



2025 Outlook

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2025 Outlook

- Economic Conditions
- Market Landscape
- Wildcards – Policy and Tariffs
- 2025 Considerations
- *invest right, live right™*

Economic Conditions

- Q4 2024 GDP rose +2.4%
- Consumers continue to spend: 2/3's of the economy
- Inflation has abated, Dec 2024 CPI = 2.9%
- Slow path of Federal Reserve rate cuts
- US oil production hovers at all-time high at 23.1M barrel/day
- US consumes 20.5M barrels/day – net exporter
- Long-term consideration – slowing population growth
- Be realistic in stock market return expectations

Market Landscape

- AI will drive efficiencies & enhance productivity
- Corporate earnings continue to exceed expectation
- Diversification remains key – biggest 5 companies constitute almost 1/3 of the S&P 500
- Late 2024 returns shifted away from big tech to smaller companies and blue-chip value
- S&P 500 earning estimated at +14% for 2025 & 2026
- Mag 7 -0.3% versus +2.7% S&P 500 ytd 2025

Wildcards – Policy & Tariffs

- Taxes – extension of 2017 TCJA
- US deficit and debt
- Debt ceiling – spring/summer 2025
- Deregulation & Department of Government Efficiency
- Tariffs – Williams-Sonoma example
- Avoid letting policy drive larger investment decisions, markets do well regardless of political configuration in DC – don't be overly optimistic or pessimistic based on politics

2025 Considerations

- Stay invested – from 2005-2024 if you missed the best 10 days (just 10 days for the entire period) your annualized return would drop from +10.4% to just +6.1%
- Keep a high-quality, well-diversified portfolio
- Maintain an emergency savings account for the unexpected
- Avoid debt, update budget, keep savings rate high if you are still working, and avoid unnecessary spending

“A dream doesn’t become reality through magic; it takes sweat, determination and hard work.”

- Colin Powell

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