



# 2020 Vision: Financial and Economic Outlook

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# Overview

- The economy and the markets in 2019
- Outlook for 2020
- What happens during election years?
- The global landscape going forward
- Planning moves for individuals

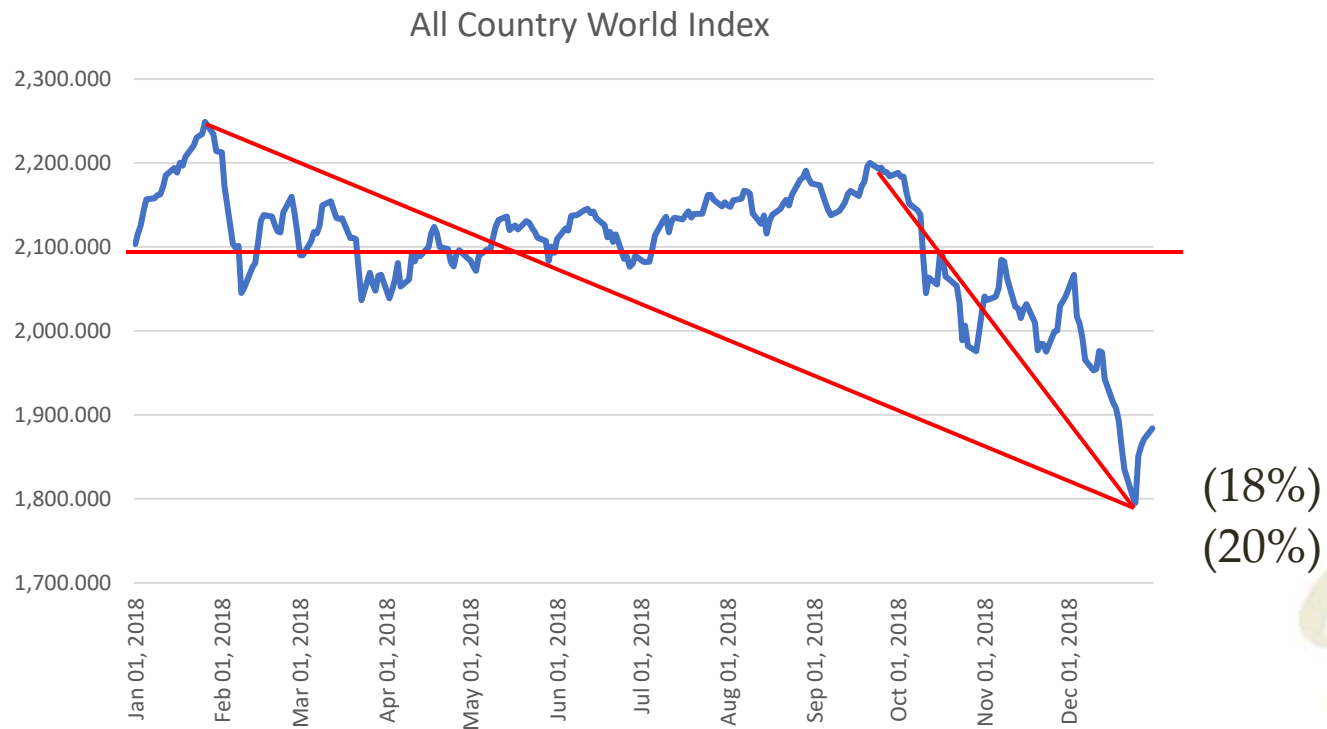


# 2019 Recap

- US economic growth continued at a declining rate
- Positive developments on the trade front
- Fed posture unchanged and cautious
- Middle East tension rises (but only so much)

