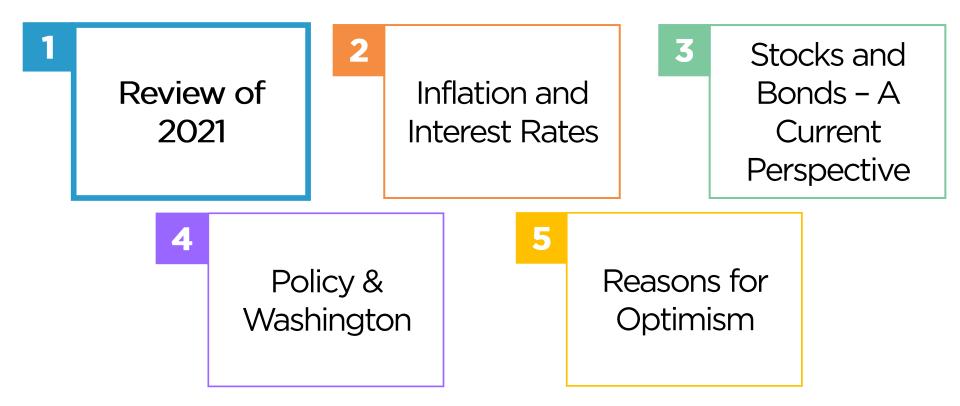
# Outlook 2022 Michael Clark President

Regional Director. Securities and advisory services offered through Cetera Advisor Networks LLC, member FINRA/SIPC, a Broker/Dealer and a Registered Investment Adviser. Cetera Advisor Networks, LLC is under separate ownership from any other named entity. 9311 San Pedro Ave., Suite 750, San Antonio, TX 78216







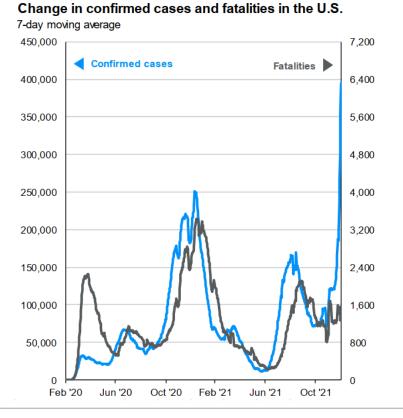
### **COVID Progress**

#### U.S. COVID-19 Vaccine Doses Administered by Vaccine Type As of December 29, 2021

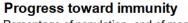
506,313,935 Total Doses Administered Johnson Not **Pfizer-BioNTech** Moderna Identified & Johnson 295,020,731 193,162,645 17,596,594 533,965 Doses Doses Doses Doses Administered Administered Administered Administered

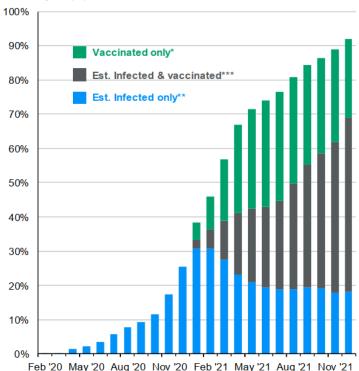


#### **COVID Progress**



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Percentage of population, end of month

Source: Centers for Disease Control and Prevention, Johns Hopkins CSSE, Our World in Data, J.P. Morgan Asset Management.

\*Share of the total population that has received at least one vaccine dose. \*\*tst. Infected only represents the number of people who may have been infected by COVID-19 by using the CDC's estimate that 1 in 4.2 COVID-19 infections were reported. \*\*\*Est. Infected & vaccinated reflects those that have been both infected and vaccinated, assuming those infected equally likely to be vaccinated as those not infected. *Guide to the Markets* – U.S. Data are as of December 31, 2021.

### **Economic Growth & Its Drivers**

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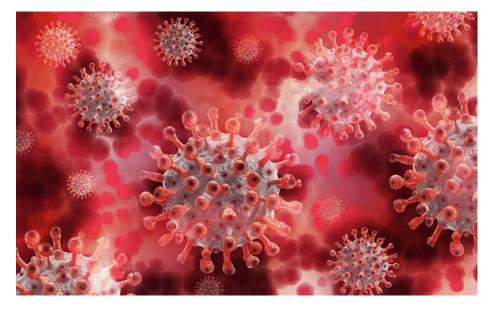
#### Real GDP **Components of GDP** 3Q21 nominal GDP, USD trillions Billions of chained (2012) dollars, seasonally adjusted at annual rates \$26 \$21,000 4.7% Housing GDP (%) 4Q20 1Q21 2Q21 3Q21 \$20,000 Q/Q saar 45 63 67 2.3 \$22 13.0% Investment ex-housing Y/Y -2.3 0.5 12.2 4.9 \$19,000 \$18 17.6% Gov't spending \$18,000 Trend growth: 2.0% \$14 \$17,000 \$16,000 \$10 68.8% Consumption \$15,000 \$6 \$14,000 \$2 \$13,000 \$12,000 -4.1% Net exports -\$2 '03 '05 '07 '15 '17 '21 '01 '09 '11 '13 '19

Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19. Guide to the Markets – U.S. Data are as of December 31, 2021.

