



Pikes Peak Chapter

**Presented by: Tim Watson, CFP®, AIF®
EverOak Wealth Co.**

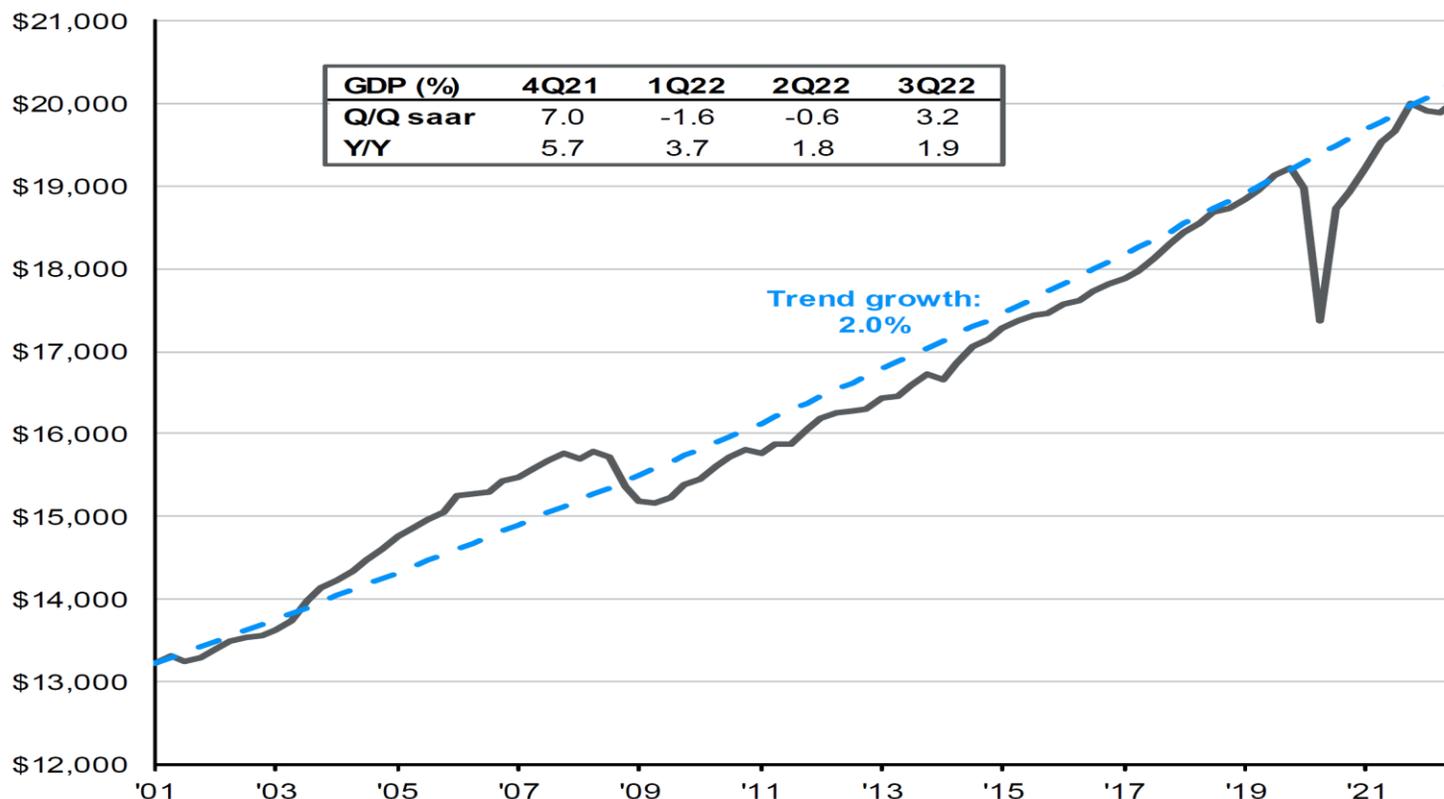


Economic growth and the composition of GDP

Economy

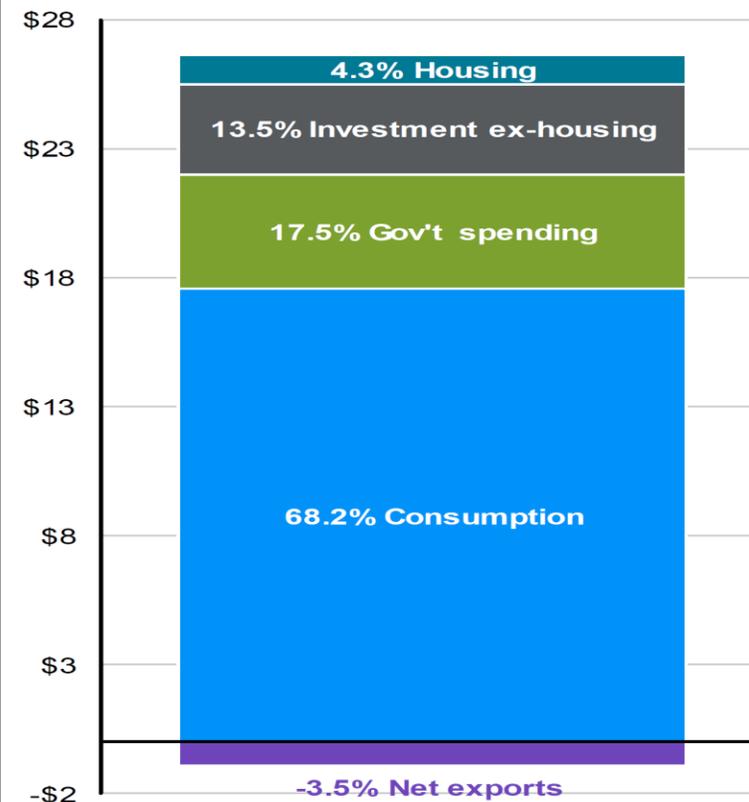
Real GDP

