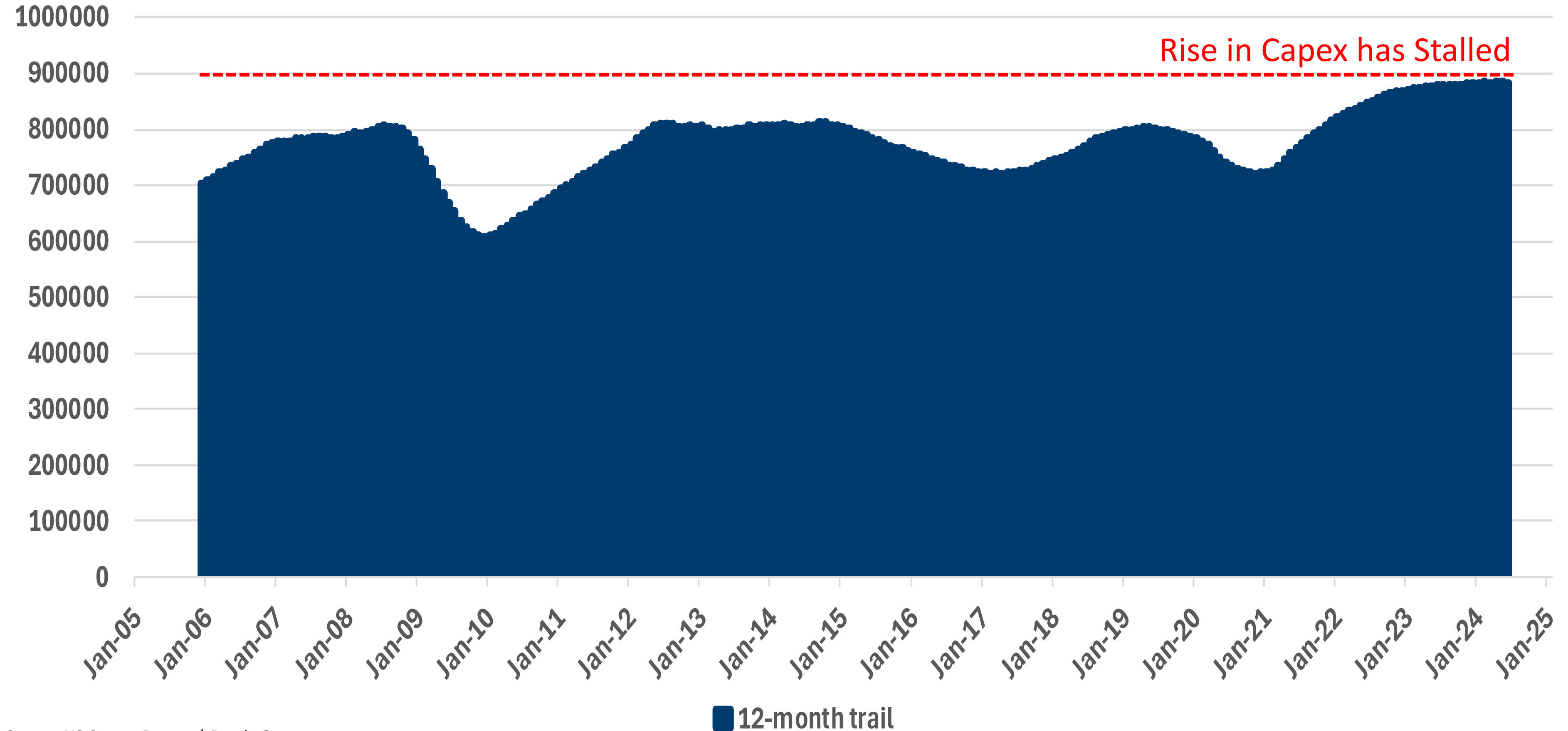
Active in the market for over a decade, and with multiple engagements in the industry today, we have an in-depth view on activity, trends, and key players related to acquisitions, divestitures, and capital raises within the segment.

- A highly coveted market—by a wide range of well-capitalized buyers.
- Buyers are prudent by nature. A competitively managed business process, coupled with the attractive nature of the industry, can yield phenomenal valuations for sellers in the industry.
- Industry concentration matters: buyers and financials will have a heightened focus on the end-markets that firms serve.
- Organizations should keep focusing on building value in their companies. It is sure to pay off.