### **Omicron - What Do We Know?**

- Has more mutations than any other variant.
- It's unknown whether COVID-19 vaccine is effective against omicron.
- Studies show vaccine protection against infection declined to 30%, while protection against severe illness remained at 70%.
- Initial reports suggest much milder illness/symptoms than other variants.
- Spreads much faster than other variants.

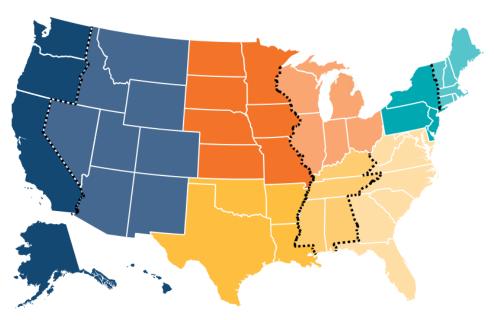
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Source: https://health.ucdavis.edu/coronavirus/covid-19-information/omicron-variant.html; https://whyy.org/articles/what-do-weknow-about-omicron-today/; https://www.ndtv.com/world-news/omicron-covid-variant-covid-variant-in-south-africa-delta-variantfirst-image-of-omicron-covid-variant-shows-many-more-mutations-than-delta-2628536

### **The Great Southern Migration**

#### **U.S. Net Domestic Migration During the COVID-19 Pandemic** April 2020 - July 2021



#### West: -141,155

Pacific: -406,649 Mountain: +287,580

#### Midwest: -172,047

West North Central: -15,327 East North Central: -156,720

#### South: +785,583

West South Central: +219,628 East South Central: +102,095 South Atlantic: +449,473

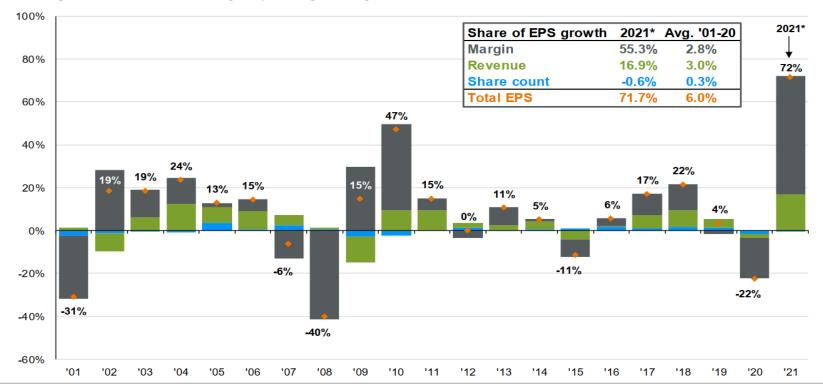
#### Northeast: -472,381

Middle Atlantic: -440,320 New England: -17,674

#### **Corporate Earnings Growth**

#### S&P 500 year-over-year operating EPS growth

Annual growth broken into revenue, changes in profit margin & changes in share count



Source: FactSet, Compustat, Standard & Poor's, J.P. Morgan Asset Management.

ASPECT WEALTH MANAGEMENT EPS levels are based on annual operating earnings per share. Percentages may not sum due to rounding. Past performance is not indicative of future returns. \*2021 earnings estimates are based on a forecasts from FactSet Market Aggregates. Guide to the Markets – U.S. Data are as of December 31, 2021.

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### **Professionals' Opinions Going Into 2021**

#### Morgan Stanley

• S&P 500 return of 3%

#### First Trust

• S&P 500 return of 11%

#### **Goldman Sachs**

• S&P 500 return of 14%



Source: Goldman Sachs: https://www.marketwatch.com/story/goldman-sachs-says-the-s-p-500-will-rise-14-in-2021-heres-the-road-map-11610627051 Morgan Stanley: https://marketrealist.com/p/sp500-2021-target/ First Trust advisors: https://www.ftportfolios.com/Commentary/EconomicResearch/2020/11/30/sp-4.200---dow-35.000

