



# 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

# Agenda

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Review of  
2021

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Inflation and  
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Stocks and  
Bonds – A  
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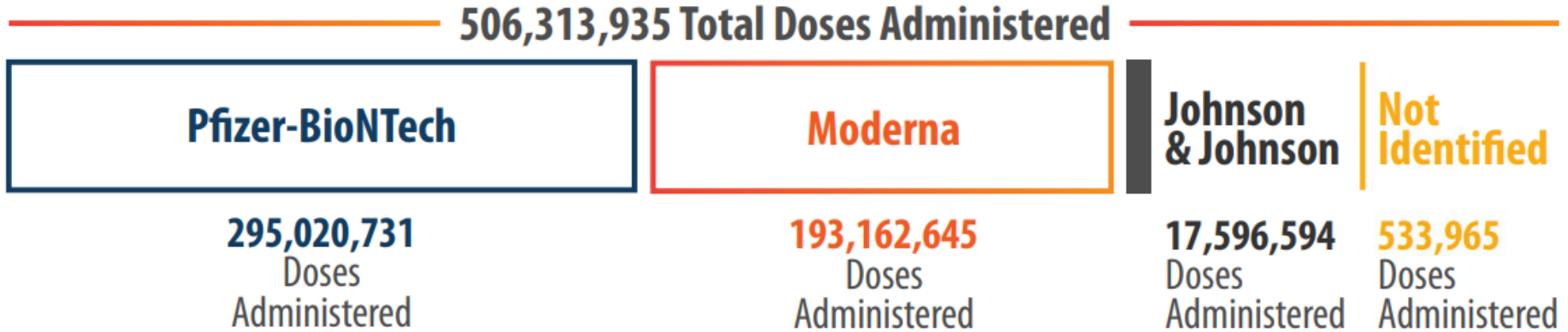
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Reasons for  
Optimism

# COVID Progress

## U.S. COVID-19 Vaccine Doses Administered by Vaccine Type

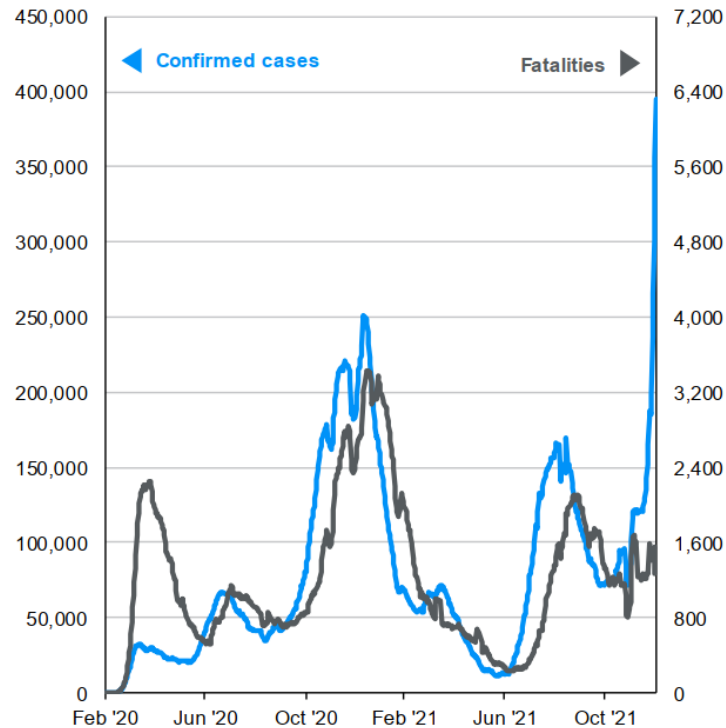
As of December 29, 2021



# COVID Progress

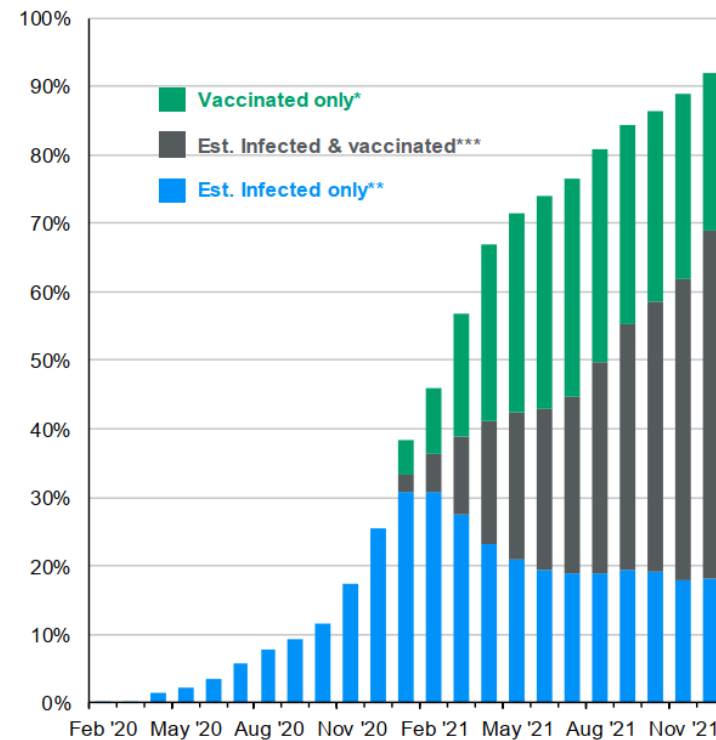
## Change in confirmed cases and fatalities in the U.S.