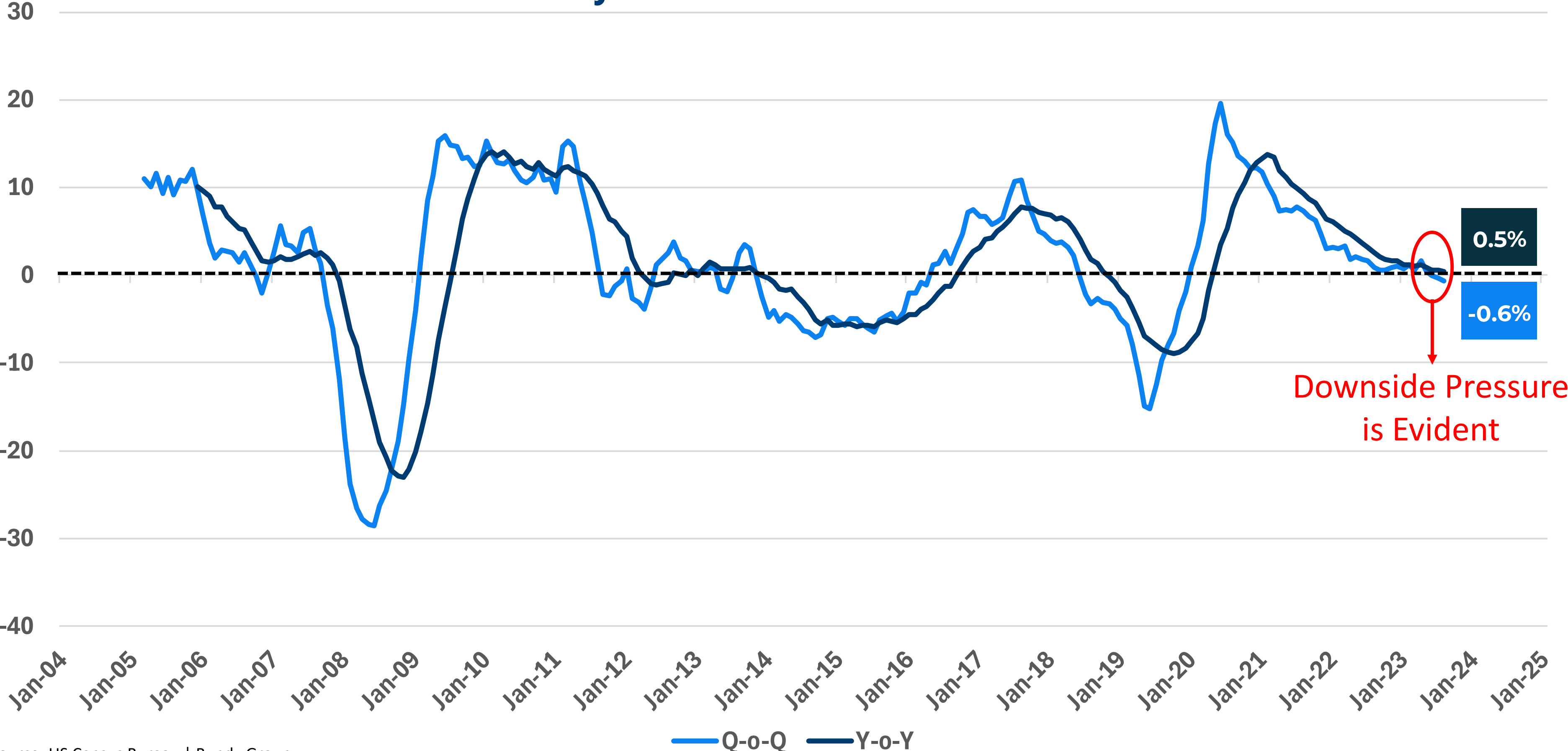
# Nondefense Capital Goods ex. Aircraft

Millions of Dollars



# Nondefense Capital Goods ex. Aircraft

## Quarterly and Annual Growth