#### 2021 U.S. Stock Market Return

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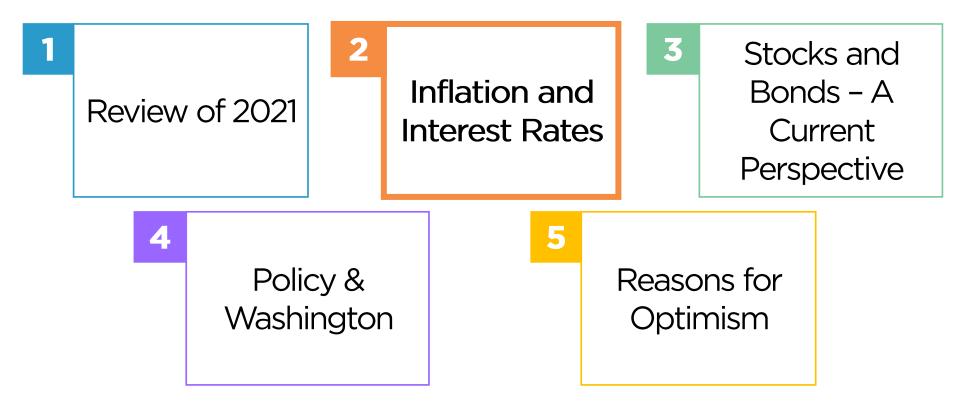
#### S&P500 Total Return

January 1 - December 31



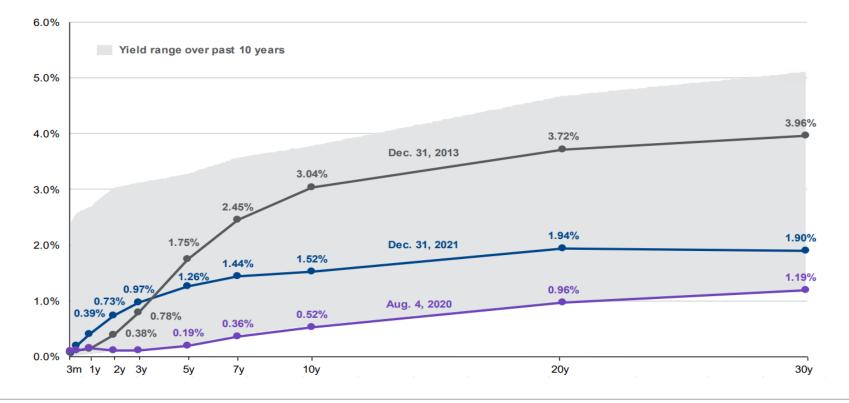
Source: Yahoo! Finance. Indices are unmanaged and cannot be invested into directly. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.







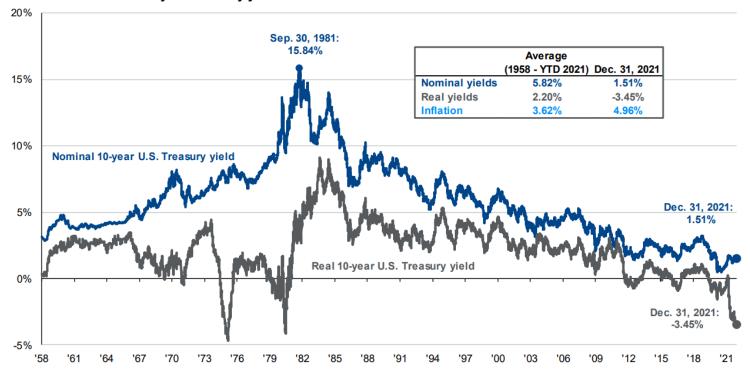
### **U.S. Treasury Yield Curve**



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. 12/31/2013 is the date the yield curve reached one of its steepest levels in reaction to the Fed announcing it would begin paring down its bond-buying program. 08/04/2020 is the date of a record low on the 10-year, driven by safe haven demand and pessimism around the U.S. pandemic recovery. Guide to the Markets – U.S. Dataare as of December 31, 2021.

#### **Interest Rates and Inflation**

Nominal and real U.S. 10-year Treasury yields



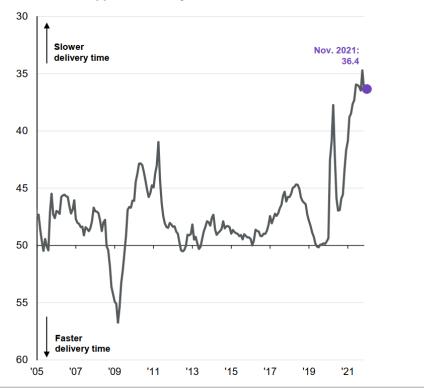
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Source: BLS, FactSet, Federal Reserve, J.P. Morgan Asset Management.