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



Components of GDP

3Q22 nominal GDP, USD trillions



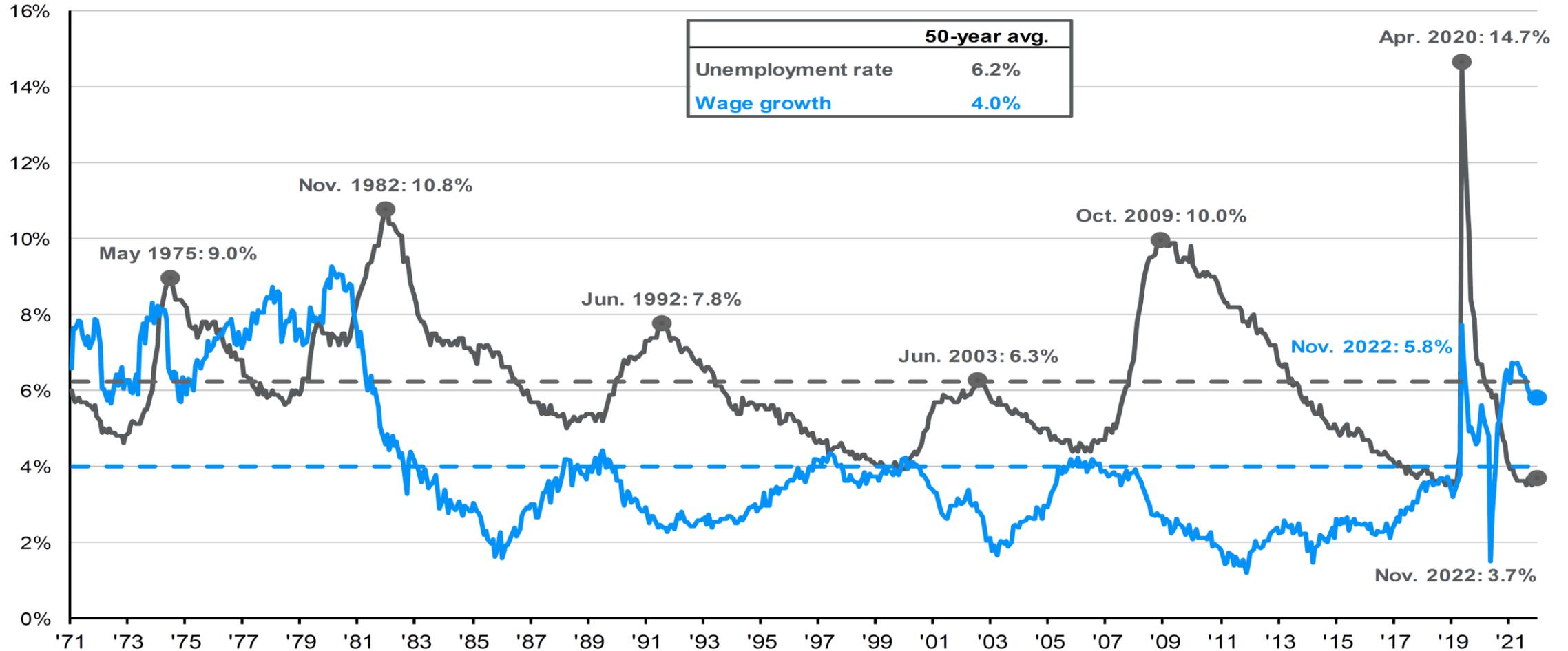
Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19. Guide to the Markets – U.S. Data are as of December 31, 2022.