7-day moving average



## Progress toward immunity

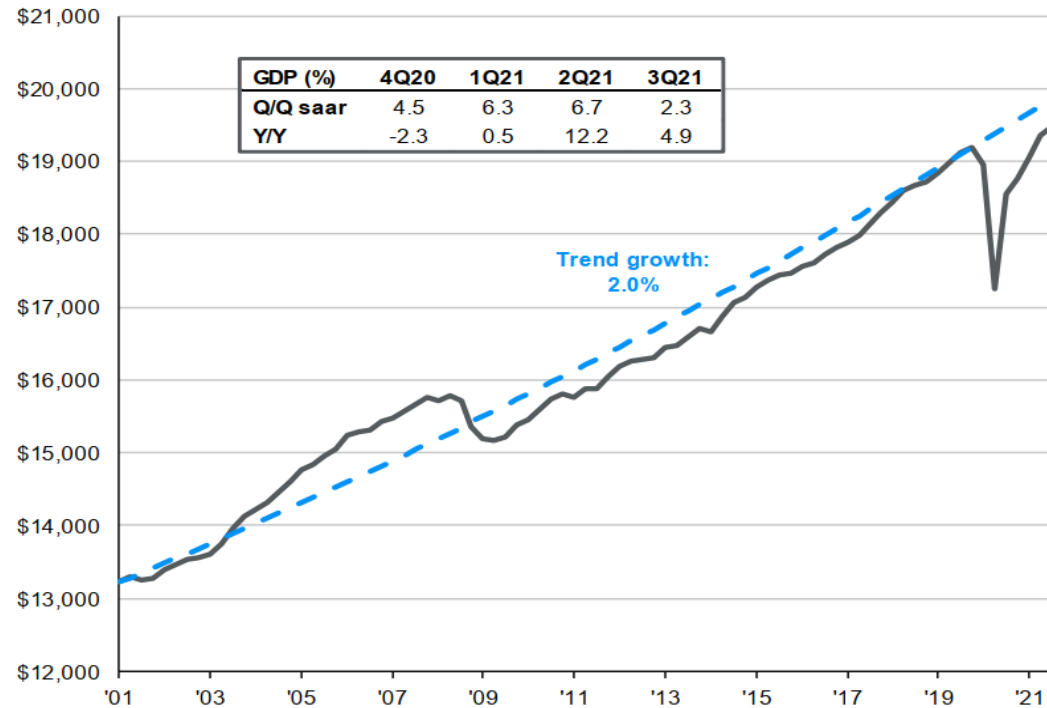
Percentage of population, end of month



# Economic Growth & Its Drivers

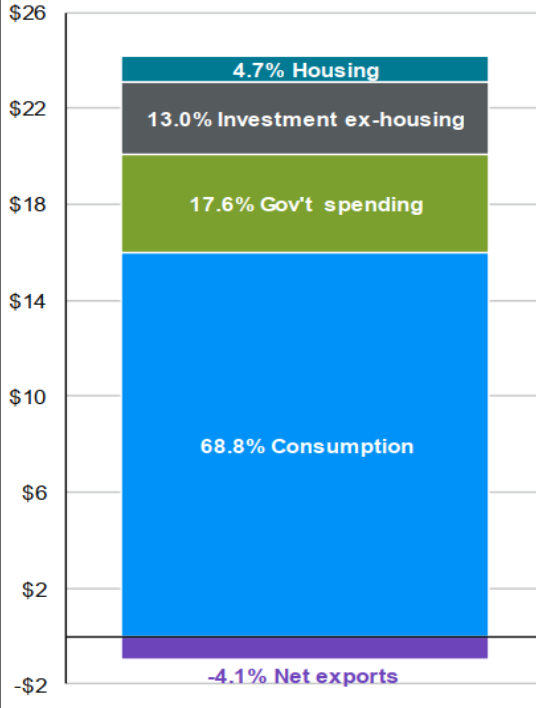
## Real GDP

Billions of chained (2012) dollars, seasonally adjusted at annual rates



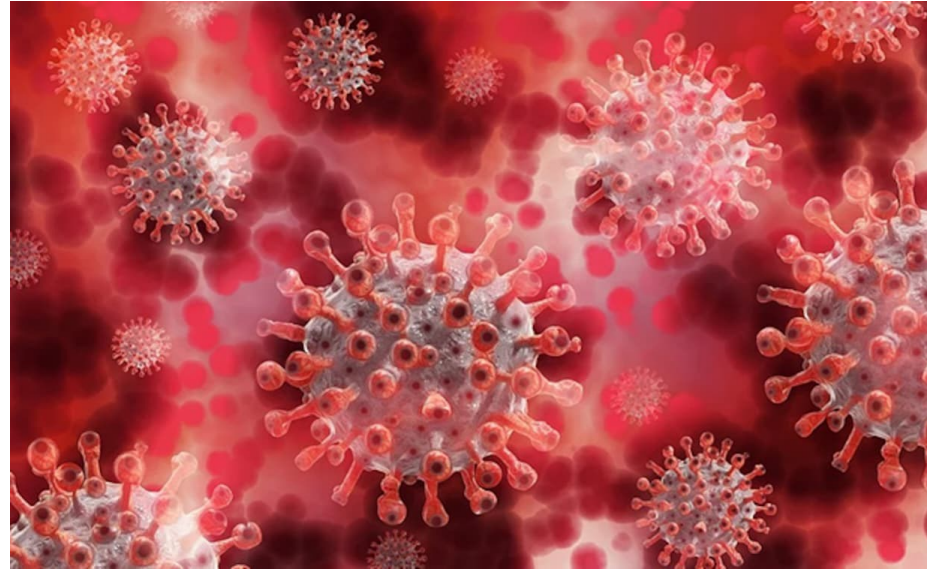
## Components of GDP

3Q21 nominal GDP, USD trillions



# Omicron - What Do We Know?

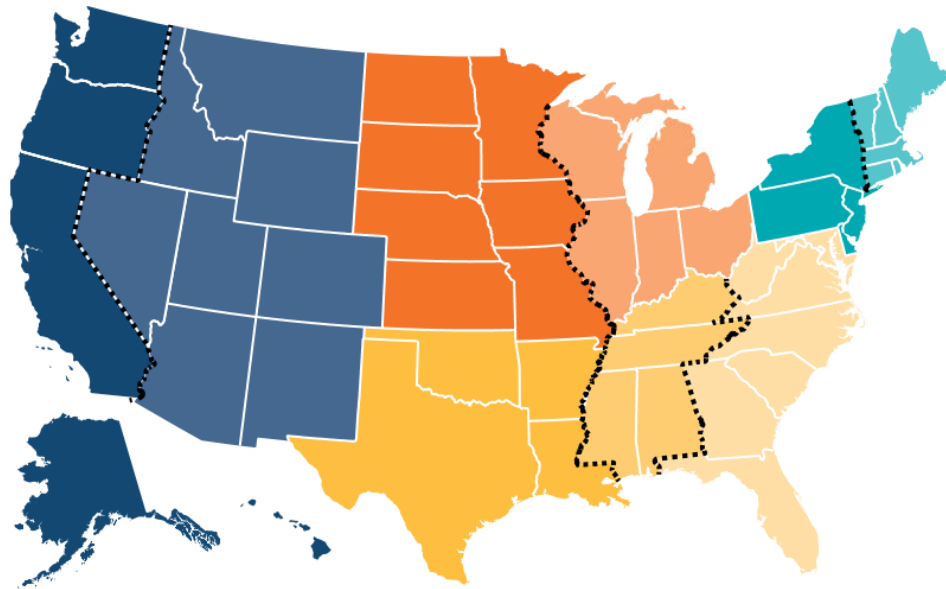
- Has more mutations than any other variant.
- It's unknown whether COVID-19 vaccine is effective against omicron.
- Studies show vaccine protection against infection declined to 30%, while protection against severe illness remained at 70%.
- Initial reports suggest much milder illness/symptoms than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