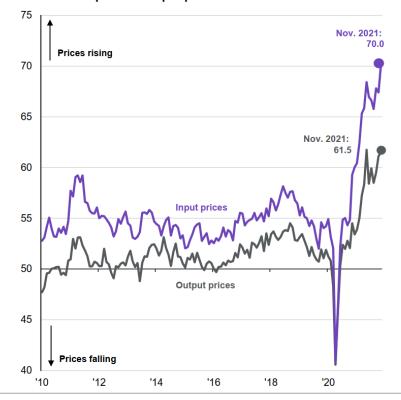
Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core CPI inflation for that month. For the current month, we use the prior month's core CPI figures until the latest data is available. Guide to the Markets – U.S. Dataner as of December 31, 2021.

### **Global Supply Chains and Inflation**

#### Global PMI suppliers' delivery times index\*



#### Global PMI input and output prices\*\*



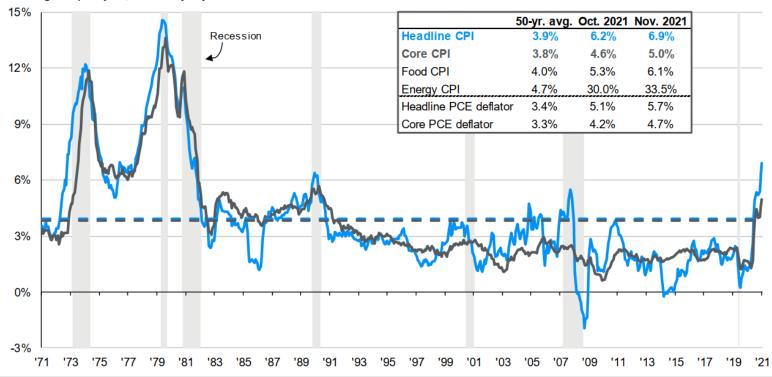
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Source: HS Markit, J.P. Morgan Asset Management. "Participants in HS Markit's PM business surveys, conducted in 44 countries, are asked: "Are your suppliers' delivery times slower, faster or unchanged on average than one month ago?". Index includes the manufacturing and construction sectors. A reading of 50 = no change, x50 = faster delivery time, 450 = slower delivery intervention of the structure of the st time.\*\*Participants are asked: "Are input/output prices the same, higher or lower?". Values shown reflect the composite index, which includes both manufacturing and services. A reading of 50 = no change, >50 = price increase, <50= price decrease. Guide to the Markets - U.S. Data are as of December 31, 2021.

### Inflation – The Last 50 Years

#### CPI and core CPI

% change vs. prior year, seasonally adjusted



Source: BLS, FactSet, J.P. MorganAsset Management.

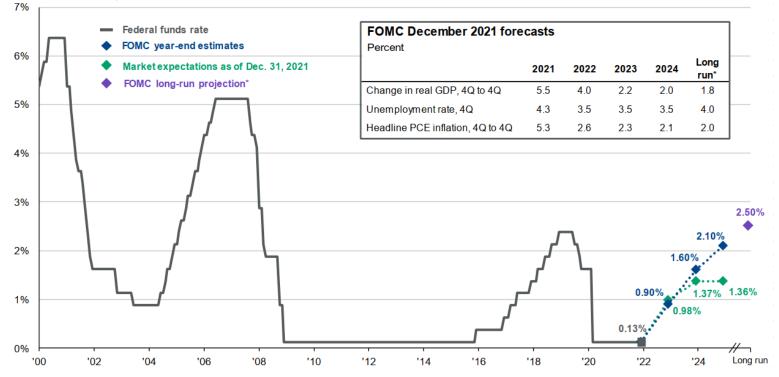
Aspect wealth management CPI used is CPI-U and values shown are % change vs. one year ago. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations. Guide to the Markets – U.S. Data are as of December 31, 2021.

#### **The Fed and Interest Rates**

#### Federal funds rate expectations

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FOMC and market expectations for the federal funds rate