Rates (%)

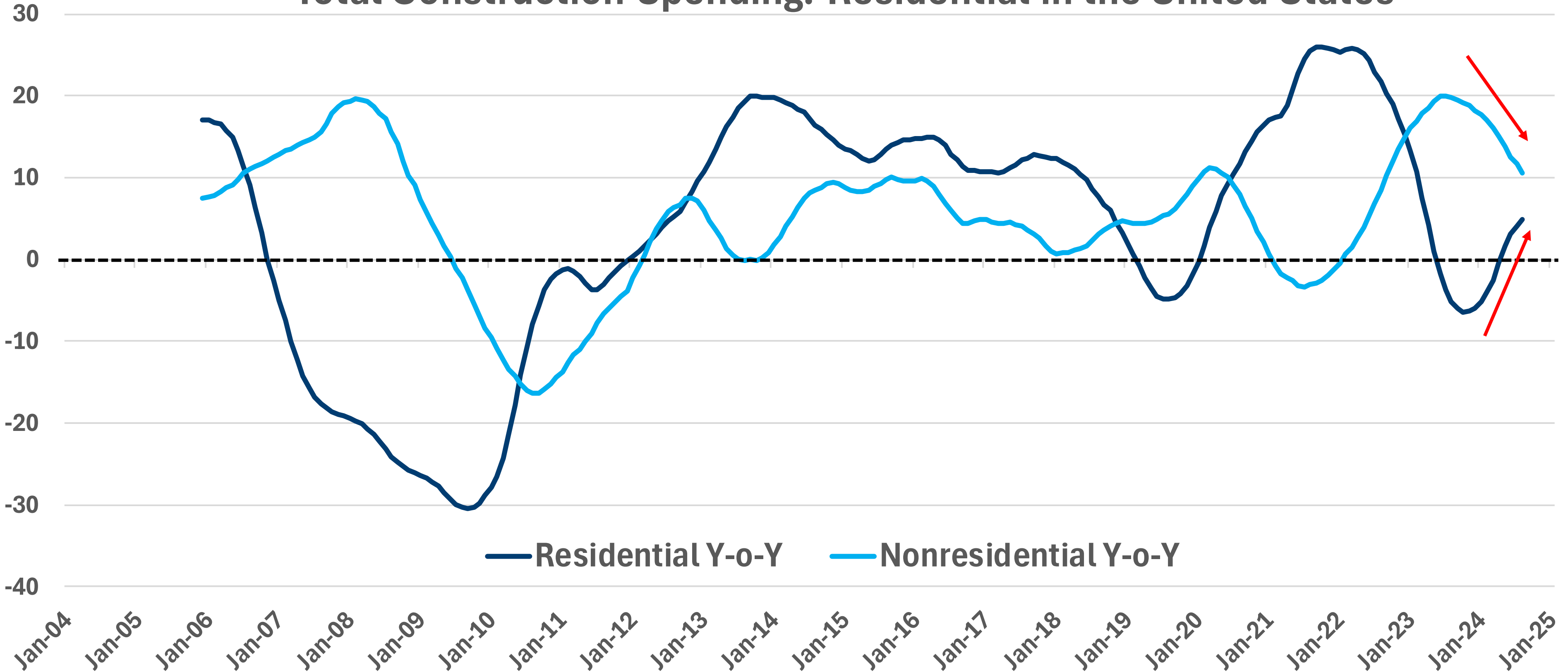


Source: US Census Bureau | Bundy Group

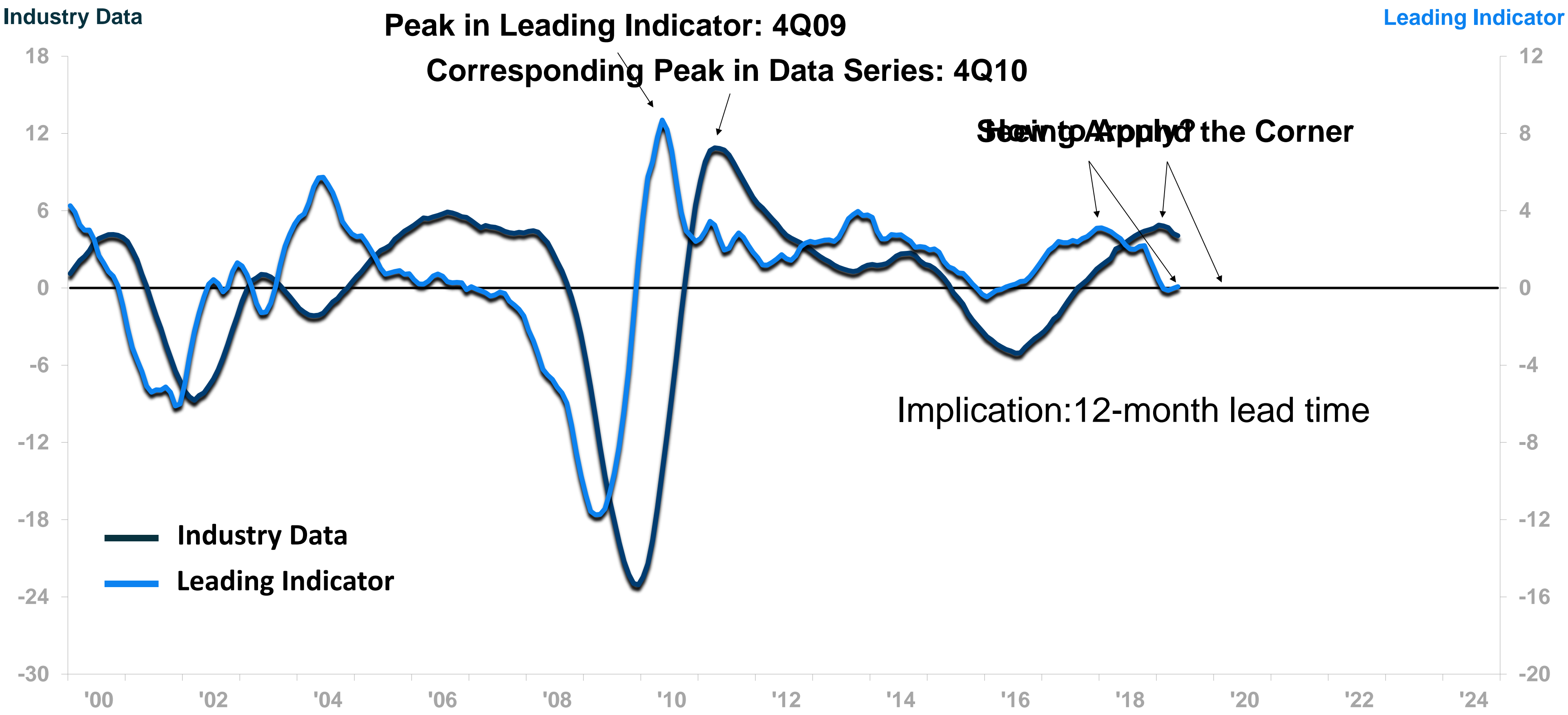
# Construction Spending Dichotomy