# 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

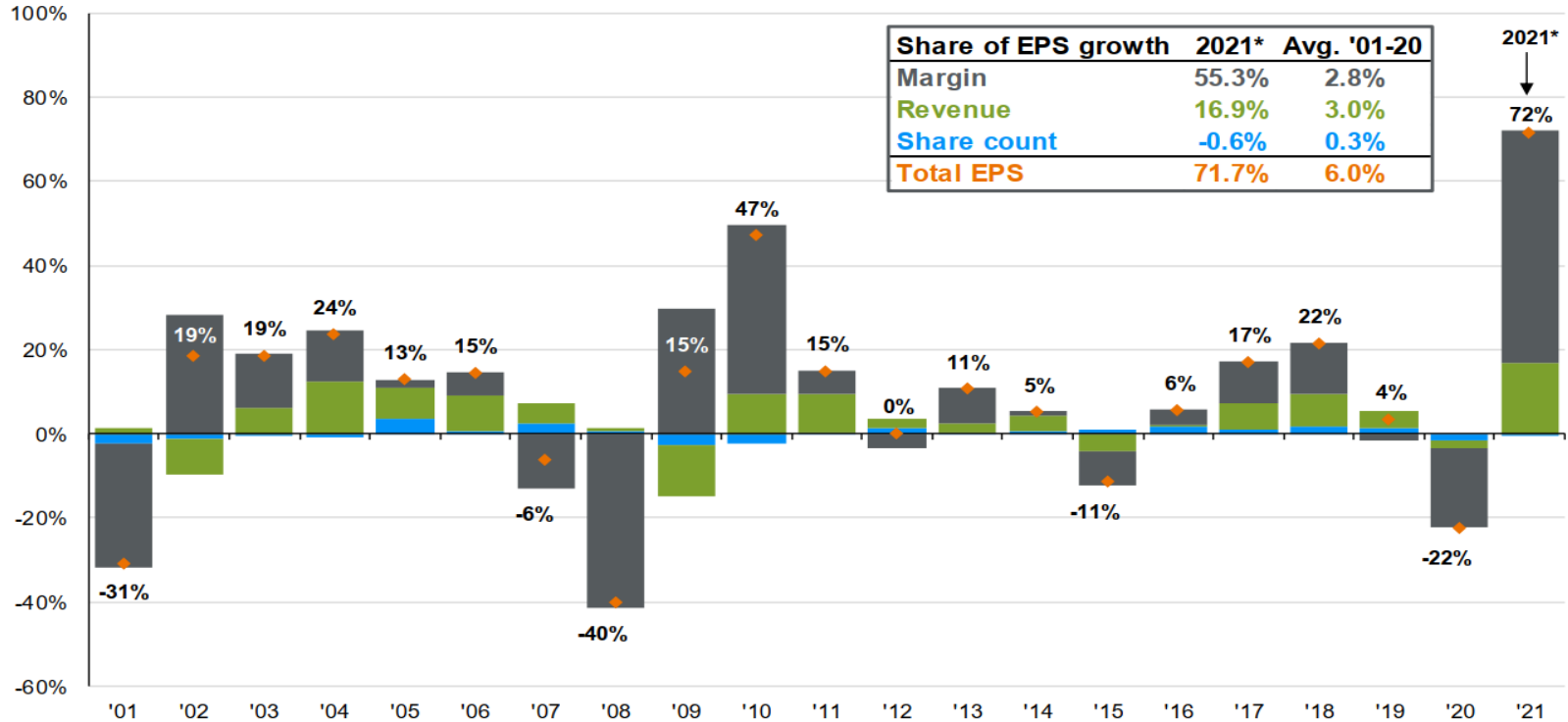
Middle Atlantic: -440,320

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





# 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%



# 2021 U.S. Stock Market Return

## S&P500 Total Return January 1 – December 31



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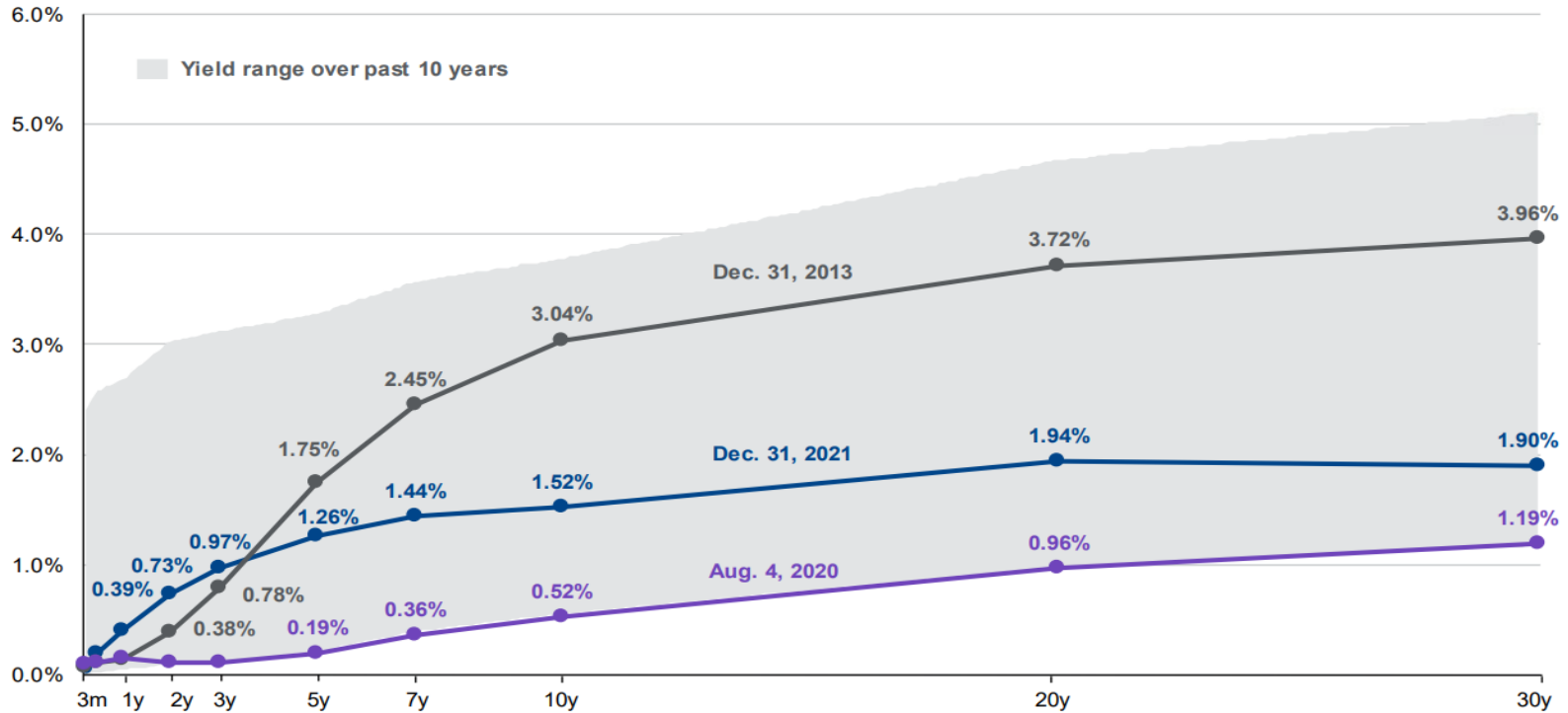
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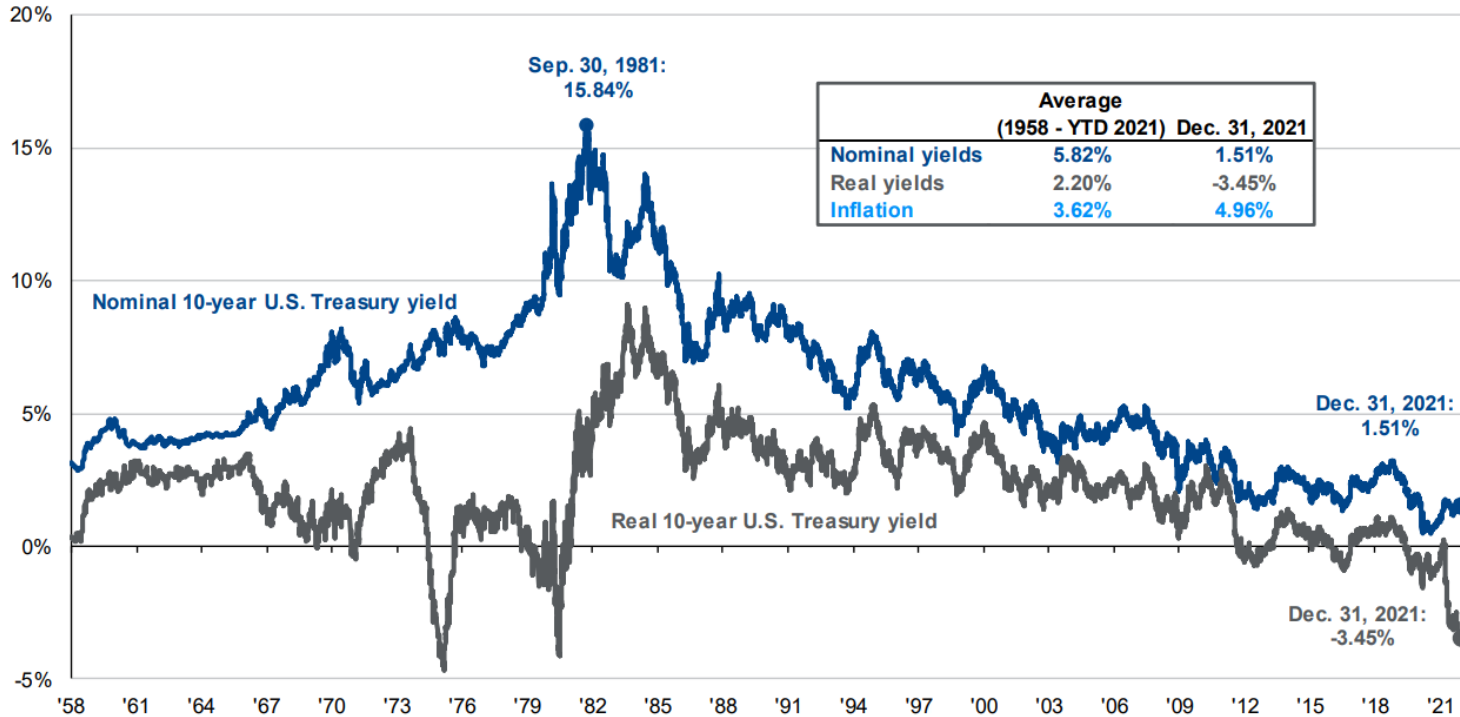
Reasons for  
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# U.S. Treasury Yield Curve