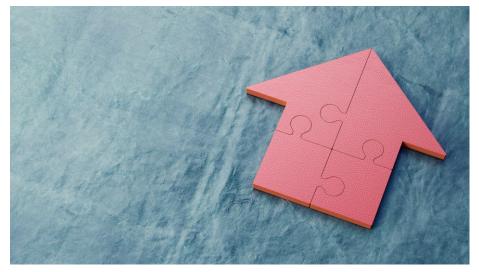


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

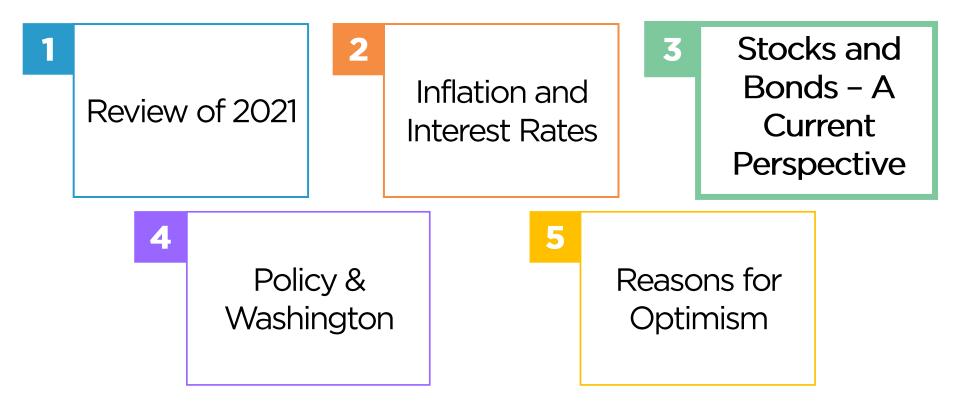
Market expectations are based off of the USD Overnight Index Forward Swap rates, "Long-rup projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forwardlooking statements, actual events, results or performance may differ materially from those reflected or contemplated. *Guide to the Markets – US.* Data are as of December 31, 2021.

### **Housing Market Highlights**

- The median home sale price was at an all-time high at \$386,000, up 24.4% YOY.
- Price increase was driven by:
  - Sub-3% mortgage rate
  - Active investment sector
  - Record low housing supply
- 1.38 million homes went up for sale in 2021, down 23% from 2020.
- Nearly 1 in 5 of those homes were purchased by investors.

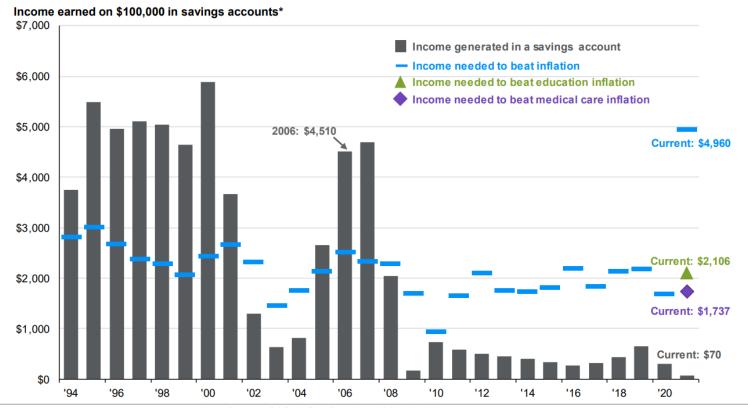








### **Savings Account Returns**

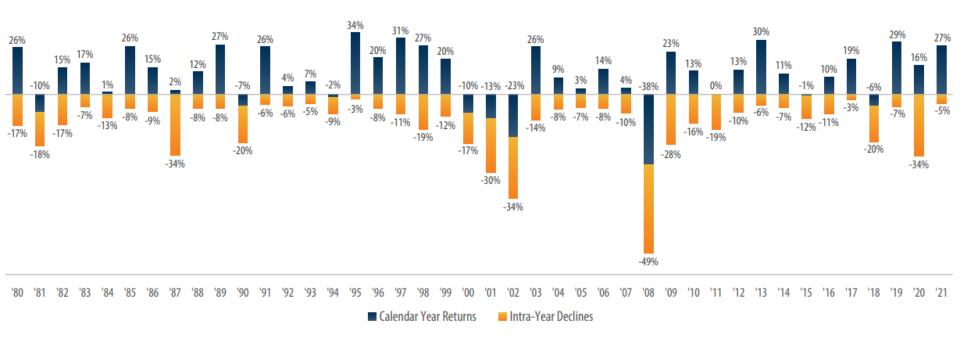


Source: Bankrate.com, BLS, FactSet, Federal Reserve System, J.P. Morgan Asset Management,

\*Savings account is based on the national average annual percentage rate (APR) on money market accounts from Bankrate.com from 2010 onward. Prior to 2010, money market yield is based on taxable money market funds return data from the Federal Reserve. Annual income is for illustrative purposes and is calculated based on the average money market yield during each year and \$100,000 invested. Current inflation is based on November 2021 Core CPI, education inflation and medical care inflation. Current savings account is based on the December 2021 that on the december 2021 Core CPI, education inflation and medical care inflation. Comparable future results.

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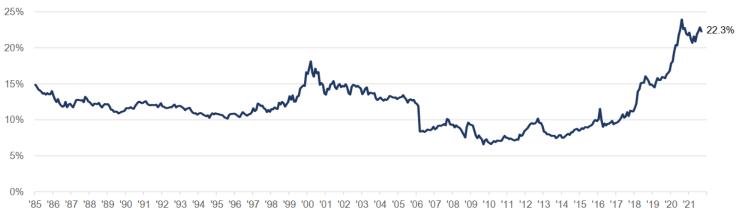
### **Market Volatility**



Source: Bloomberg, First Trust Advisors L.P. **Past performance is no guarantee of future results**. The benchmark used for the above chart is the S&P 500 Index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Returns are based on price only and do not include dividends. This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fuduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their dients.