Rates-of-Change (Year-over-Year)

Total Construction Spending: Residential in the United States



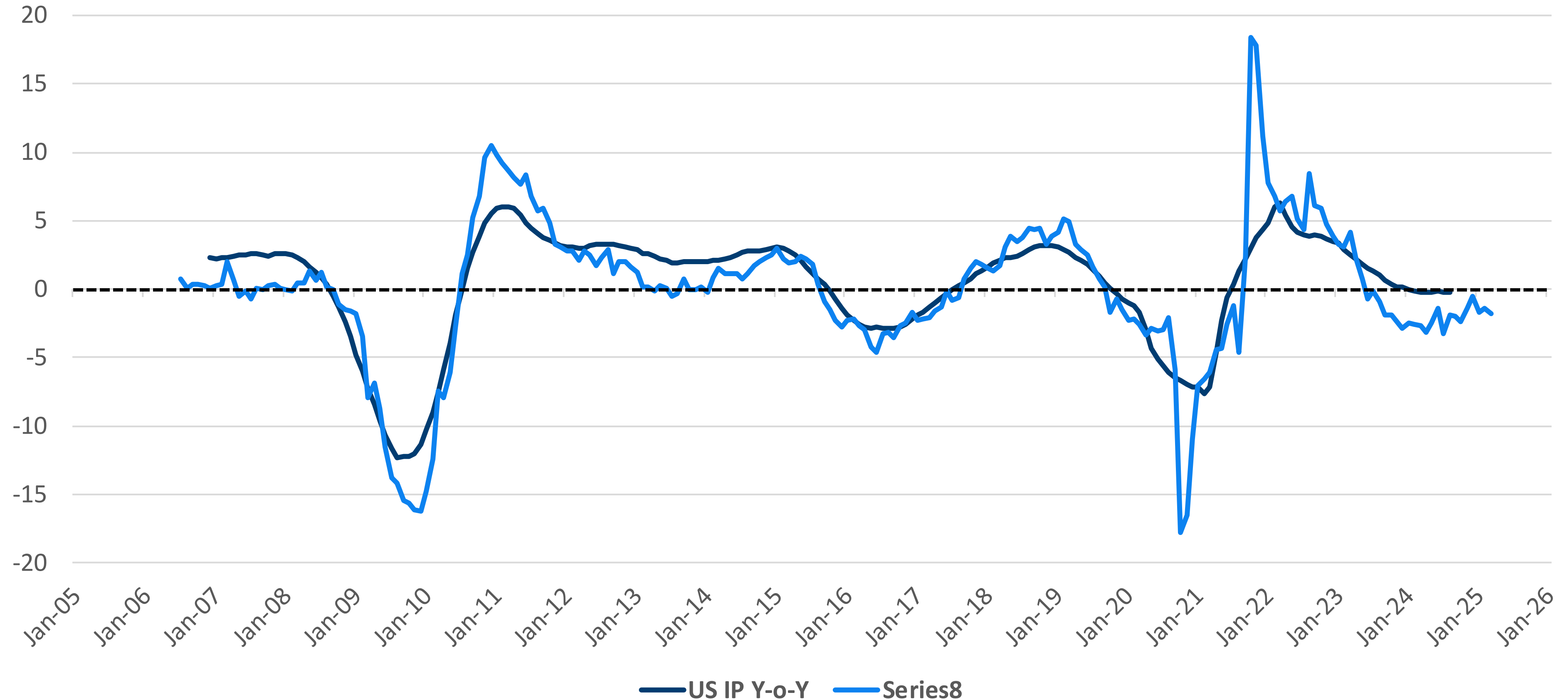
# How Do Leading Indicators Work?