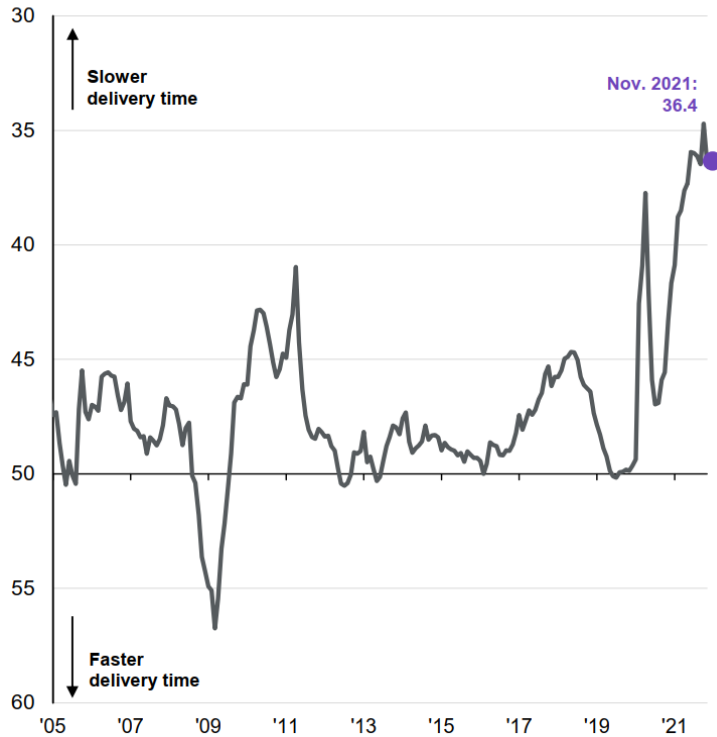
# Interest Rates and Inflation

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

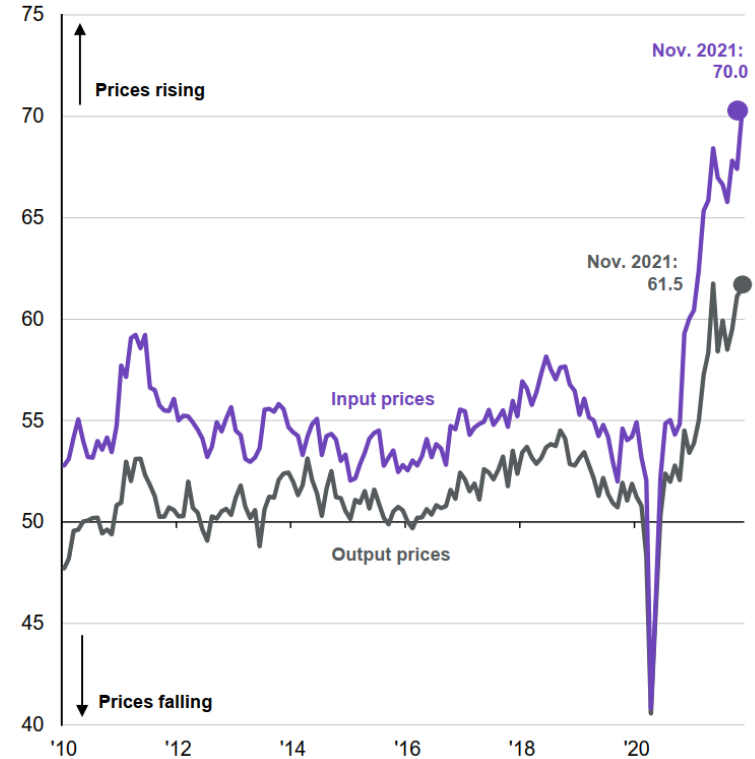


# Global Supply Chains and Inflation

Global PMI suppliers' delivery times index\*



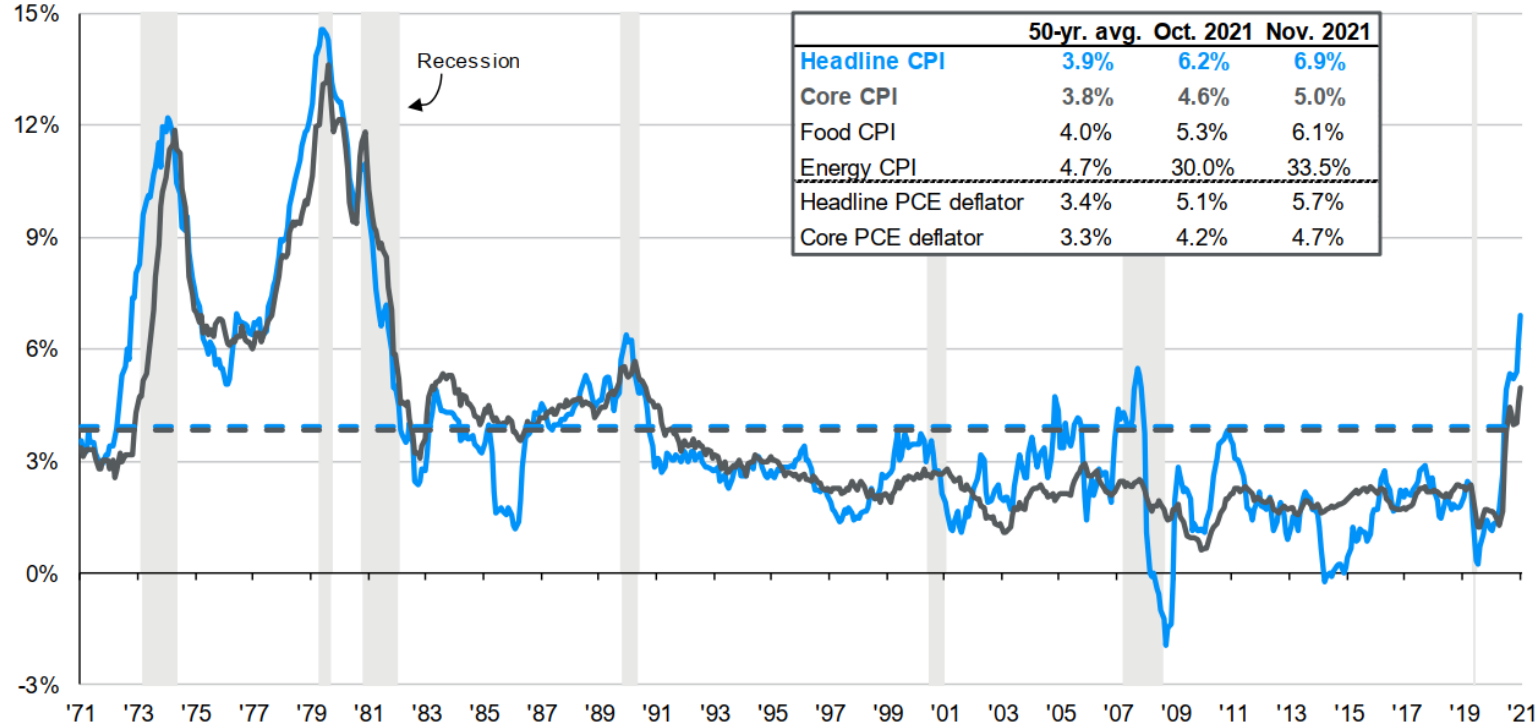
Global PMI input and output prices\*\*



# Inflation – The Last 50 Years

## CPI and core CPI

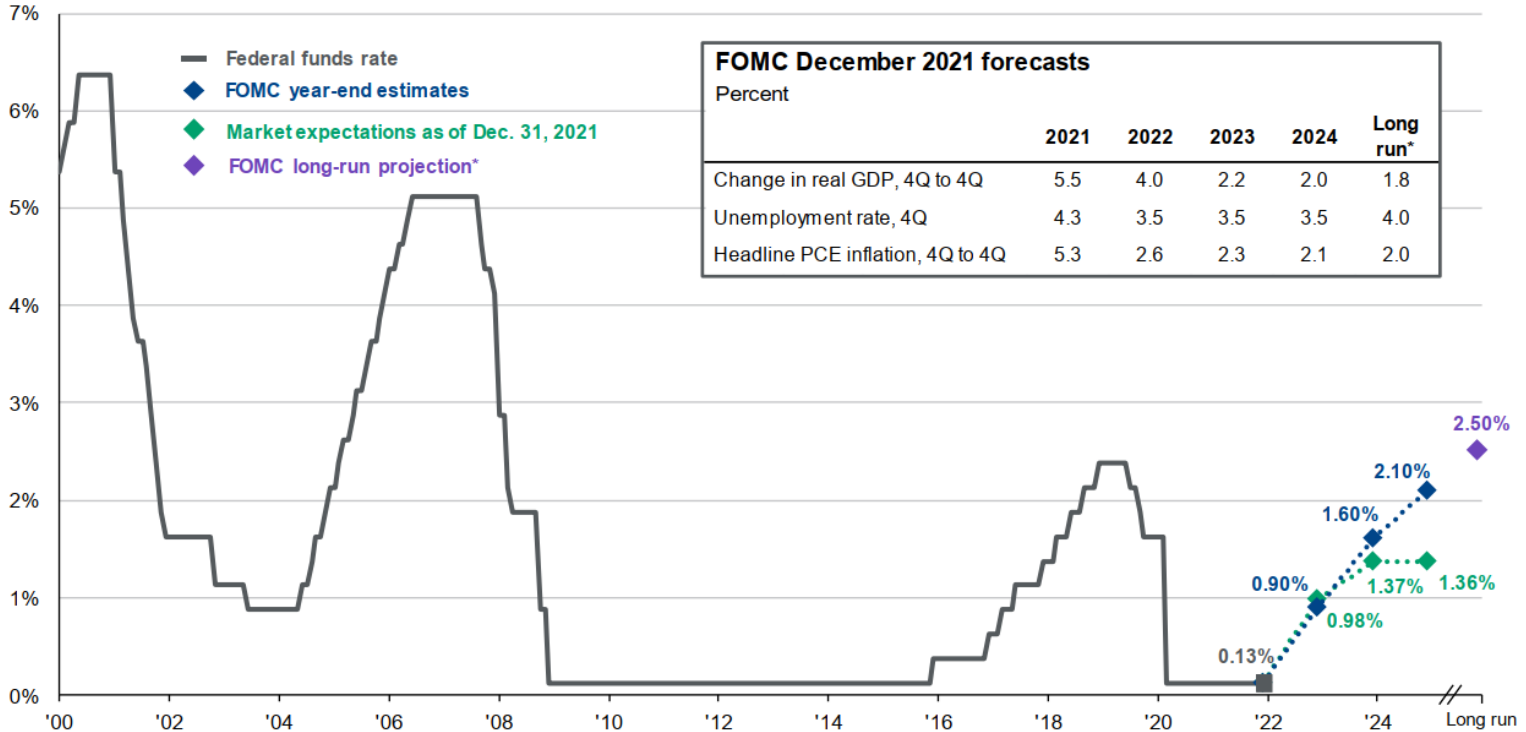
% change vs. prior year, seasonally adjusted



