



December 2020

## Can we see a light at the end of the tunnel?

Where do you begin to summarize a year like 2020? A global pandemic, extreme weather and natural disasters, remote work and school, historically volatile markets, and a hotly contested-presidential election all contributed to a roller coaster year.

The year was tumultuous and unprecedented. From an economic standpoint, we started on a high note with low unemployment, low interest rates and inflation, and a growing economy. Once the pandemic hit and the economy shut down, markets dropped very quickly by 35%. Interest rates were lowered, the Federal Reserve opened lending programs for businesses and bolstered our financial system, and Congress passed the Cares Act, which provided relief and stimulus for individuals and businesses. The markets rallied, led by technology, health care, and essential services like Walmart/Costco, etc. Other sectors lagged, depending on their ability to sustain during the downturn. As we worked from home, residential real estate stayed very strong, but many are reevaluating what the future looks like for commercial properties.

As the economy recovers in some areas, the pandemic has worsened. However, markets are forward-looking, and the stimulus is having the intended affect. For more information about the economic recovery, we have included a piece from Larry Adam, Raymond James CIO.

**MAIN OFFICE**  
**FLINT, MICHIGAN**  
5206 Gateway Centre, Suite 300  
Flint, MI 48507  
Phone: 810-732-7411  
Fax: 810-732-8190

**FLORIDA OFFICE**  
712 S. Oregon Ave.  
Tampa, FL 33606  
Phone: 813-251-1879  
Fax: 813-251-1716

**PEARL PLANNING**  
8031 Main Street, Suite 302  
Dexter, MI 48130  
Phone: 734-274-6744  
Fax: 734-274-6754

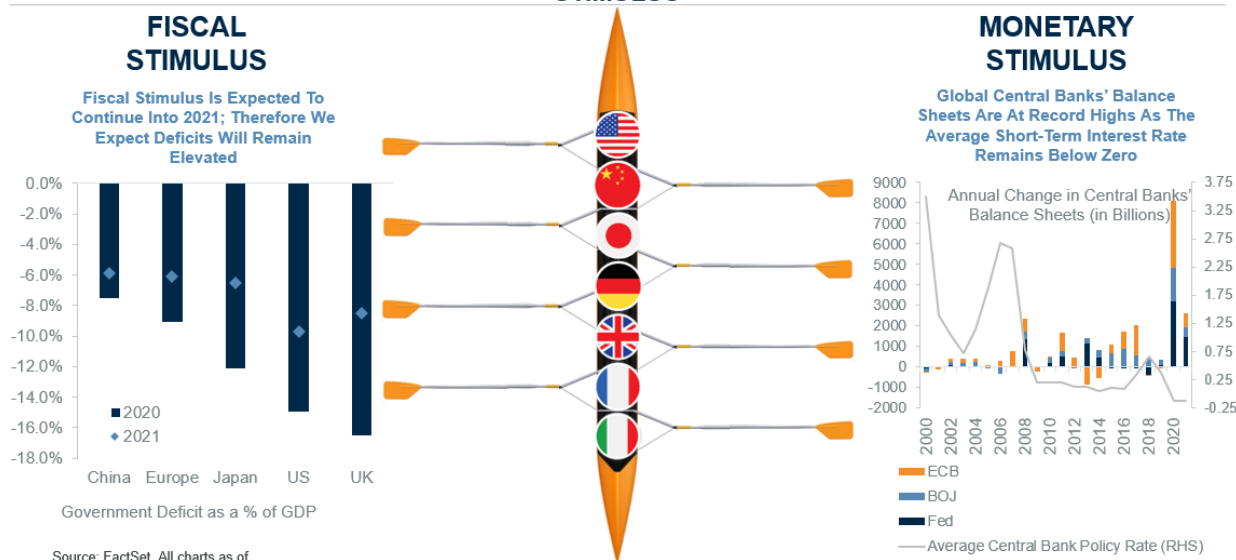
[StephensWMG.com](http://StephensWMG.com)

## FINANCIAL MARKET UPDATE\*

*Year-to-date change as of 12/31/20*

- S&P 500 Index..... 18.40%
- Bloomberg Commodity Index.....-3.1%
- MSCI EAFE \$\$ (International)..... 7.80%
- Barclay US Aggregate Bond... .. 7.5%

**GLOBAL SYNCHRONIZED RECOVERY | SYNCHRONIZED GLOBAL FISCAL AND MONETARY STIMULUS**



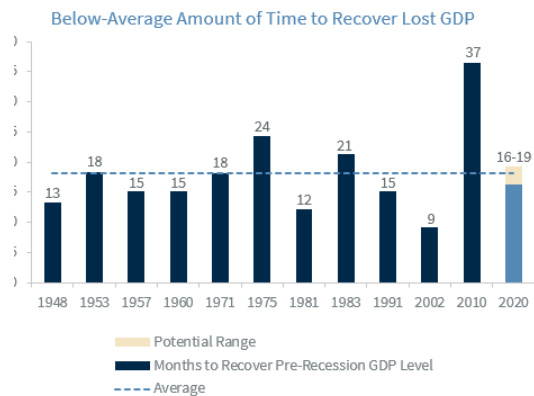
RAYMOND JAMES

Global synchronized fiscal and monetary stimulus is key to the turn-around. Government deficits, depicted on the left, are all at or near record levels as countries try to spend to sustain the growth that was negatively impacted by the pandemic. But when looking at 2021, most countries are still planning on spending fairly similar amounts to 2020. To put things into perspective, the number indicated for the US doesn't even include the potential for a massive infrastructure program under the Biden administration. When you look at monetary stimulus on the right, global central banks brought interest rates down to record lows and are likely to keep them there for the foreseeable future. When we look at bond buying by the European Central Bank, Bank Of Japan and the Fed, they combined last year to purchase over \$8T in bonds, and this year if we exclude 2020, we are already at a record pace of bond buying. The combination of monetary and fiscal stimulus will continue to stimulate economies worldwide.