Source: Bundy Group

# Leading Indicators: Capacity Utilization

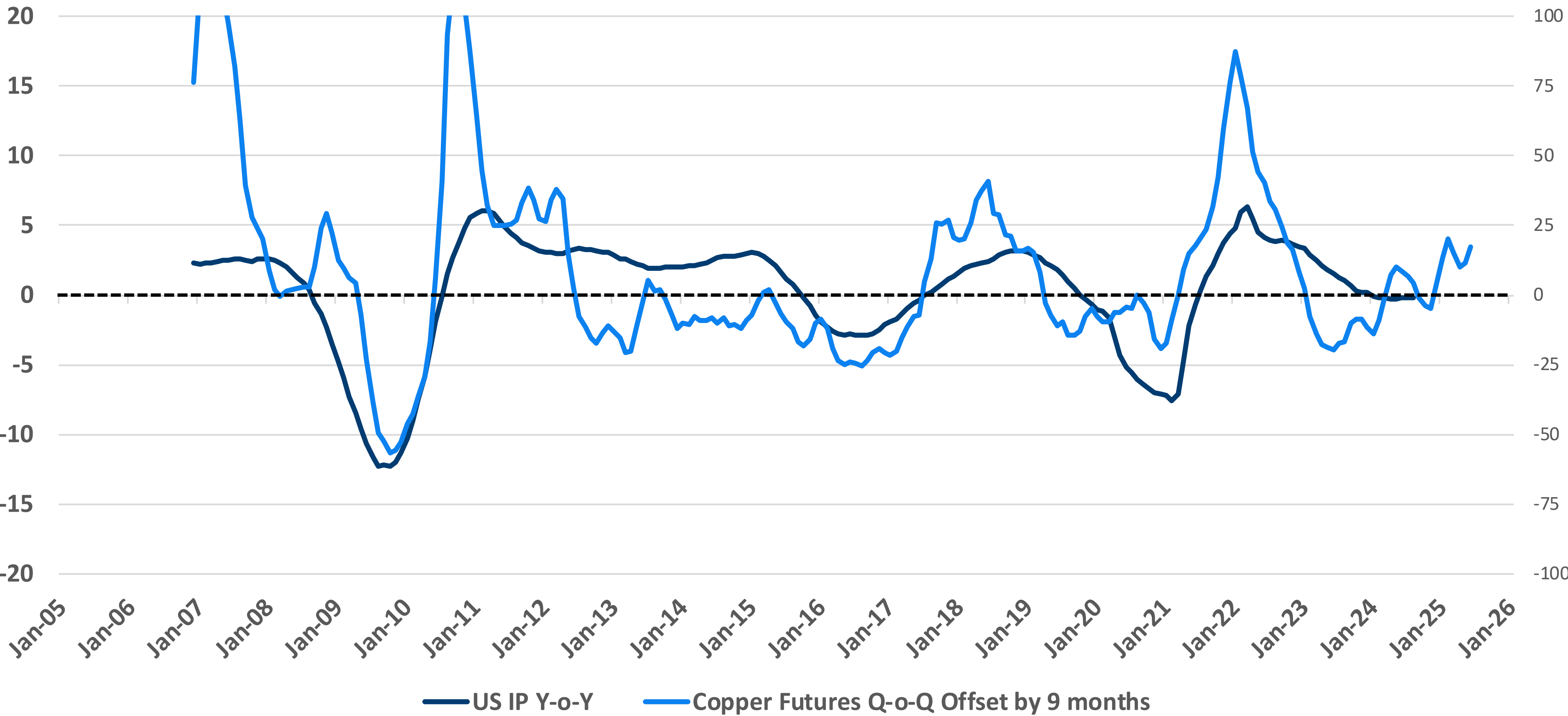
## Total Industry Capacity Utilization Rate vs US IP - 6 month lead time