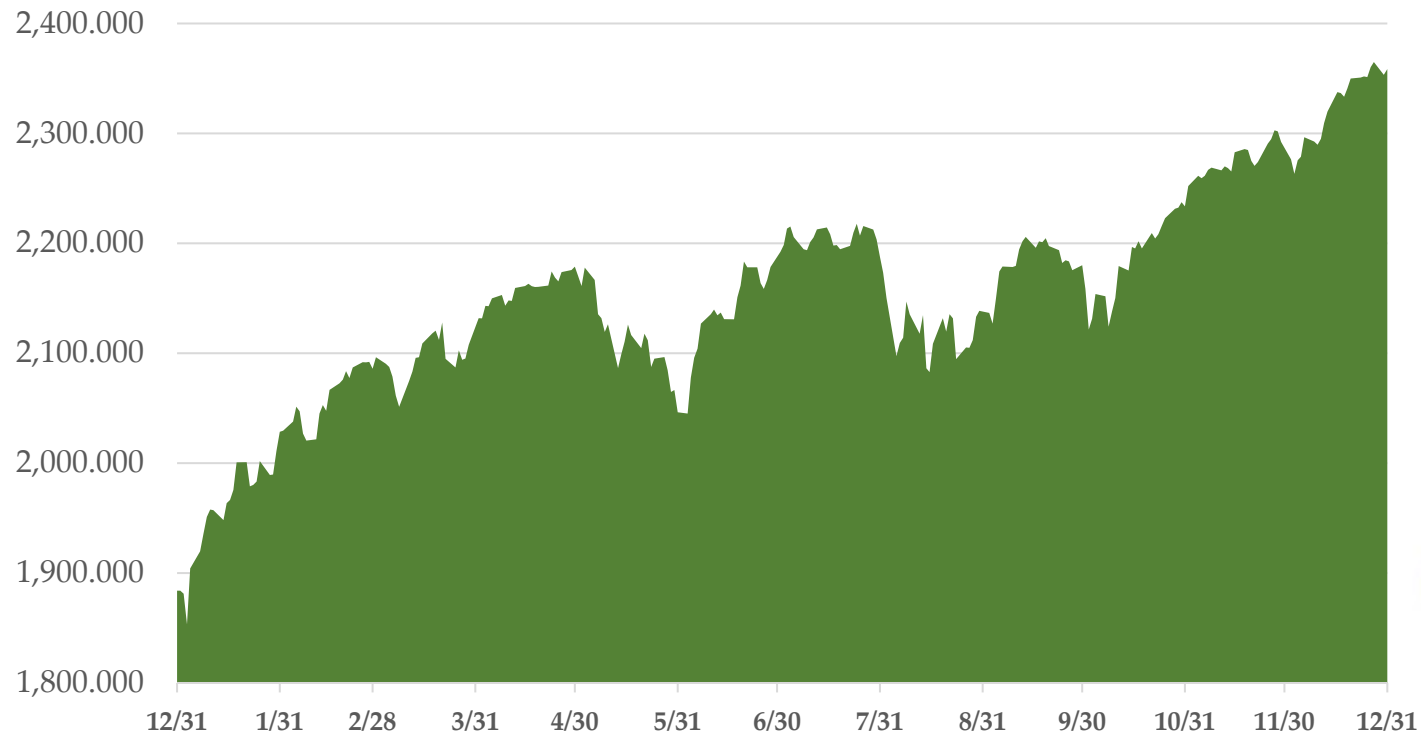


# Stock Markets - 2018



# Stock Markets - 2019

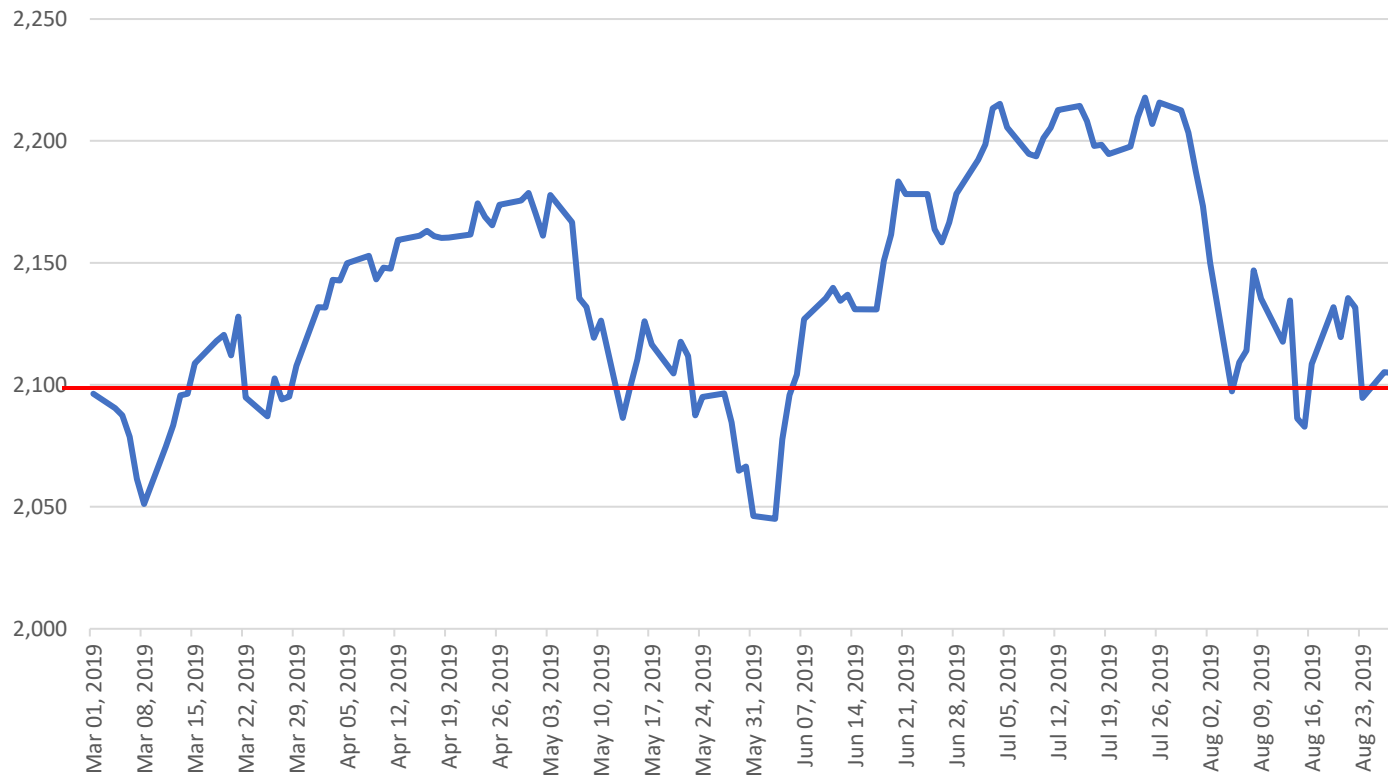