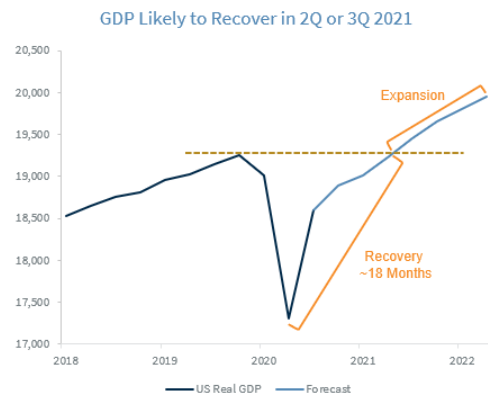
Source: 10 Themes for 2021\*\*

## US ECONOMIC RECOVERY | FROM RECOVERY TO EXPANSION

WHILE EXPECTED TO REACH PRE-PANDEMIC LEVELS AROUND THE END OF 2Q21, THE ECONOMIC REBOUND WILL BE UNEVEN



**2Q/3Q 2021**  
When GDP is Expected to Rise to Pre-Pandemic Levels



Source: FactSet. All charts as of 12/31/2020

7

RAYMOND JAMES

The Raymond James investment group expects the US economy to reach pre-recession levels in 2Q21 at the earliest, which would mark 16 months since the recent peak. A below-average duration of time to recover lost economic growth would be impressive, given that the COVID-driven decline was the sharpest economic decline since the Great Depression.

Source: 10 Themes for 2021\*

### Congress shifts

As of this writing, the Georgia senate race has been decided and has established a Democratic majority in the Senate, in addition to the House. The riots in Washington DC have introduced uncertainty into our political system and concern about continued social unrest. However, the financial markets remain focused on the recovery.

Based on the outcome of the election and the rollout of a vaccine, some key themes have emerged for 2021:

- The distribution of the vaccine with 90%+ efficacy rates is the **most powerful** way the economy can recover and return to sustainability.
- Global synchronized economic recovery. Low interest rates, infrastructure programs, and stimulus are a bridge to recovery for businesses and individual and earnings rebound.
- Pent-up demand - The savings rate increased in 2020.
- Taxes - Among Biden's proposals are tax increases for corporations and higher earning individuals. It is too early to tell what priorities will be passed, as the vaccine distribution, stimulus and infrastructure, and climate change are ambitious agendas.

Planning for your specific circumstances is always our objective, while adapting to an ever-changing landscape. Diversification proved to be a valuable strategy in 2020. While we believe there are many reasons to be optimistic in the near term, we will continue to plan for risk along the way.

## Website Update

We are excited to share that our website is undergoing an update to make it easier for you to find resources (webinars, papers, blogs, etc.) on topics of interest, familiarize potential clients with the range of services we offer based on their needs, and provide team member profiles so that it is easy to get to know the team that supports you. We expect to launch the new website before the end of this quarter and will send out an announcement once the website is live.



## Joining us in the office for a meeting?

While many clients would prefer to remain virtual for the near future, we do have the option of meeting clients in person. If you would prefer an in-person meeting, simply let us know when you schedule the meeting. Our staff will go through a protocol prior to your visit that you are likely familiar with by now. Questions about COVID-19 symptoms and exposure to others with the illness are the primary focus. On the day of your visit, we simply ask that you wear a mask and know that we will take your temperature, and have you complete a short questionnaire. Know that we remain vigilant in our own preventative practices including wearing masks in the office, a strong cleaning regiment, and an upgraded HVAC system.

**Stay safe, healthy, and let us know how we can help you.**

*\*Past performance may not be indicative of future results. Expressions of opinions are as of this date and are subject to change without notice. Any opinions are those of Sherri Stephens and not necessarily those of RJFS or Raymond James. Diversification and asset allocation do not ensure a profit or guarantee against a loss. International investing involves special risks, including currency, fluctuations, differing financial accounting standards, and possible political and economic volatility. You should discuss any tax or legal matters with the appropriate professional. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Investing involves risk and investors may incur a profit or a loss regardless of strategy selected. There can be no assurance that any investment will meet its performance objectives or that substantial losses will be avoided. Raymond James is not affiliated with any of the above listed organizations.*

*\*\*The views expressed in this commentary are the current opinion of the Chief Investment Office, but not necessarily those of Raymond James & Associates, and are subject to change. Information contained in this report was received from sources believed to be reliable, but accuracy is not guaranteed. Past performance is not indicative of future results. No investment strategy can guarantee success. There is no assurance any of the trends mentioned will continue or that any of the forecasts mentioned will occur. Economic and market conditions are subject to change. Investing involves risks including the possible loss of capital. Material is provided for informational purposes only and does not constitute a recommendation. Diversification and asset allocation do not ensure a profit or protect against a loss. Dollar-cost averaging cannot guarantee a profit or protect against a loss, and you should consider your financial ability to continue purchases through periods of low-price levels.*

## LEAVE NOTHING TO CHANCE

*Securities offered through Raymond James Financial Services, Inc. Member FINRA/SIPC. Investment advisory services offered through Raymond James Financial Services Advisors, Inc. Stephens Wealth Management Group is not a registered broker dealer and is independent of Raymond James Financial Services.*