### The Big 5



#### % SHARE OF S&P 500 INDEX

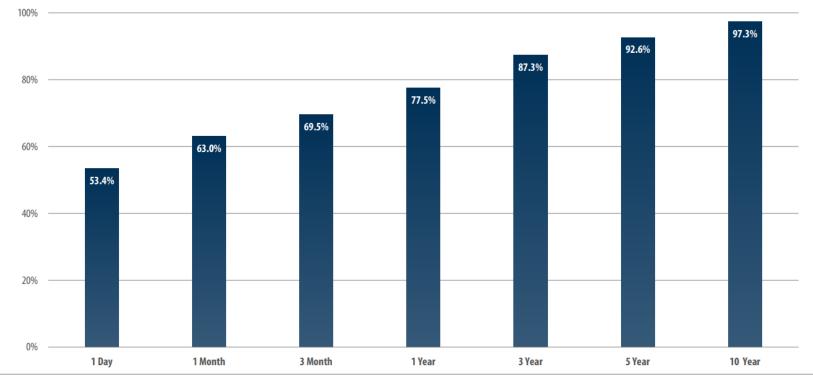
#### TOP 5 MEMBER FIRMS BY WEIGHT IN THE INDEX

Ticker	Company Name	Weight in S&P 500 Index (9/30/21)
AAPL	Apple Inc.	6.08%
MSFT	Microsoft Corp.	5.80%
GOOG/GOOGL	Alphabet, Inc.	4.26%
AMZN	Amazon.com, Inc.	3.92%
FB	Facebook Inc.	2.21%



#### "You Gotta Know When To Hold'em"

#### **Probability of Positive Returns - S&P500 Index Since 1937**



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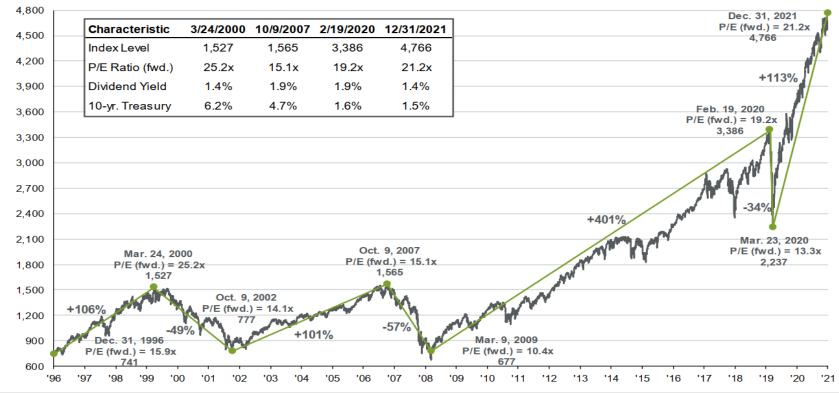
Source: Bloomberg. Data from 12/31/1936 - 12/31/2021. Past performance is no guarantee of future results. This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incured when investing. These returns were the result of certain market factors and events which may not be repeated in the future. This chart is based on the total returns of the S&P 500 Index. The S&P 500 Index is a unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. In the inducation the provide of the index cannot be provid

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial anofessionals are resconsible for evaluating investment risks independently and for exercising independent judament in determining whether investments are appropriate for their dients.

#### **S&P500 at Inflection Points**

#### S&P 500 Price Index

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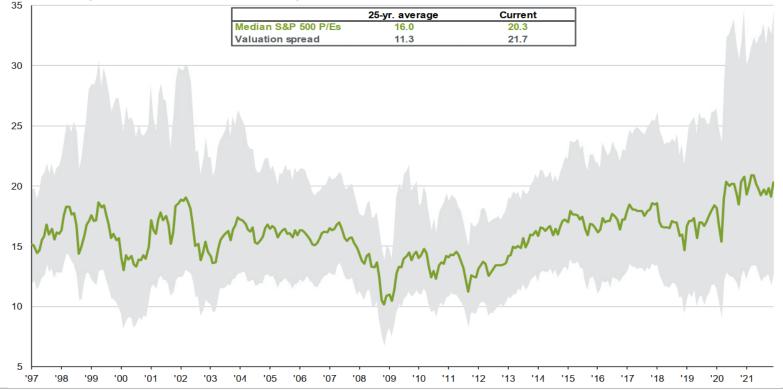
Source: Compustat, Fadtset, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price-toearnings ratio is a bottom-up calculation based on J.P. Morgan Asset Management estimates. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns. *Guide to the Markets - U.S.* Data are as of December 31, 2021.