# The Fed and Interest Rates

## Federal funds rate expectations

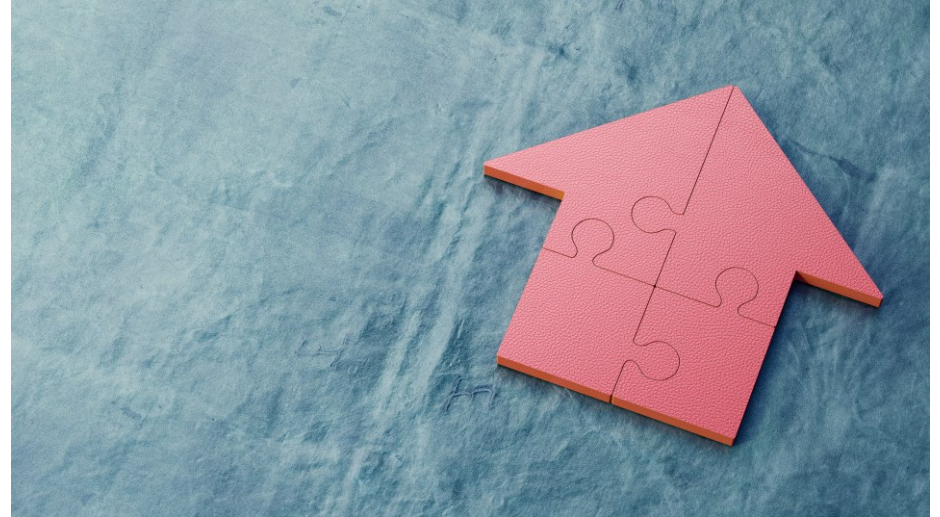
FOMC and market expectations for the federal funds rate





# 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.



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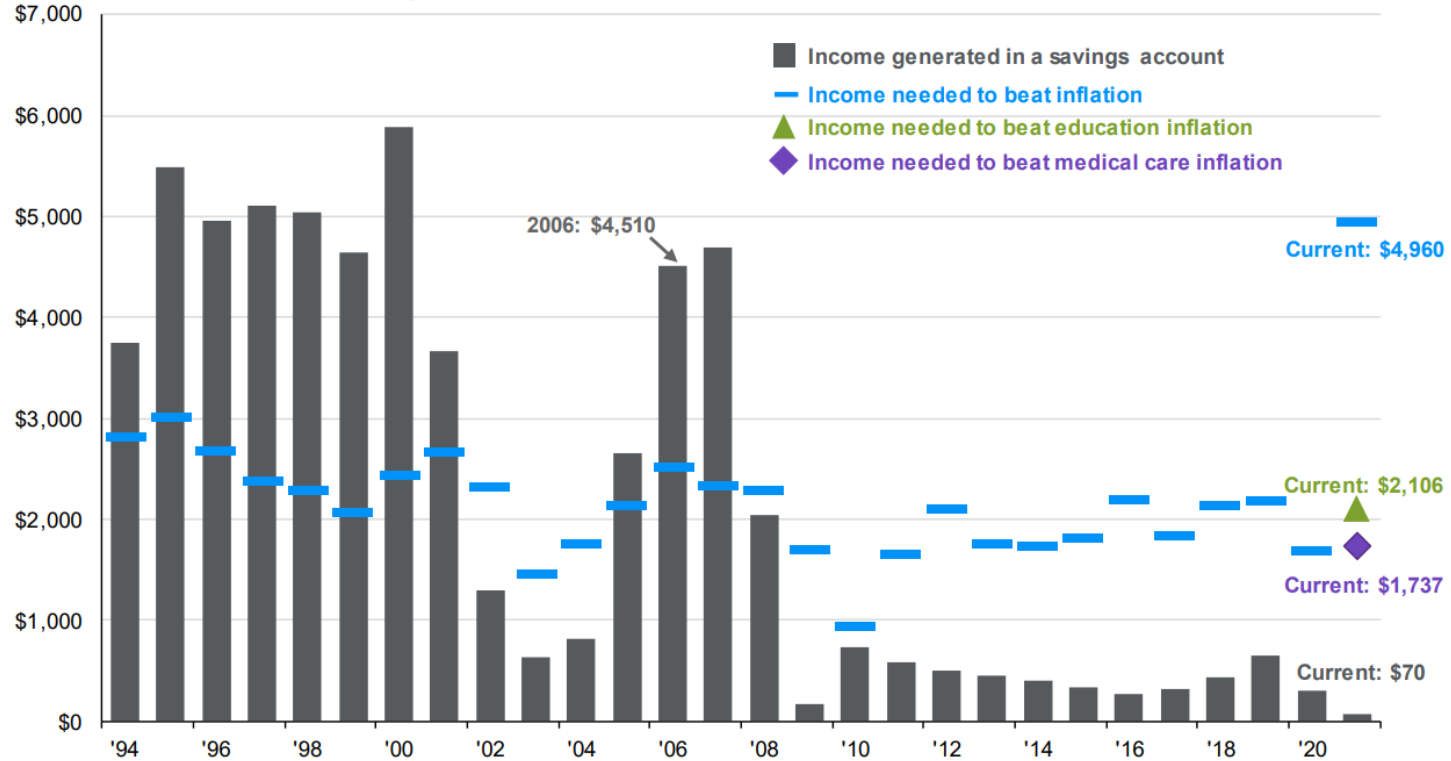
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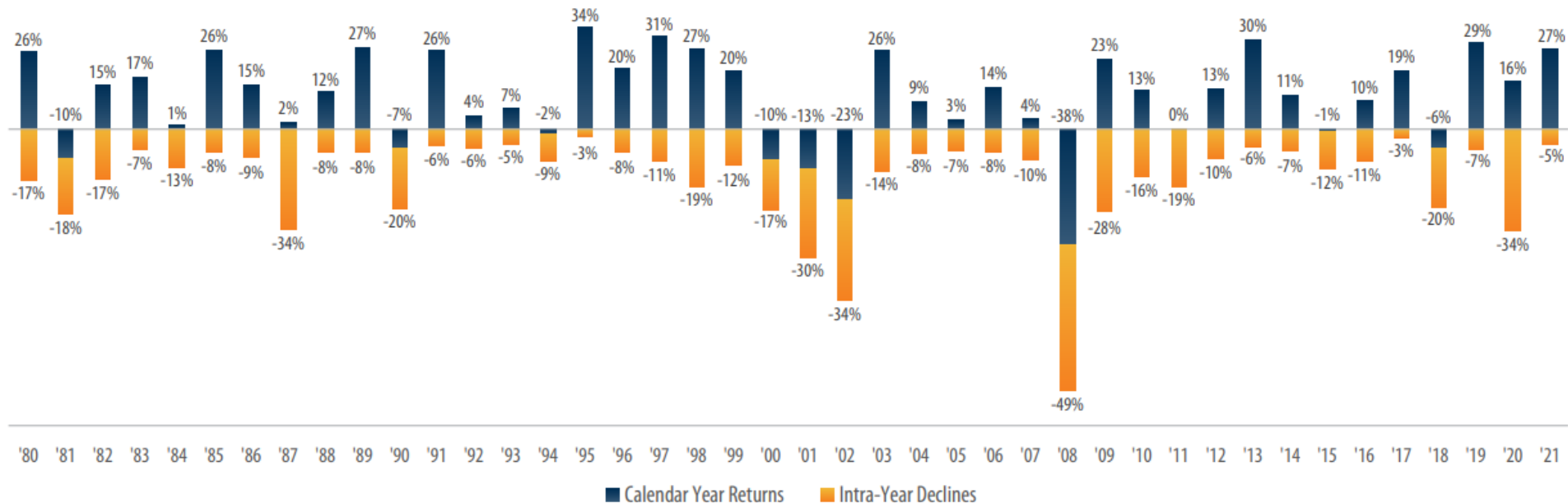
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# Savings Account Returns