# Leading Indicators: Copper Prices

## Copper Futures Price vs US IP - 9 month lead time

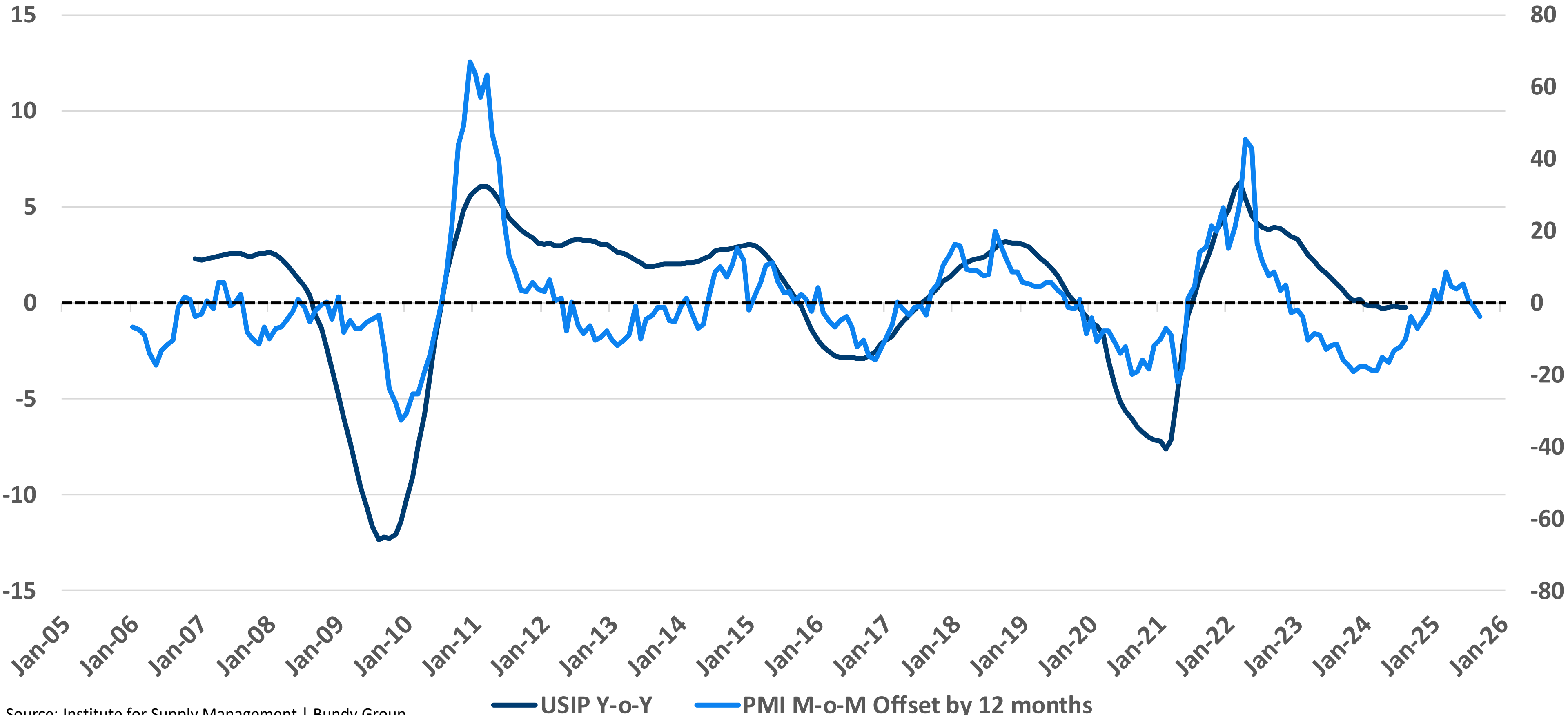


— US IP Y-o-Y      — Copper Futures Q-o-Q Offset by 9 months

Source: Investing.com | Bundy Group

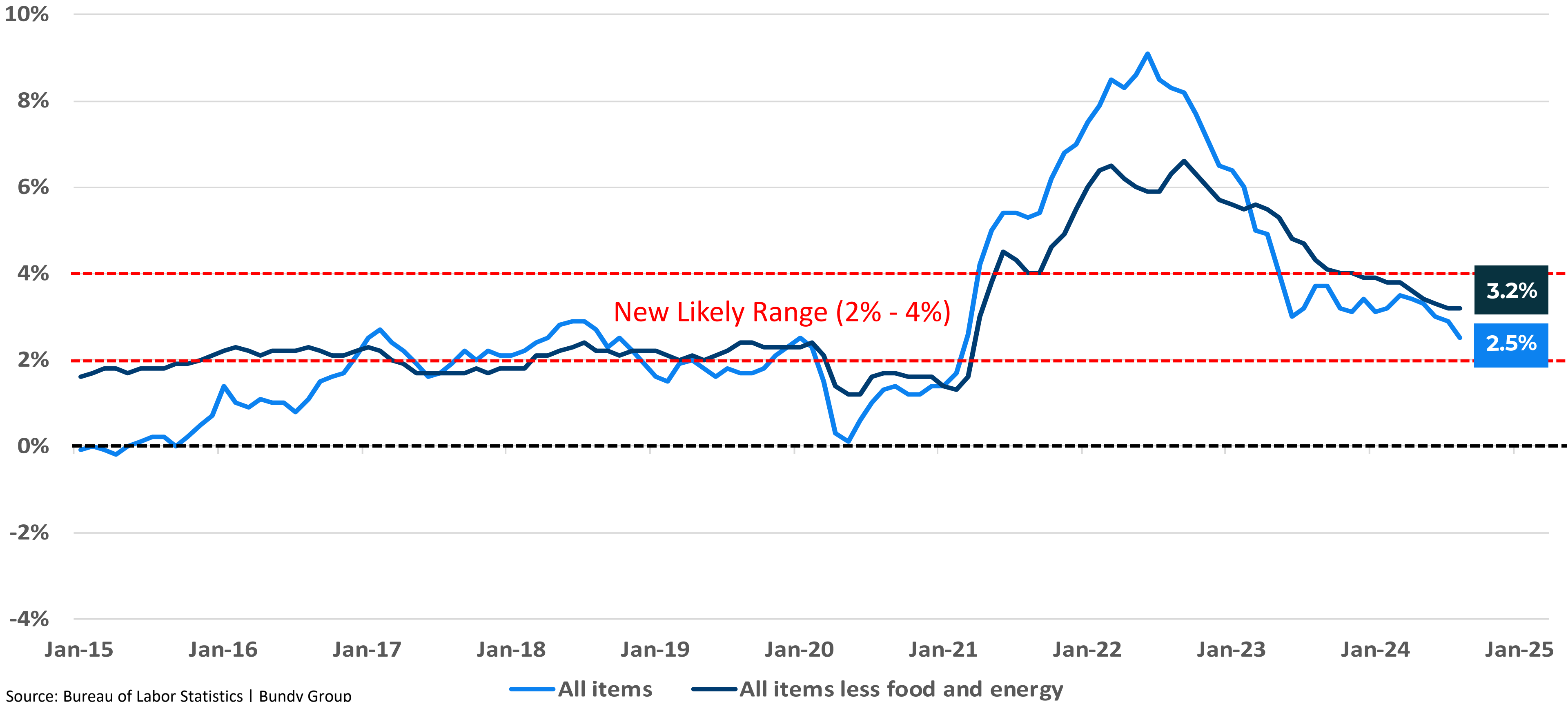
# Leading Indicators: PMI

## US ISM PMI vs US IP - 12 month lead time



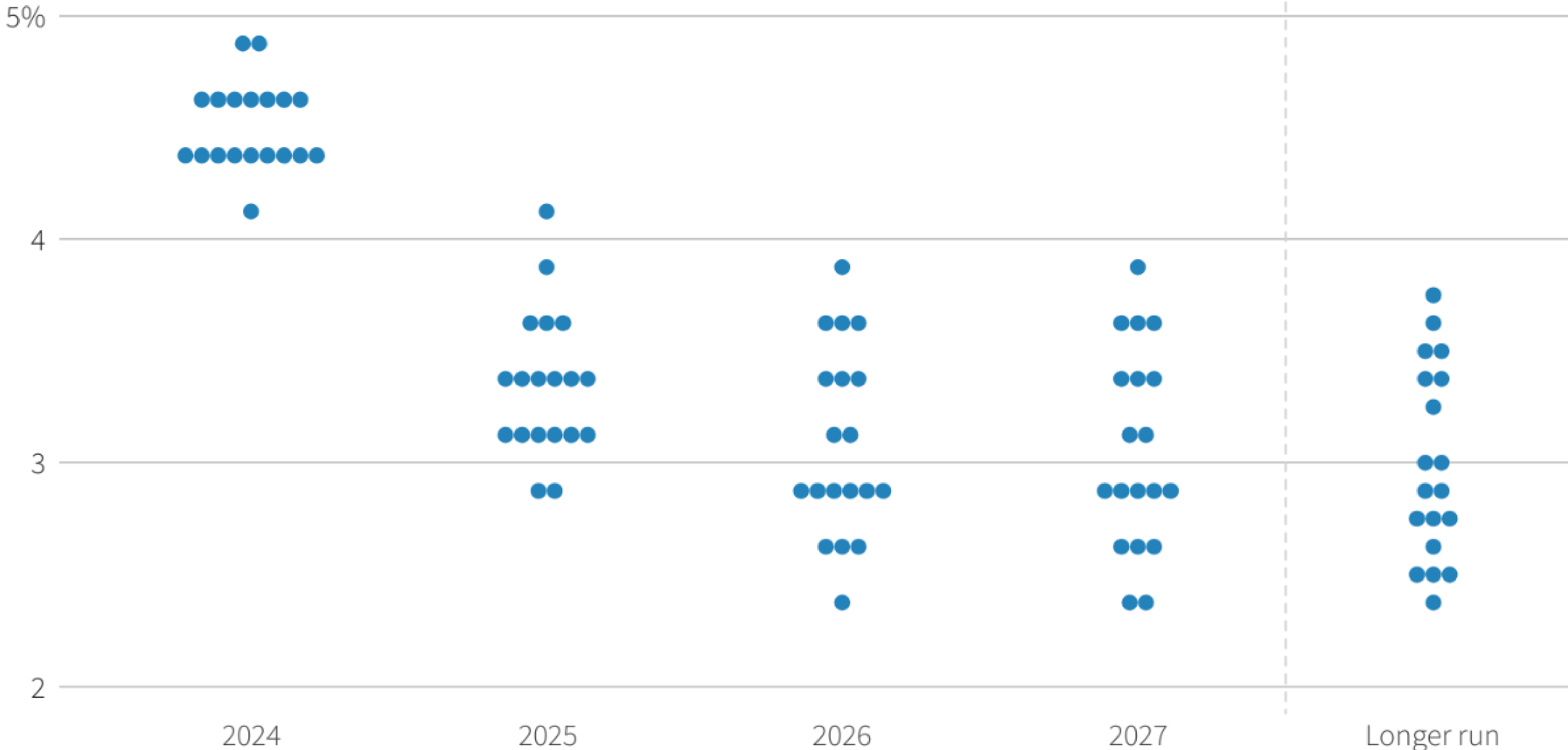
# Consumer Prices – New (Higher) Normal

## Consumer Price Index - Year-over-Year % Change



Source: Bureau of Labor Statistics | Bundy Group

