



December 3, 2020

Dear Valued Investor:

Hindsight is 20/20, but finding clarity in future uncertainty can be fuzzy. 2019 has been a very rewarding year for investors. One year ago after publishing *Outlook 2019* we were all tested with market volatility, and that's a reminder that we need to continue to be prepared for uncertainty in the markets.

As we look forward to the year 2020 and a new decade, some key trends and market signals will be important to watch. These include progress on U.S.-China trade discussions, slowing global growth, an encouraging outlook from corporate America, and continued strength in consumer spending. To help keep it all in focus, LPL Research *Outlook 2020: Bringing Markets Into Focus* offers investment insights and market guidance through the end of 2020.

As *Outlook 2020* explains, progress on trade remains central to growth projections. LPL Research expects 1.75% U.S. gross domestic product (GDP) growth in 2020, which reflects the potential for continued trade and geopolitical uncertainties amid the expected gradual slowing of the economy at this point in the economic cycle.

The bond market also is expected to show a modest increase in longer-term yields, supported by continued flexibility by the Federal Reserve in setting interest rates. LPL Research's year-end 2020 forecast for the 10-year U.S. Treasury yield is a range of 2–2.25%.

Expectations for better corporate earnings growth in 2020, along with continued economic growth in the United States, could support stocks at current valuations. After the strong market gains thus far in 2019, corporate earnings may be the primary driver for stocks next year. The LPL Research team calculates that the S&P 500 could increase by mid-single-digits, consistent with profit gains, by the end of 2020, and they believe mild inflation and still-low interest rates will support these valuations. At the same time, we are mindful of our position in this extended business cycle, and we'll be on the lookout for signs of moderation.

Together we will continue to monitor the impact of trade negotiations, the upcoming elections, and keep an eye on developments around the world. The LPL Research *Outlook 2020* is here to help, bringing some clarity to a complex investing environment and providing insightful commentary to support investment decisions during the year ahead. If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey A. Keessen".

Jeffrey A. Keessen, AIF

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