Unemployment and wages

Civilian unemployment rate and year-over-year wage growth

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



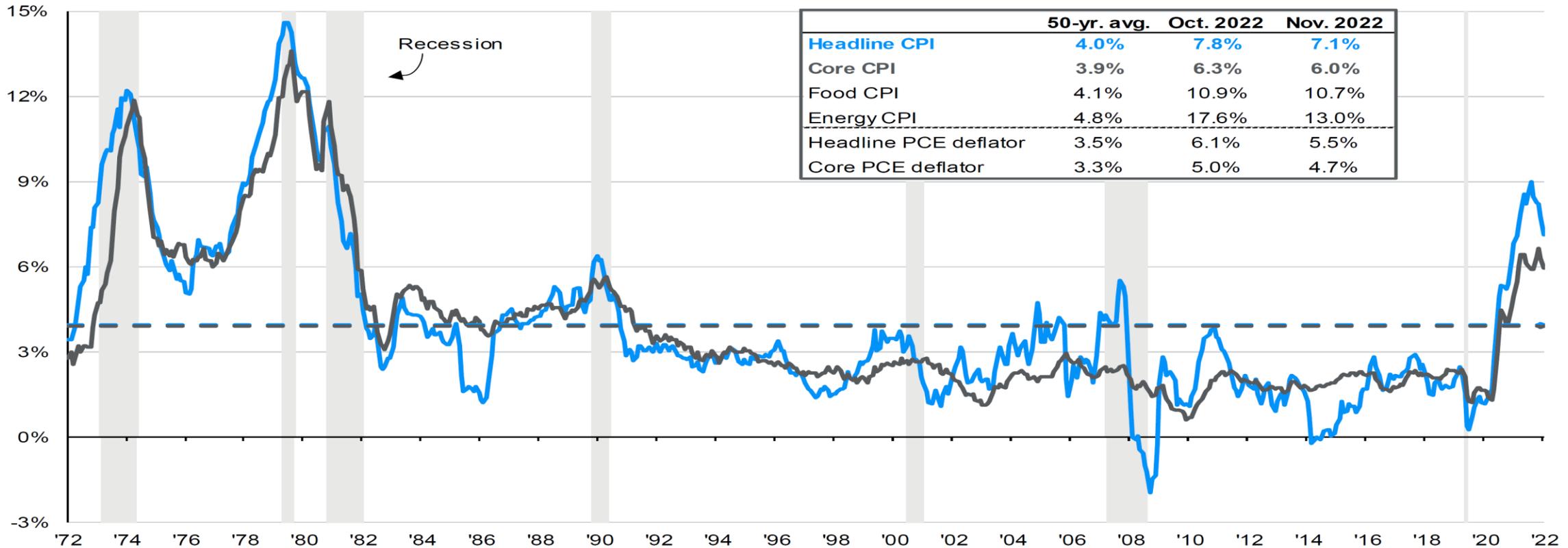


Inflation

Economy

CPI and core CPI

% change vs. prior year, seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset 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, 2022.