MSCI World Index



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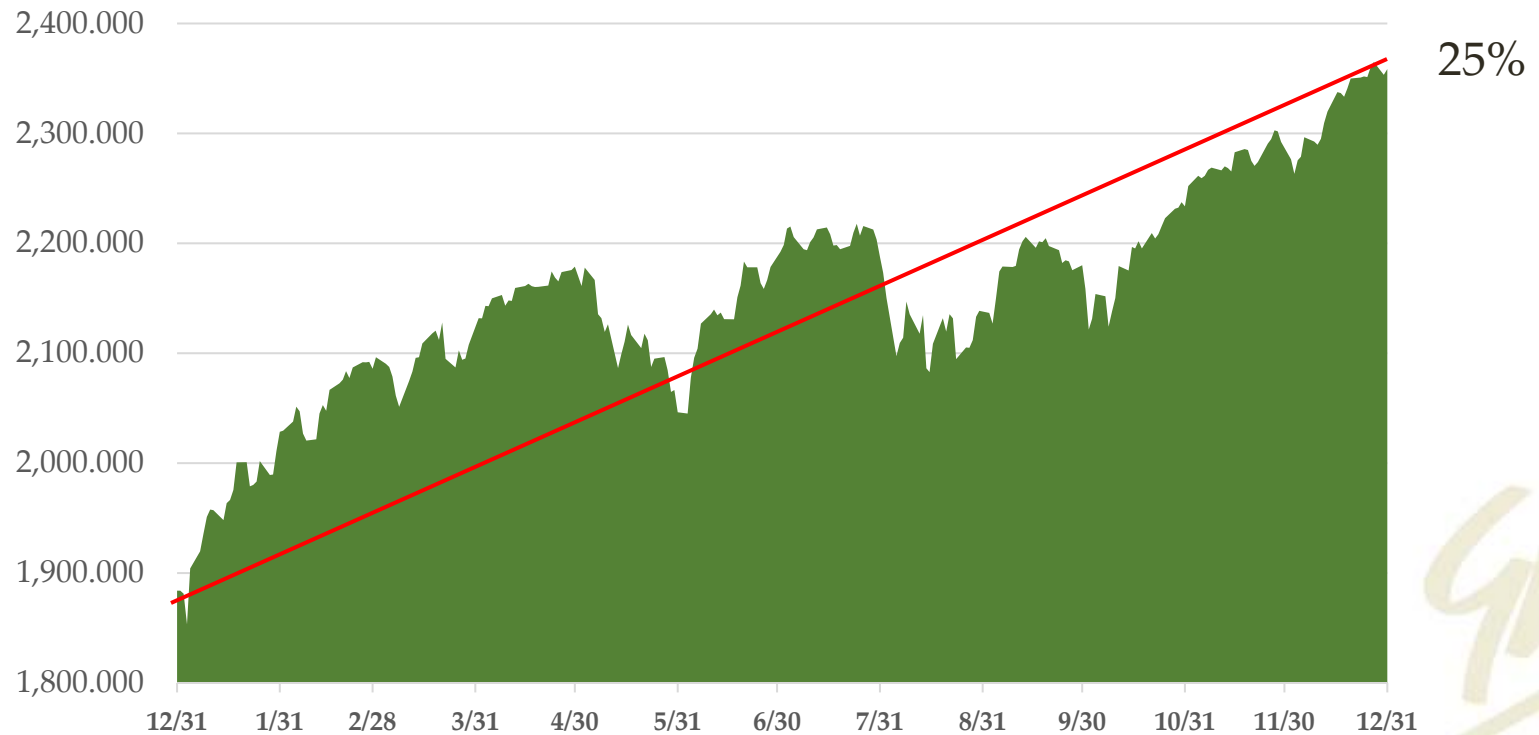
# Stock Markets - 2019