Income earned on \$100,000 in savings accounts\*



# Market Volatility



# The Big 5

% SHARE OF S&P 500 INDEX

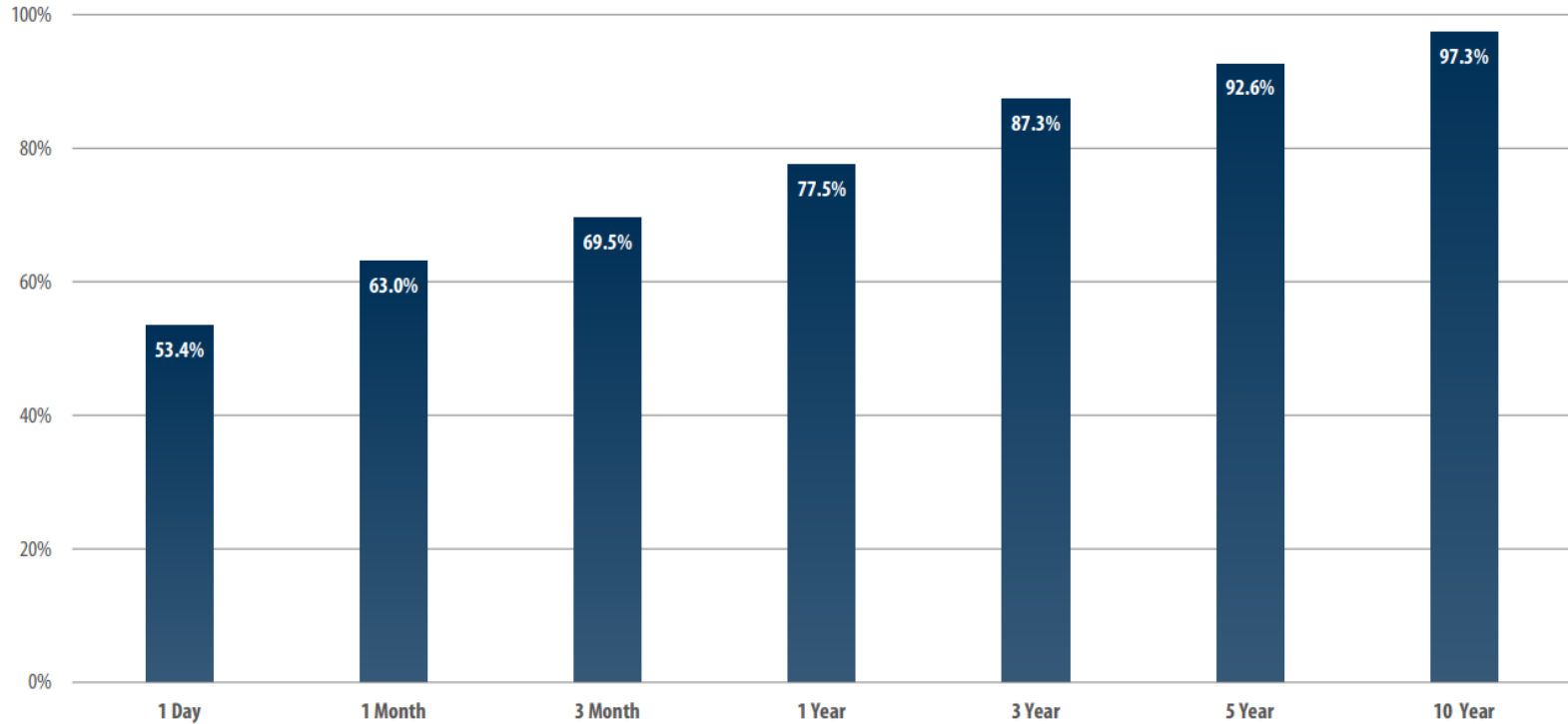


TOP 5 MEMBER FIRMS BY WEIGHT IN THE INDEX

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%

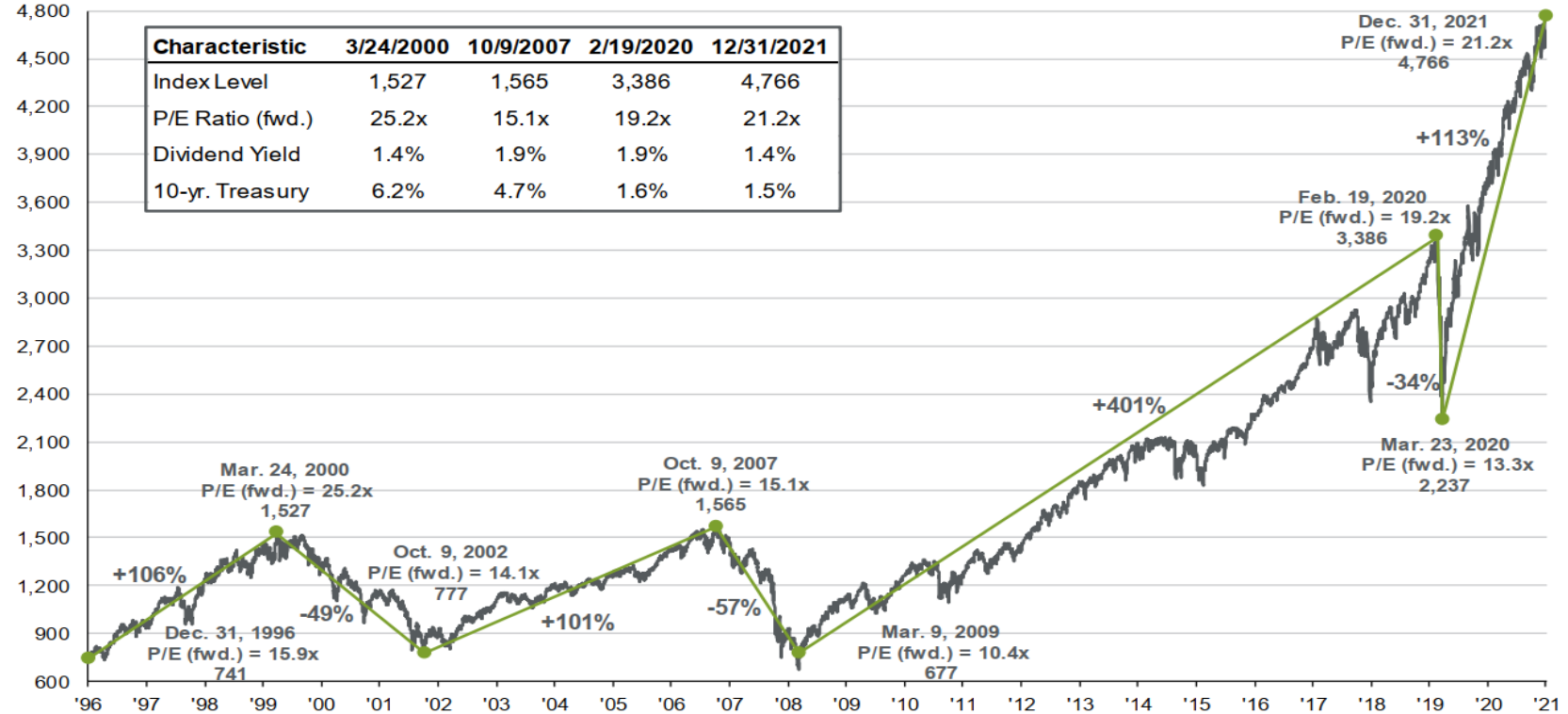
# “You Gotta Know When To Hold’em”