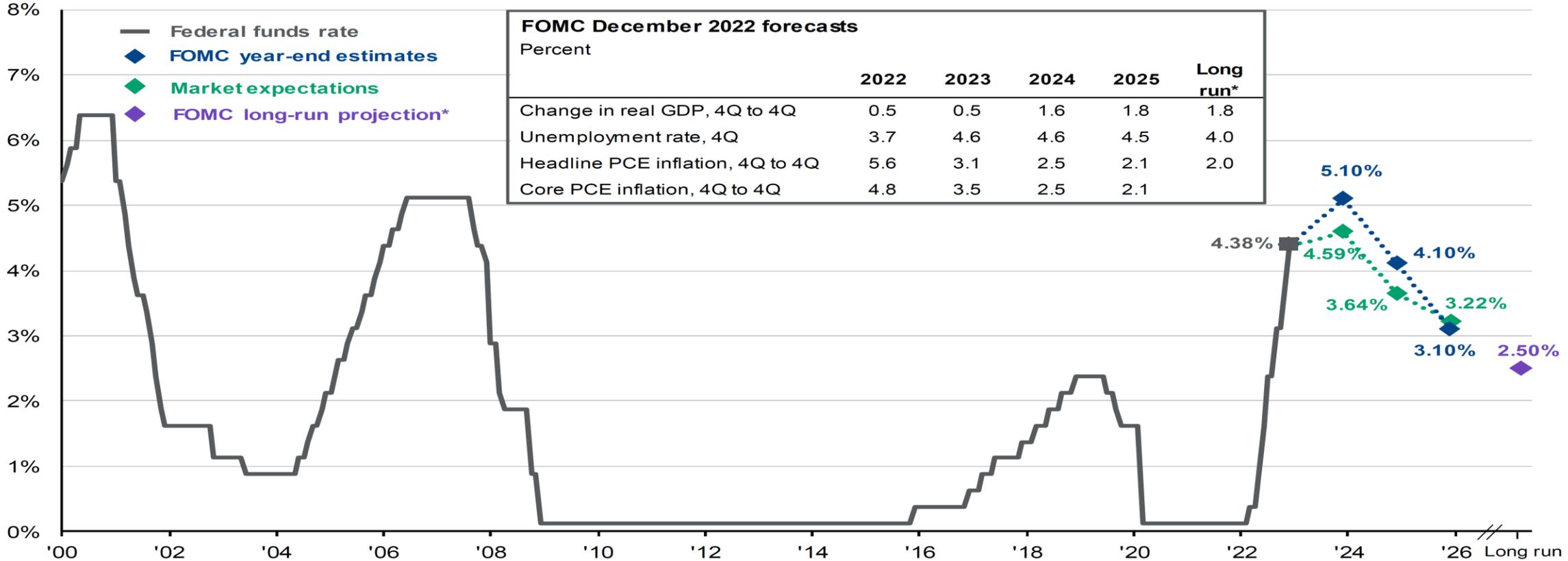


The Fed and interest rates

Fixed Income

Federal funds rate expectations

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 respective Federal Funds Futures contracts for December expiry. *Long-run 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 forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