March-September



# Stock Markets - 2019

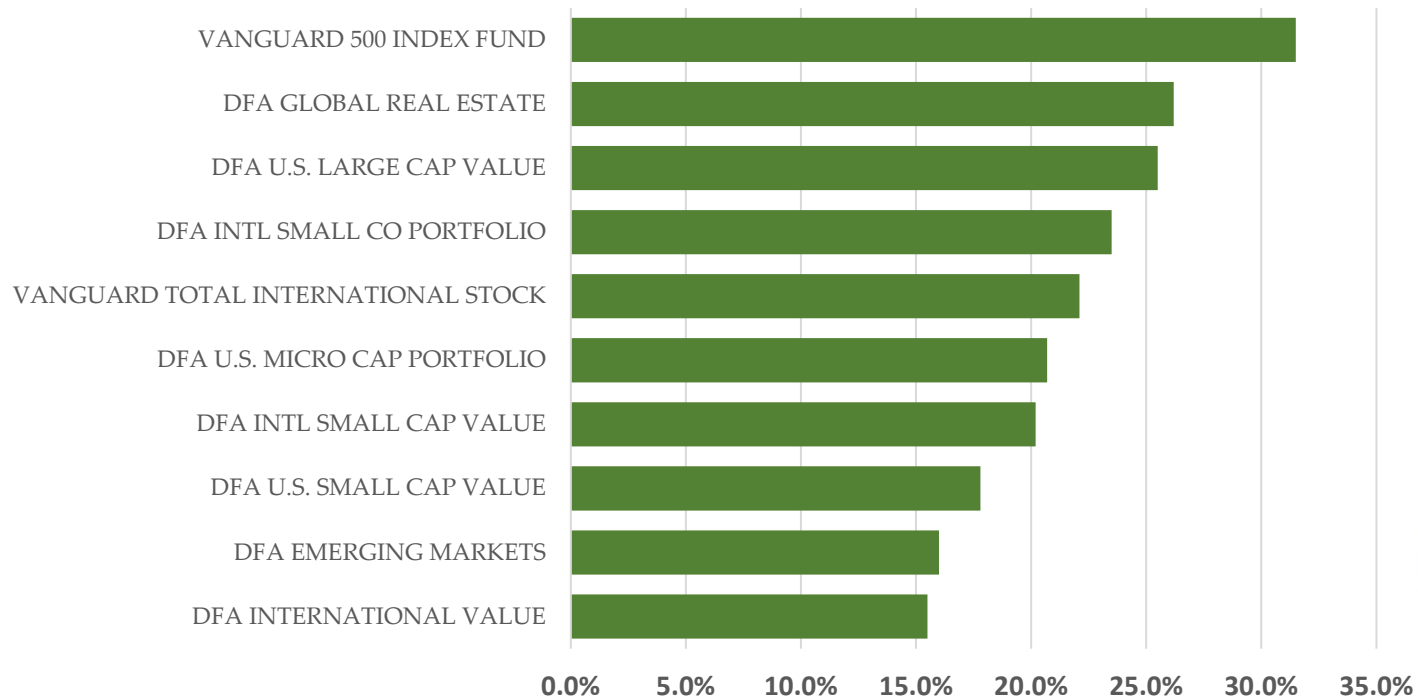
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# Stock Markets - 2019