## Probability of Positive Returns – S&P500 Index Since 1937



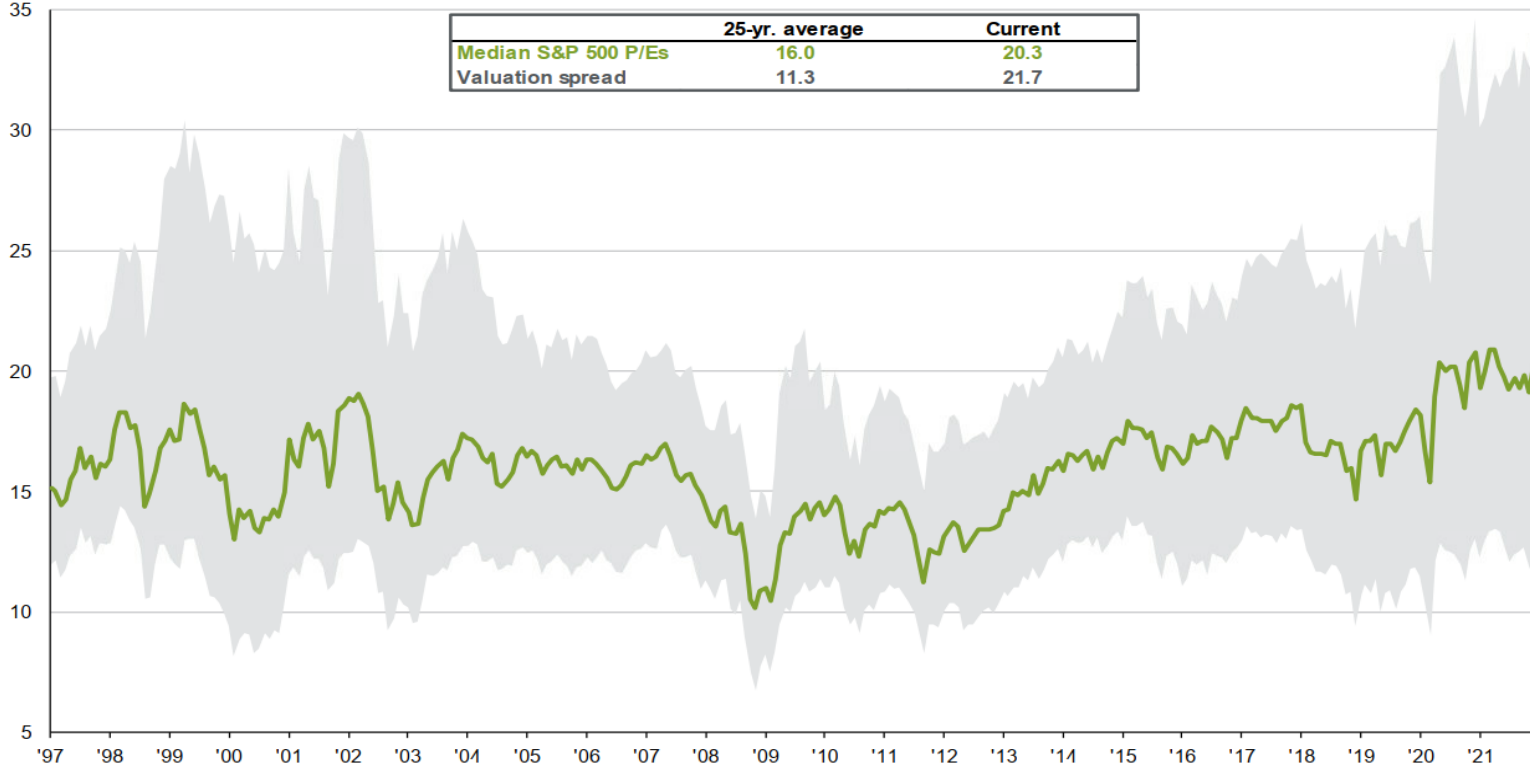
# S&P500 at Inflection Points

## S&P 500 Price Index



# S&P500 Company Valuation Dispersion

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





# Value vs. Growth

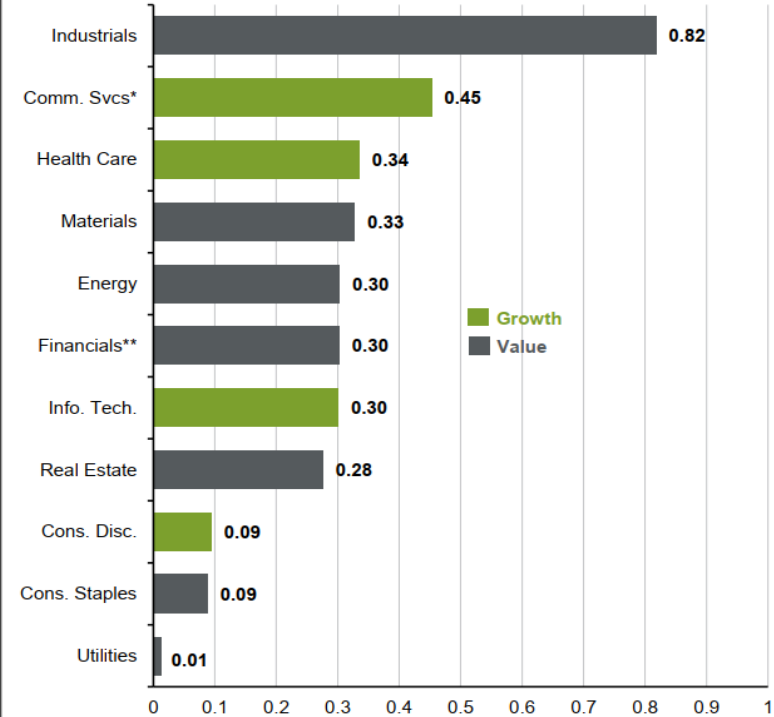
## Value vs. Growth relative valuations

Rel. fwd. P/E ratio of Value vs. Growth, 1997 - present



## S&P 500 sector earnings correlation to real GDP

1Q 2009 – 3Q 2021



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# Build Back Better

- 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 “well-intentioned” 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



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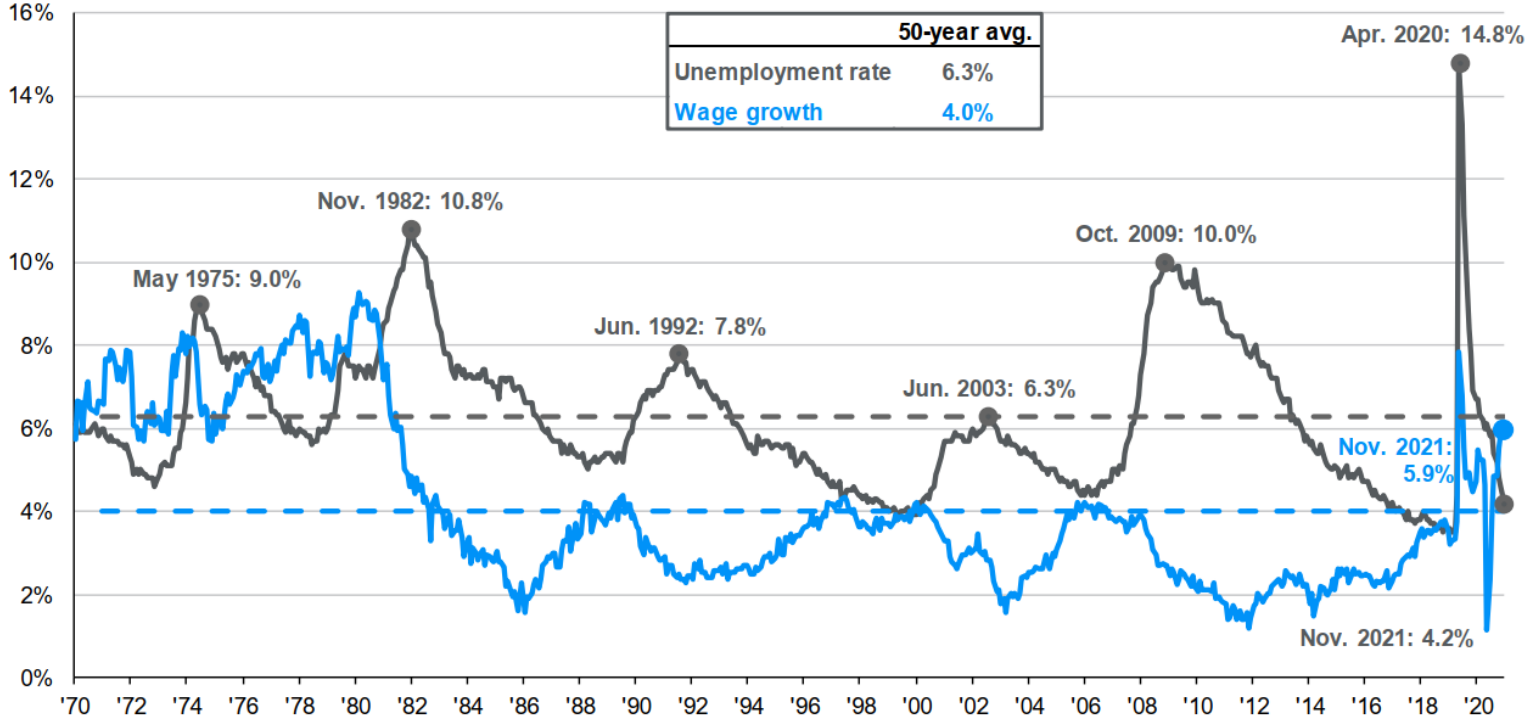
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# Unemployment and Wages