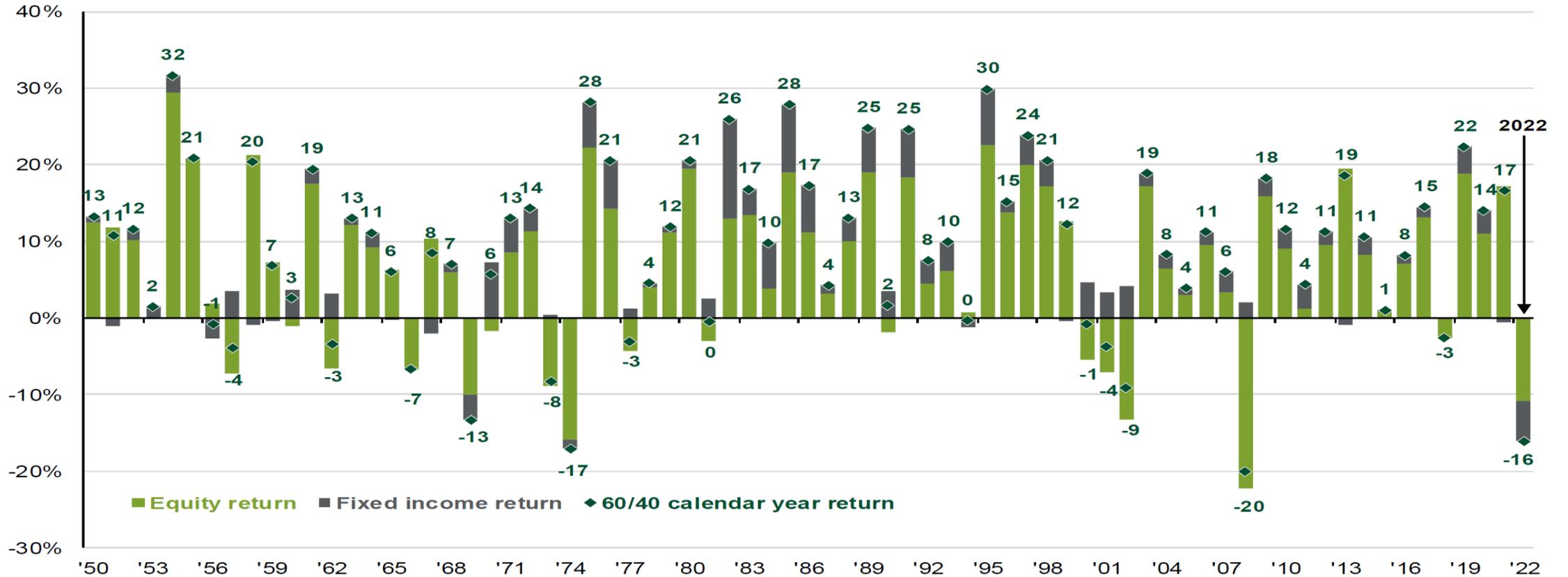
Guide to the Markets – U.S. Data are as of December 31, 2022.