## 2019 Returns by Category



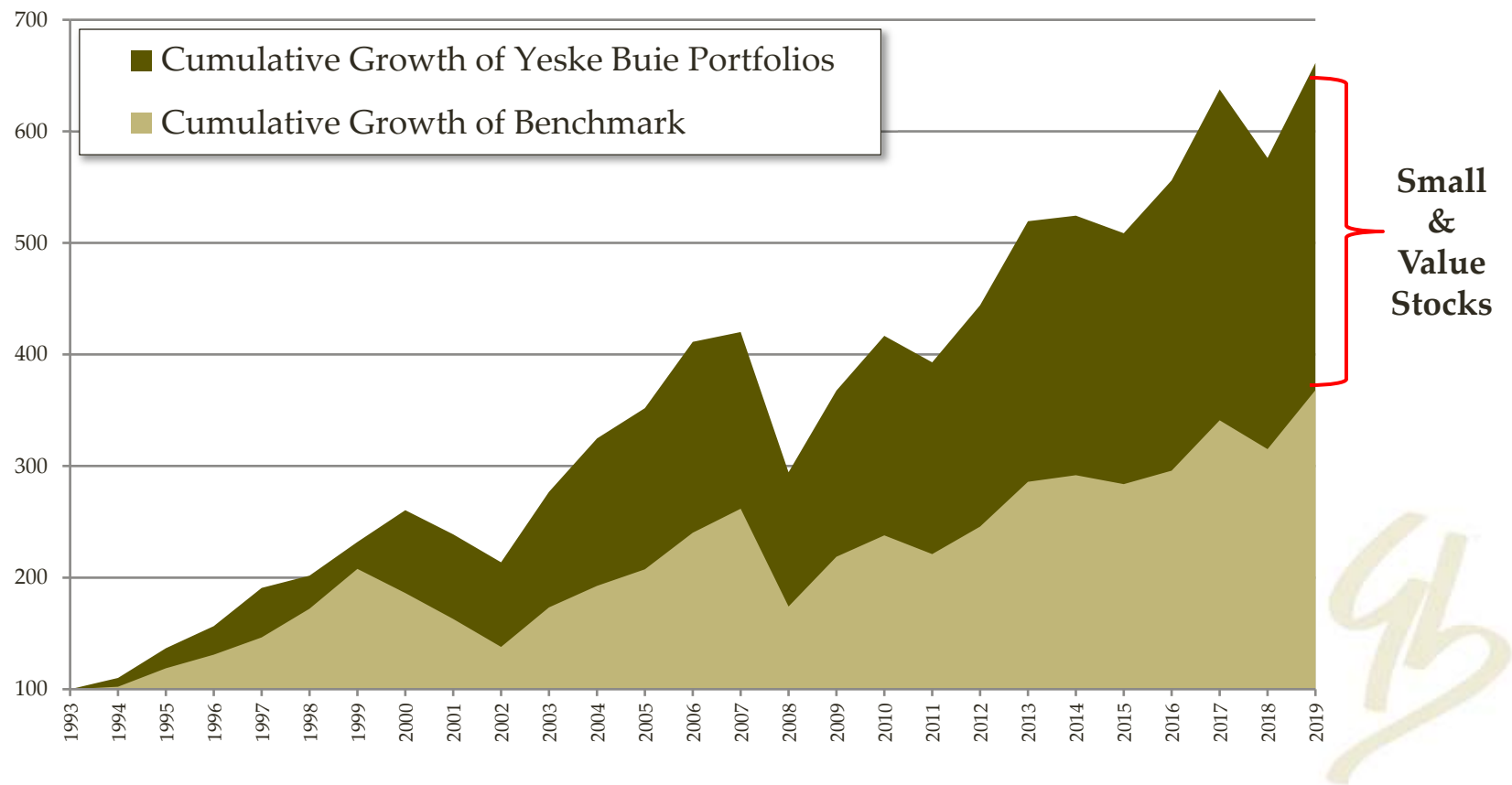


# Stock Markets - 2020

- The future is unpredictable
- Which leaves us looking for the deep regularities
  - Higher returns for small company stocks
  - Higher returns for value stocks
  - Resurgence of overseas markets
  - The virtues of building resilience:
    - Broad, global diversification
    - Adequate cash and bond reserves