### **S&P500 Company Valuation Dispersion**

#### Valuation dispersion between the 20th and 80th percentile of S&P 500 stocks

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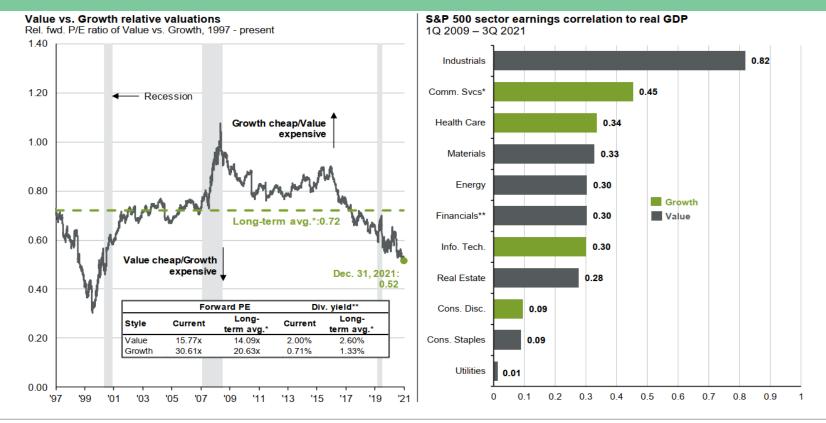
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Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of December 31, 2021.

#### Value vs. Growth

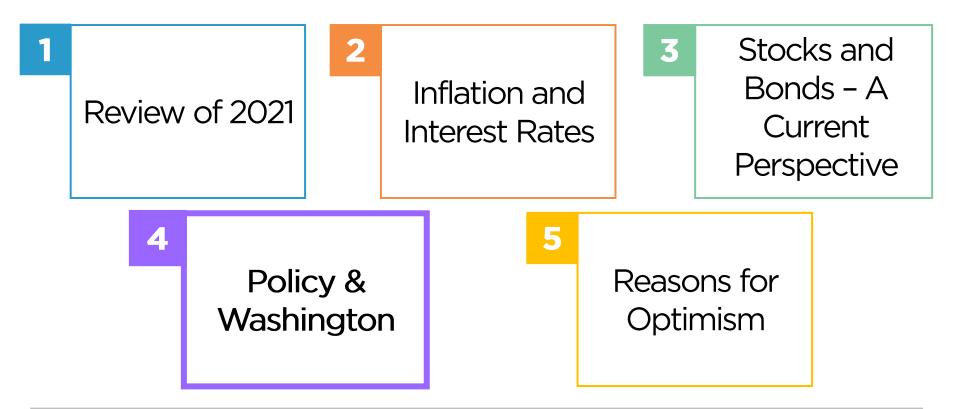
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Source: FactSet, FTSE Russell, NBER, J.P. Morgan Asset Management.

(Left) Growth is represented by the Russell 1000 Growth Index and Value is represented by the Russell 1000 Value Index. \*Long-term averages are calculated monthly since December 1997, \*\*Dividend yield is calculated as the next 12-month consensus dividend divided by most recent price. (Right) \*Communication services correlation is since 3Q13 and based on backtested data by JPMAM. \*\*Financials correlation is since 4Q19. Guide to the Markets – U.S. Data are as of December 31, 2Q21.







### **Build Back Better**

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- Was passed by the House of Representatives on November 19, 2021 (220-213). Only 1 Democrat (Jared Golden of Maine) voted against it.
- Senator Joe Manchin of West Virginia has been the only Senate Democrat to show opposition to the bill and has refused to vote in favor of it in its current state.
- Democrats must have every Democrat vote in favor of this bill, as the Senate is currently at a 50-50 split with Republicans.
- Opponents have argued that while some of the bill is "wellintentioned" there are many aspects that are "over-reaching".