60/40 annual returns

60/40 annual return decomposition

Total returns, 1950 – present

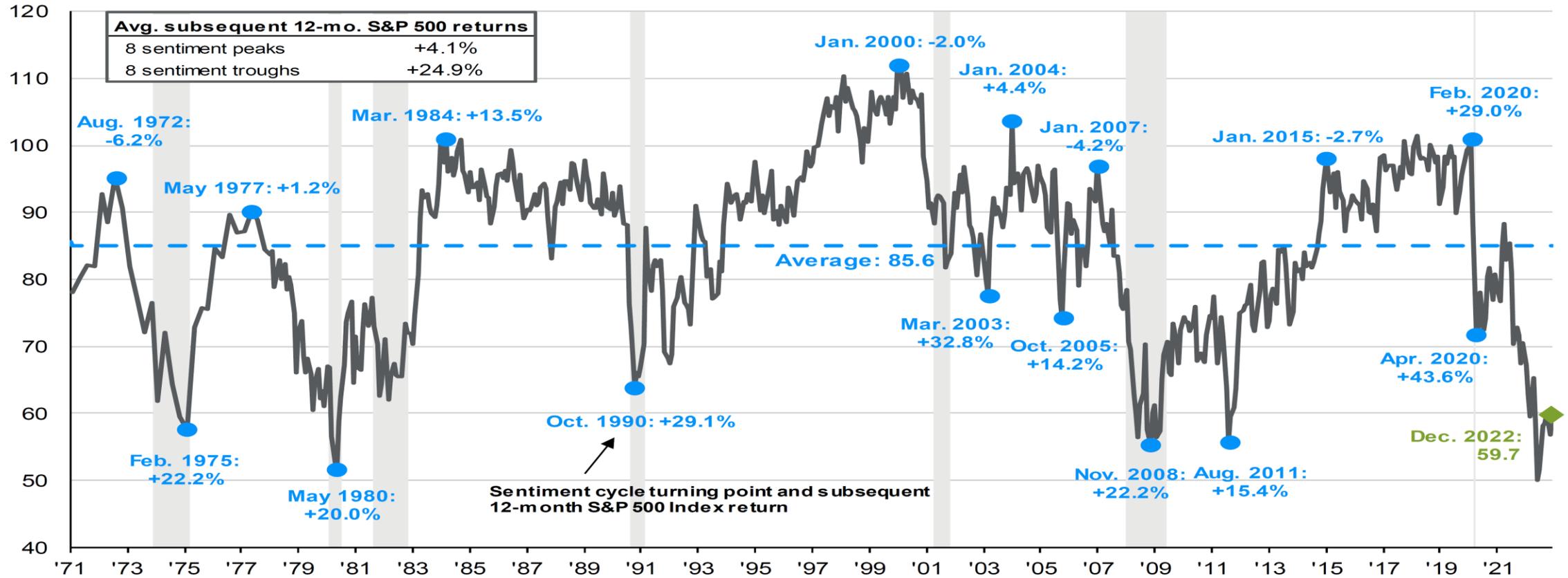


Source: FactSet, Standard & Poor's, Robert Shiller, Yale University, Bloomberg, Ibbotson/Strategas, J.P. Morgan Asset Management. The 60/40 portfolio is 60% invested in S&P 500 Total Return Index and 40% invested in Bloomberg U.S. Aggregate Total Return Index. S&P 500 returns from 1950 – 1970 are estimated using the Shiller S&P Composite. U.S. fixed income total returns from 1950 – 1975 are estimated using data from Strategas/Ibbotson. The portfolio is rebalanced annually. *Guide to the Markets – U.S.* Data are as of December 31, 2022.