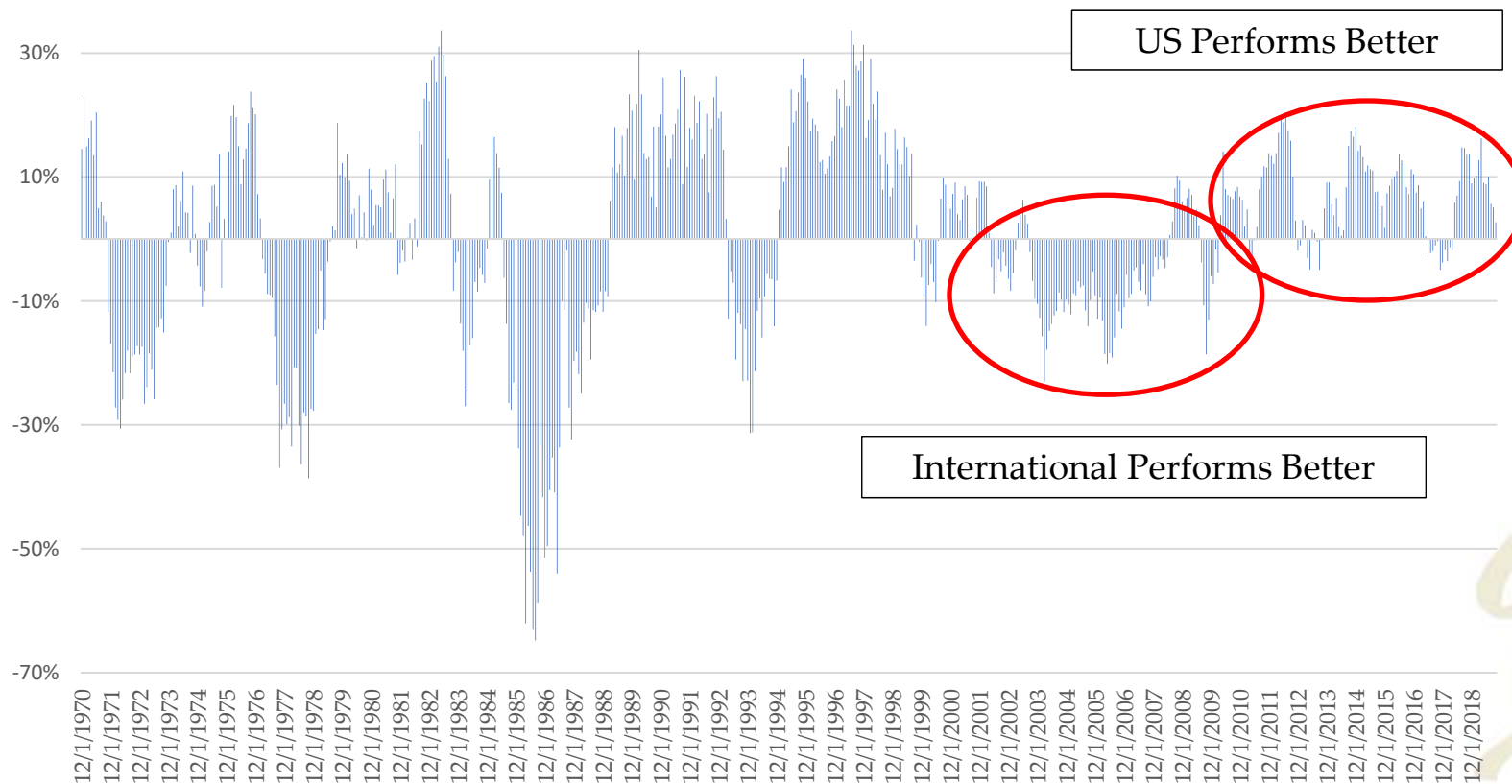


# Stock Markets - 2020



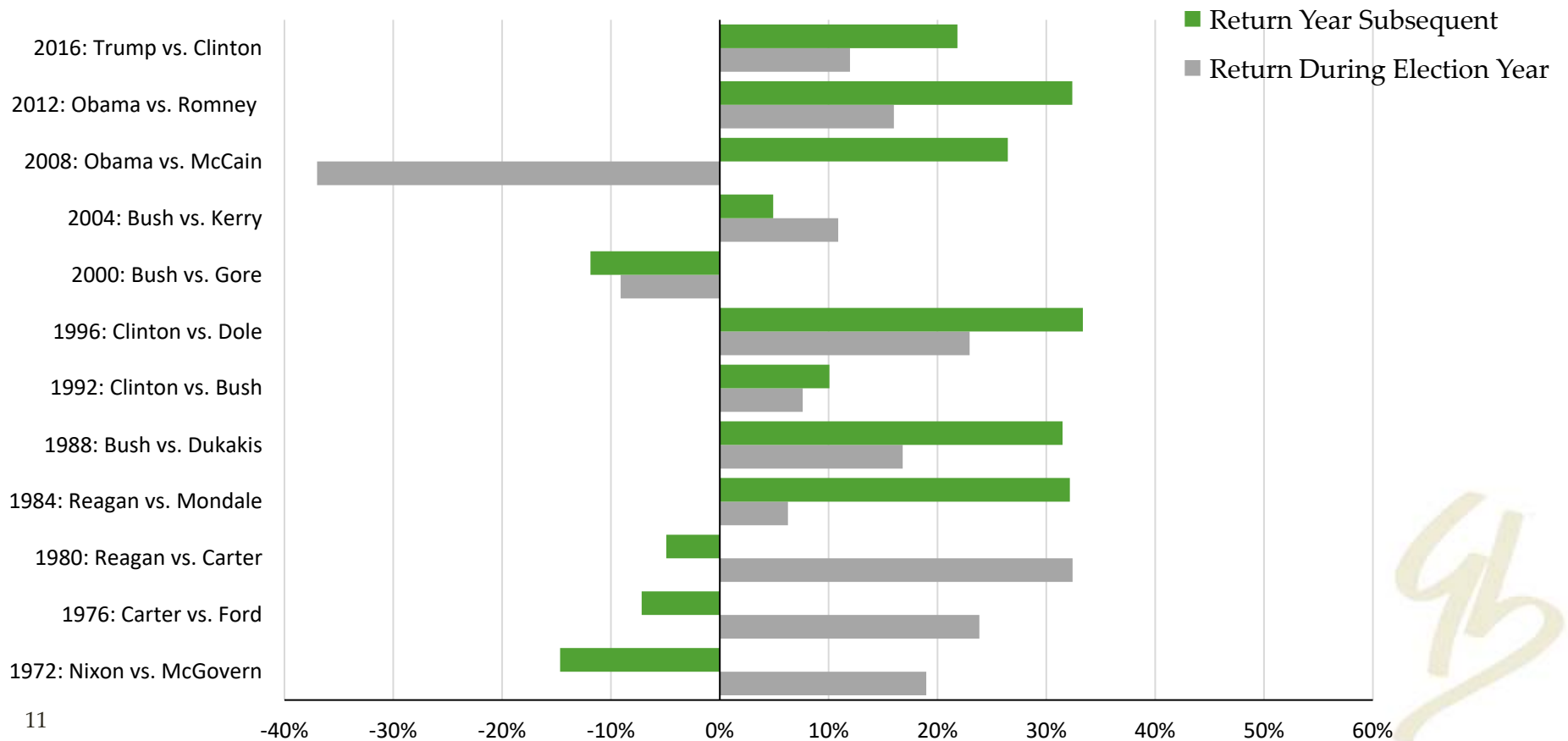
# Stock Markets - 2020

## US vs International Performance



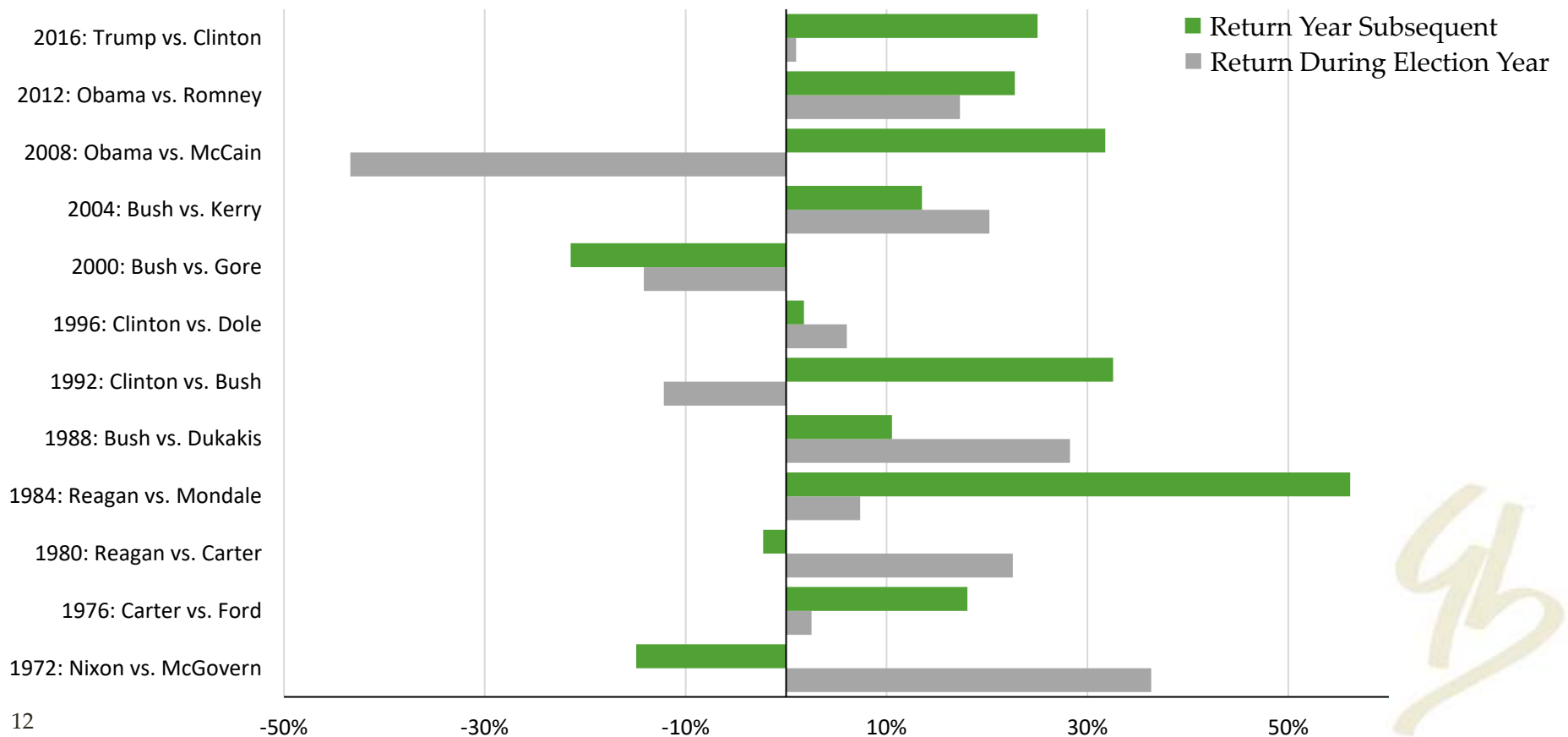