### **Eliminating the Filibuster**

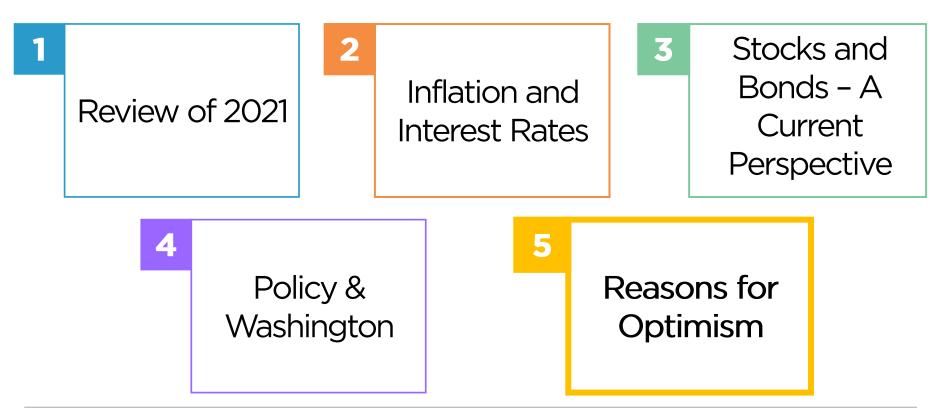
- In 2005, Senator Chuck Schumer said, "Eliminating the filibuster would be a doomsday for democracy."
- Now, Senator Schumer is saying the Senate will "debate and consider changes" by Jan. 17th to ensure passing Democrat's election reform bill, which include:
  - Restoring voting rights to convicted felons
  - Requiring states to offer mail-in voting
  - Mandate 2 weeks of early voting
- Senator's Joe Manchin (D., W.Va.) and Kyrsten Sinema (D., Ariz.) have openly opposed the elimination of the filibuster.
- These opposition of these 2 Senators has put a huge roadblock in the way of Senator Schumer's plans to eliminate the filibuster.

### **Midterm Election**

- Election day is November 8, 2022
- A total of 469 seats in Congress are up for election:
  - 34 Senate seats
    - 14 Democrat
    - 20 Republican
  - All 435 House seats





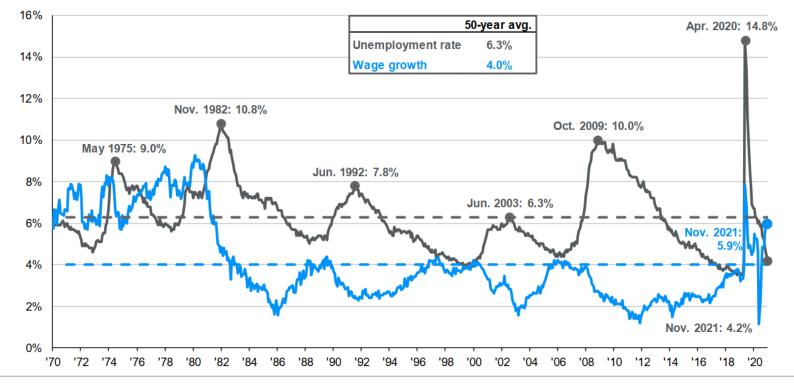


### **Unemployment and Wages**

#### Civilian unemployment rate and year-over-year wage growth

Private production and non-supervisory workers, seasonally adjusted, percent

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Source: BLS, FactSet, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of December 31, 2021.

### **Retail Recovery**

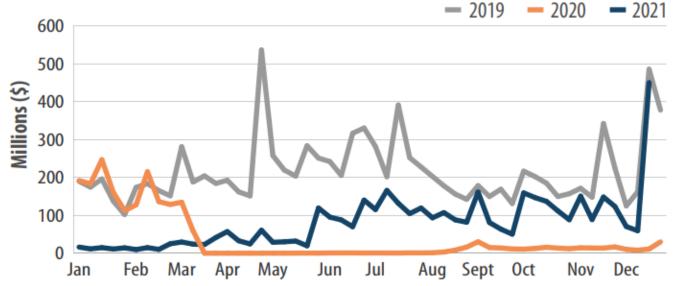
#### **WEEKLY RETAIL SALES**

As of December 25, 2021 2019 \_ - 2020 - 2021 24% 18% YOY % Change 12% 6% 0% -6% -12% Feb Mar Apr May Jun Jul Aug Sept 0ct Nov Dec Jan

#### **The Box Office Boom**

#### **BOX OFFICE RECEIPTS**

As of December 17-23, 2021



### In Summary...

- COVID-19 pandemic has been an extraordinary challenge.
  - Although the country has rebounded well, this may go down in history as one of the worst public policy decisions ever.
- Politics continues to be a messy business. Deep divides now seem to be the norm.
- Fiscal policy high levels of government spending can be good or bad.
  - Family stimulus checks, low interest forgivable business loans, and extended unemployment benefits may have saved the country from a depression.
  - But the current proposed massive spending seems to have political motives rather than an economic rescue objective.

### **The Proper Perspective**

- Yet, through it all, the entrepreneurial spirit of America, free market incentives, and constant innovation have again prevailed.
- Family & corporate wealth have increased significantly, the economy is booming, and the future of the stock market continues to look positive.
- 2021 was better than expected even with all its troubles.
- 2022 A bumpy ride, but we'll be glad we stayed on the train.





## USA Still the best country in the world!





### Aspect Wealth Management





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### **Our Team!**





# Thank You!