Consumer confidence and the stock market

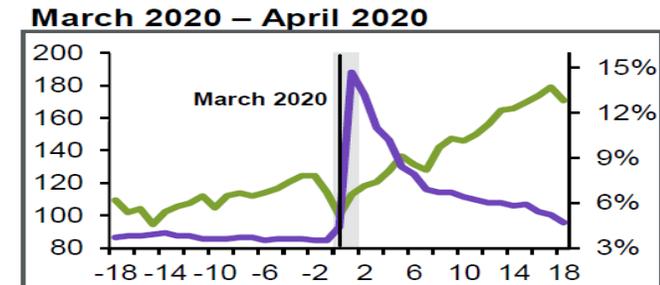
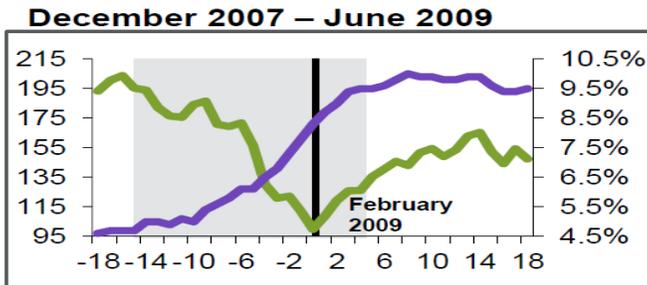
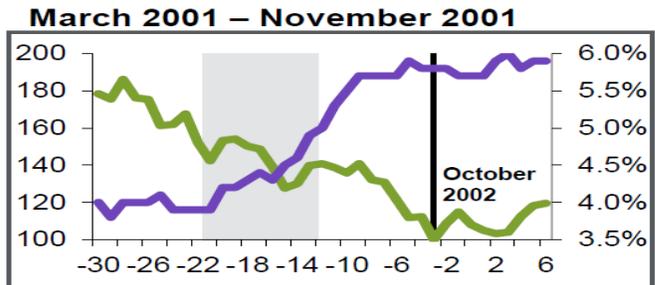
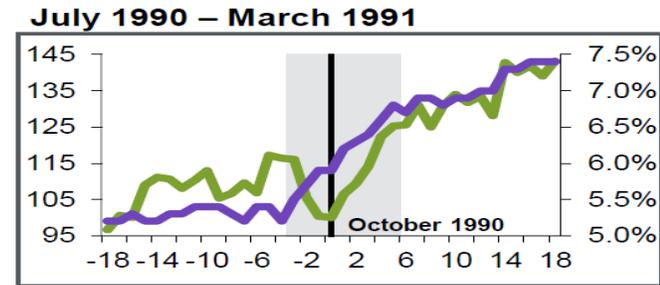
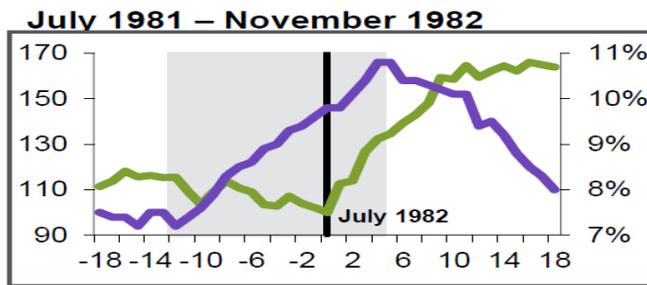
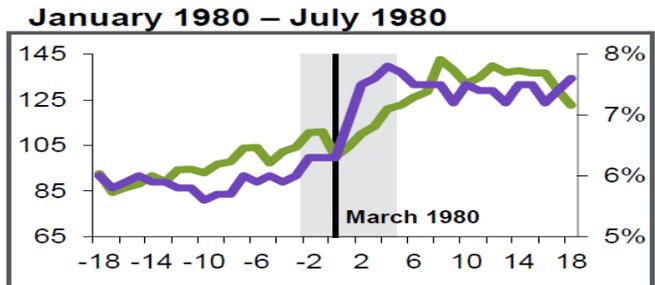
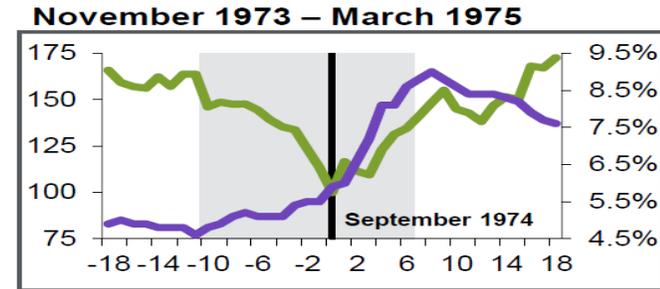
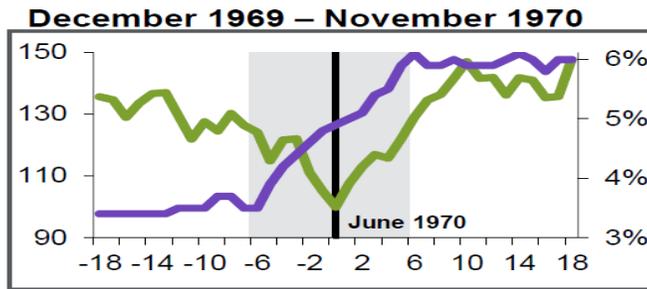
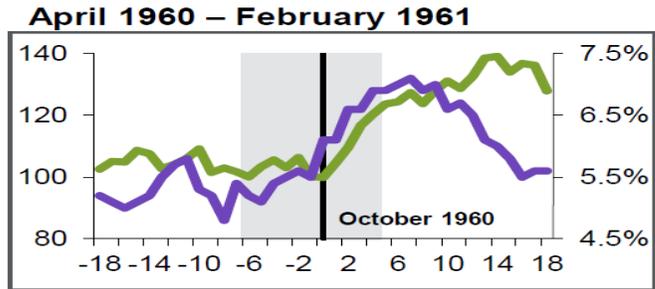
Consumer Sentiment Index and subsequent 12-month S&P 500 returns



Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management. Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only, which excludes dividends. Past performance is not a reliable indicator of current and future results. Guide to the Markets – U.S. Data are as of December 31, 2022.



Market inflection points, recessions and the unemployment rate



— Unemployment Rate Recession
— S&P 500 Total Return Market Low

Source: BLS, Ibbotson, J.P. Morgan Asset Management. Time zero represents the numeric low of the S&P 500 Total Return Index associated with the recessionary period defined by the shaded grey area; data shown in months. S&P 500 Index is rebased to 100 at time zero. *Guide to the Markets – U.S.* Data are as of December 31, 2022.

