



WATERSEDGE

Wealth Management

Winter 2022 Newsletter

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WatersEdge Update

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WatersEdge Wealth Management is looking forward to one of our biggest and most exciting years...ever. Thank YOU for being such an important part of our business. And remember: if you know someone who'd find value in working with a financial professional, please get in touch with me!

Whether you believe in New Year's Resolutions or not, the beginning of a new year is always a good time to assess your present situation and think about the road ahead. This year, WEWM hopes to exceed your expectations!

We are reviewing and revising how we can best engage with you in 2022. This year, you can expect an annual report of your investments, more check-ins from Kathy and me, as well as a new hire planned for mid-to-late this year to help us with customer service and administration of your account.

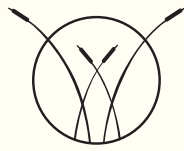
As we grow, our services, investments, and financial advising philosophy is about being able to serve your needs better and focus on your well-being. Each new year, I choose a word for the year to help me refocus my energy when I get lost in the day-to-day of living. This year my word is **Joy**. Where can I find the **joy**, how can I make a moment joyful, how can I create more **joy** in relationships I currently have. I wish you more **joy** this year! By the time this rolls out of the office we will be in the second month of the new year. But today, for me, it is only a few days in, so **Happy New Year! Looking forward to seeing you very soon!**

-Susan

Market Update

What does 2022 hold? What's going on in the market? From LPL Financial Inc. (our broker dealer): [SOURCE](#)

The current economic recovery, which started in May 2020, benefited in 2021 from widespread vaccine availability and additional fiscal stimulus. In fact, the U.S. economy bounced back from its worst year since the Great Depression in 2020 with one of the best years of growth in nearly 40 years in 2021.



Why? A combination of record stimulus, a healthy consumer, an accommodative Federal Reserve (Fed), vaccinations, and re-opening of businesses all contributed to a big year in 2021.

Of course, there were hiccups along the way. You can't shut down a \$20 trillion economy and then expect it to get going again without warming up first. Supply chain backlogs, materials and labor shortages, and higher prices all held the economy back to varying degrees. The good news is, demand is still very strong, and as the backlogs unwind (which could take years in some cases), we expect above-trend economic growth and see low risk of a recession in 2022.

As the U.S. economy moves more to mid-cycle, our 2022 forecast is for 4.0–4.5% GDP growth in 2022. While a slowdown from 2021, it's still a very solid number. We expect inflation to tame from 2021 levels to a little above 3.0% with core inflation numbers lower, a step in the right direction, although it may still be on an upward trajectory the early part of the year.

Like every other time in history, those who adapt will survive. Businesses have already started to adapt to the new world, which may help productivity increase in 2022, as efficiency gains flow through to economic output. Productivity allows for stronger growth and can help contain inflation, since more goods and services are produced.

Another key to the economic transition may be capital expenditures (capex). These include business investment in property, plants, buildings, technology, and equipment. These investments could boost overall productivity and overall output, but might take time to build, so the results could be years away in some cases. Additional capex spending would be one of the best ways to see if corporate America is indeed over the shock of the pandemic and ready to invest for future growth opportunities. Standard and Poor's data shows capital expenditures are expected to have grown an impressive 13% in 2021 and likely even more in 2022.

The S&P 500 gained nearly 27% and made an amazing 70 new all-time highs along the way. There was a real lack of volatility, given the scary headlines, as the S&P 500's largest pull-back all year was only 5.2%. We might expect to see more volatility in 2022, especially amid potential rate hikes and an aging economy.

2021 In Review

From LPL ["Market Signals"](#) Podcast



What we learned

We learned that valuations aren't a good short-term timing indicator. Stocks weren't cheap last year at this time, yet earnings expectations exploded higher and helped to justify the big move higher. We also learned that mixing your political views and investments doesn't work, as many investors have missed out on big gains because they didn't like the current president. Instead, the focus should be on the fundamentals, as they matter more.

Now what?

Bonds had a poor year in 2021, as they actually fell for only the fourth time since the mid-70s. That could mean they might have a bounce back this year, but we still expect low single digit returns when all is said and done. Turning to stocks, one key concept to note is that long quarterly win streaks like we are seeing now tend to resolve higher still. Most investors might not realize that, but remember, an object in motion tends to stay in motion.

Notable News & Reminders

Are you curious about money and financial blogs? We'd love to know what you're reading! We find lots of interesting stories on [this site](#) - what sparks your interest?" And of course, don't forget about our WatersEdge Wealth Management blog! This month, Susan dives into the idea of financial planning for worst-case scenarios. Read more [Here](#)

ScheduleOnce: Earlier this summer, we made the decision to move to a new scheduling platform that will allow us to automate some of the daily tasks associated with managing Susan's calendar. **Our hope is that Schedule Once will make it easier for our clients to access our calendar and book, reschedule, or cancel meetings as necessary.**

Schedule YOUR appointment [Here](#).

Are we connected? If we're not connected on LinkedIn, let's change that this month! Please like and follow our WatersEdge Wealth Management LinkedIn page for regular updates and interesting articles and ideas!

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[!\[\]\(758ebdf4629c903da74c2e079717ae32_img.jpg\) Susan Cevette](#)