# FED's Interest Rate Policy Implications



Each dot represents a year-end projection from September 2024. Published September 18, 2024 at 6:02 PM GMT

# National Labor Market Performance

» September 2024



JOB GAIN

254K



UNEMPLOYMENT RATE

4.1%



AVG HOURLY EARNINGS

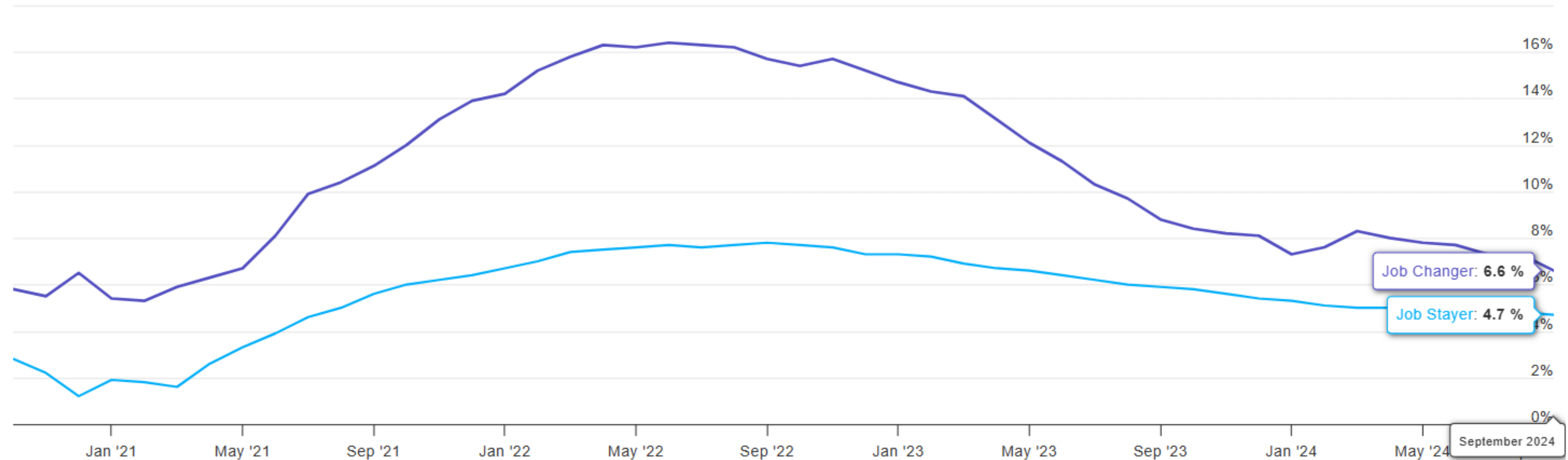
4.0%

Past 12 Months

# New Hire Wage Premium Still Exists

## Median Year-Over-Year Change in Annual Pay by Worker Mobility

— Job Stayer — Job Changer



# Strategic Considerations

- Cash is king, financing costs to remain elevated near term
- Customer retention/acquisition rates pressured by lower demand
- **Growth by Market Share Gains**

## Actions to Implement

- Identify and remove unnecessary steps to increase efficiency and throughput
- Protect margins
  - Reduce waste and energy use
  - Renegotiate supplier contracts
- Focus on employee retention

Navigating the  
Current Macro  
Landscape



FOR BUSINESS SALES, CAPITAL RAISES, AND ACQUISITIONS,  
BUNDY GROUP IS PREPARED TO ADVISE AND ASSIST YOU.

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# Q&A – Contact Info

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