

January 6, 2022

Dear Valued Investor:

With the New Year comes new beginnings, new goals, new challenges, new friendships, and new opportunities. 2021 was an incredible year for the economy and investors, but to us the future remains bright for 2022 and beyond.

Let's take a look back at 2021. Our economy is on track for over 5% growth for the year, which could end up being the best year for economic growth since the early 1980s. The dual tailwinds of fiscal stimulus and monetary policy helped steady the economy as it dealt with historic supply shortages, record inflation, employment shortages, and the pandemic. Looking to 2022, as the U.S. economy moves to more mid-cycle, 4.0-4.5% gross domestic product (GDP) growth is quite likely. This isn't as strong as 2021, but would still be much better than recent years.

One of the key themes we see in 2022 is for the economy to be ready for a handoff, moving away from government spending and monetary policy, back to a greater emphasis on the individual choices of households and businesses. We see this passing of the baton in 2022 with consumers, productivity, small businesses, and capital investments all playing a part in the next stage of economic growth. Inflationary pressures may steadily decrease over the next year as conditions improve, but how smoothly that handoff is executed may determine the course of the recovery.

The stock bull market continued last year with very solid gains. In fact, the S&P 500 Index had the second most new all-time highs in any year ever in 2021. It was an incredibly consistent move higher as well, with all 12 months of 2021 making a new all-time high along the way. Strong earnings growth and an adaptive corporate America helped contribute to the healthy stocks gains. This economic cycle likely has at least a few more years left, increasing the chances of another good year for stocks in 2022.

The battle against COVID-19 is far from over, but we continue to see light at the end of the tunnel. The Omicron variant is the new dominant strain, but hospitalizations and deaths are fortunately still well off previous peaks from earlier strains, even as new cases soar. Cases of the flu are beginning to show up, something that we haven't seen since early 2020, and yet another clue COVID-19's grip on us could be loosening.

Lastly, 2022 is a mid-term year, which means Washington talk will dominate the news cycle. Please remember to separate your political views from your investments, as the stock market cares more about the future of the economy than anything else. Though 2021 was an easy year for investors, 2022 will probably be harder. Mid-term years historically have been quite volatile for stocks. It is always important to have a plan in place before the storm potentially comes. The time to plan is before, not during, the storm.

Here's to a successful and healthy 2022, and please contact your financial advisor if you have any questions.

Sincerely,



Ryan Detrick, CMT
Chief Market Strategist
LPL Research

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.

All index data from FactSet.

All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy.

This research material has been prepared by LPL Financial LLC.

Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC).

Insurance products are offered through LPL or its licensed affiliates. To the extent you are receiving investment advice from a separately registered independent investment advisor that is not an LPL affiliate, please note LPL makes no representation with respect to such entity.

<p>Not Insured by FDIC/NCUA or Any Other Government Agency Not Bank/Credit Union Guaranteed Not Bank/Credit Union Deposits or Obligations May Lose Value</p>