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

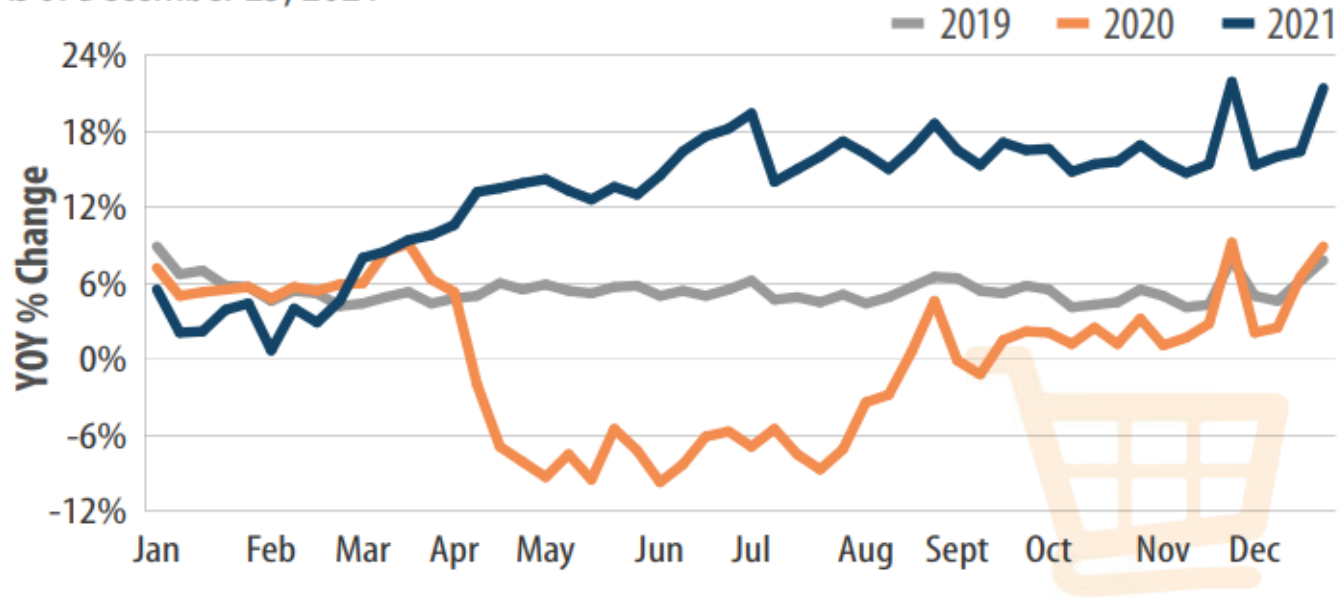
Private production and non-supervisory workers, seasonally adjusted, percent



# Retail Recovery

## WEEKLY RETAIL SALES

As of December 25, 2021

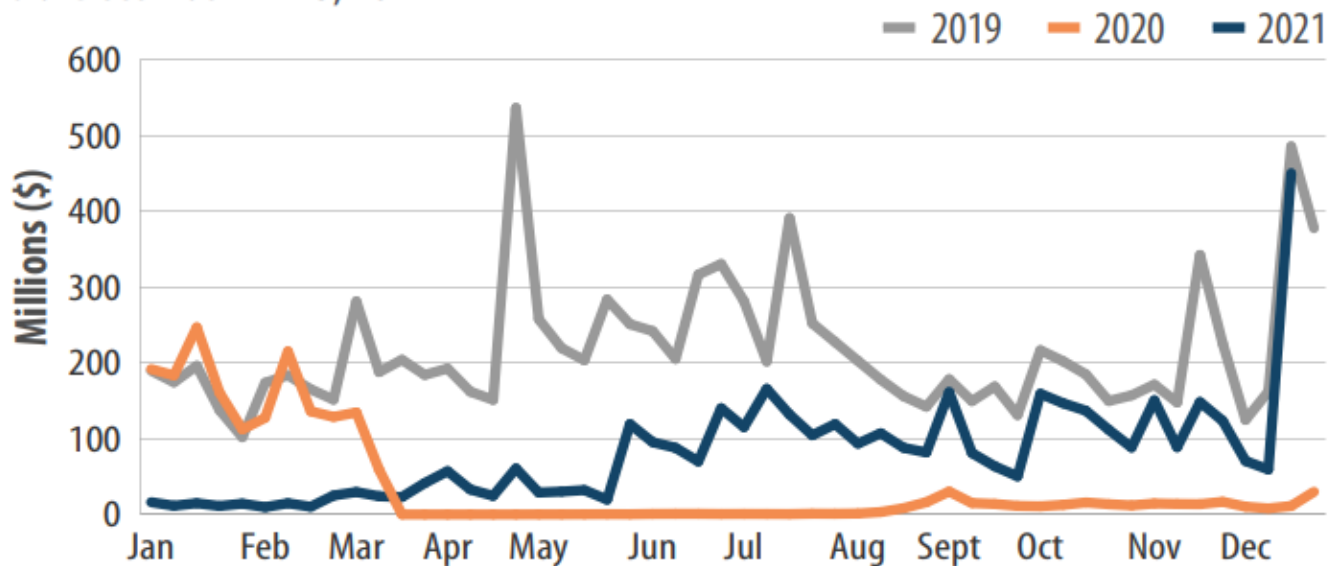




# The Box Office Boom

## 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.

# Closing Message

**USA**

***Still the best country in the world!***



# Aspect Wealth Management

## Investment Management

Active Management

Investment Research

Tax Efficiency

Education Funding

## Financial Planning

Goals-based Planning

Benefit Coordination

Income Optimization

Social Security Analysis

## Risk Management

Asset Protection

Liability Insurance

Long Term Care Insurance

Life/Disability Insurance

## Estate Planning

Document Review

Beneficiary Review

Proper Use of Trusts

Charitable Planning

## Tax Planning

Deferral Techniques

Roth Conversions

CPA/Attorney Coordination

Loss Harvesting

## Business Planning

401(k) Plan Design

Non-Purpose Lending

Succession Planning

Executive Retention

# Our Team!



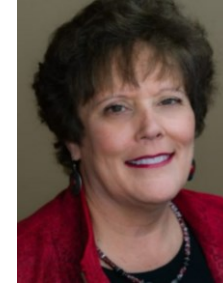
**Michael  
Clark\*\* CIMA®,  
CRC®**



**Zachary  
Clark\*\*  
CFP®**



**Jane  
Weekley\*\*  
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**Denise  
Salzman\*\*  
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**Jenny Glineau  
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**Evita  
Hernandez  
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**Ryan Blais  
Client  
Services**



**Swaroopa  
Padala  
Operations  
Analyst**



**Jacqueline  
Clark  
Event  
Coordinator**

# Thank You!

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