When the S&P 500 is Down 25% or Worse Since 1950

Peak	Trough	% Decline	+1 Year	+3 Years	+5 Years	+10 Years
12/12/1961	6/26/1962	-28.0%	31.2%	69.2%	94.8%	171.1%
11/29/1968	5/26/1970	-36.1%	32.2%	44.3%	27.9%	97.5%
1/11/1973	10/3/1974	-48.2%	1.4%	23.8%	42.0%	188.4%
11/28/1980	8/12/1982	-27.1%	43.9%	81.2%	238.6%	403.9%
8/25/1987	12/4/1987	-33.5%	14.7%	34.1%	96.8%	387.1%
3/24/2000	10/9/2002	-49.1%	0.2%	1.9%	21.5%	38.3%
10/9/2007	3/9/2009	-56.8%	-6.9%	3.7%	61.2%	209.6%
2/19/2020	3/23/2020	-33.9%	56.4%	???	???	???
1/3/2022	9/30/2022	-25.2%	???	???	???	???
Averages		-37.6%	21.6%	36.9%	83.3%	213.7%

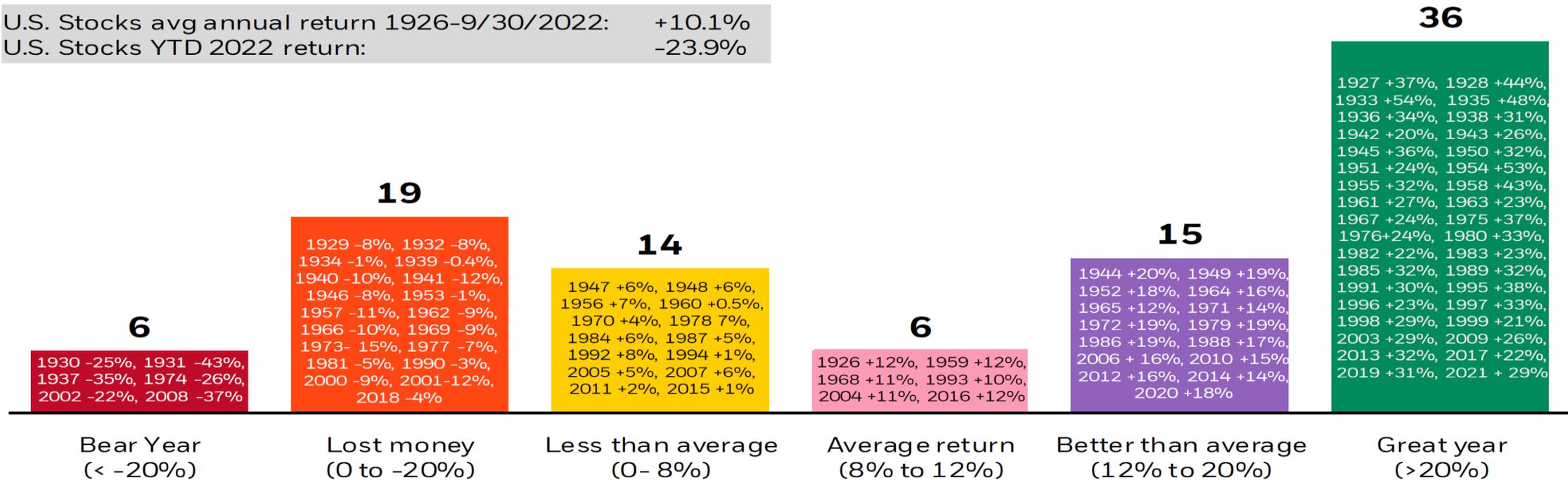
Data: Ycharts

STOCK MARKET RETURNS

U.S. stocks historically average 10% per year but rarely finish a year at that level

Range of returns for stocks by calendar year
1/1/26 - 9/30/22

U.S. Stocks avg annual return 1926-9/30/2022: +10.1%
U.S. Stocks YTD 2022 return: -23.9%



Source: Morningstar as of 9/30/22. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 9/30/22 and the IASBBI US. Lrg Stock Tr USD Index from 1/1/26 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period.. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.



Thank you! Questions?

Tim Watson

(719) 300-6708

tim@everoakwealth.com

The S&P 500 Index is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S. Please note an investor cannot invest directly in an index.

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