# Stock Markets - 2020

## US Markets in Election Year and Following Year

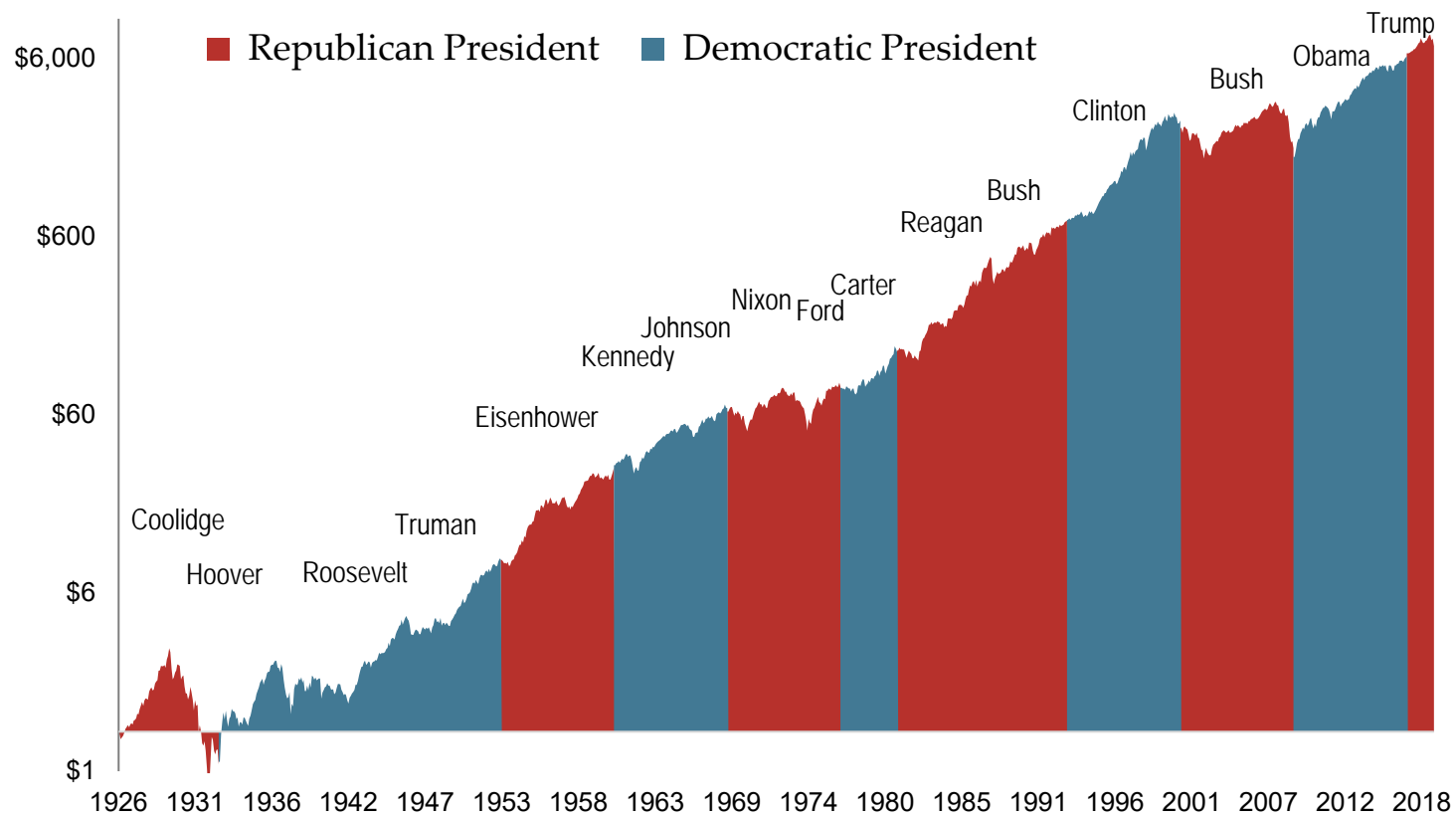


# Stock Markets - 2020

## International Markets in Election Year and Following Year



# Stock Markets - 2020



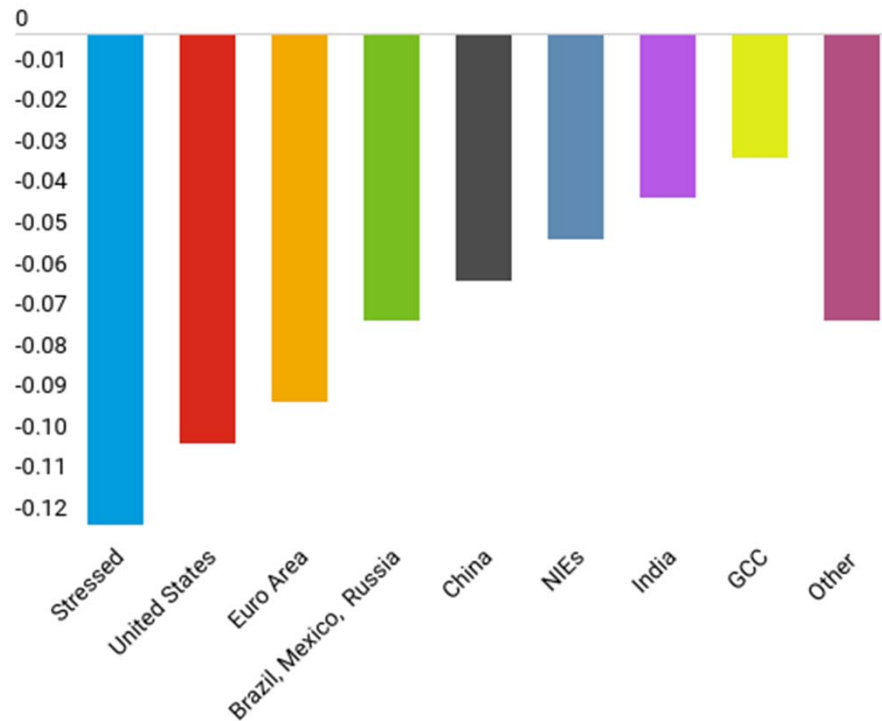
# Headwinds

- US impeachment proceedings
- Presidential election year = policy-uncertainty for the US and its allies?
- Rapprochement with China, but will global trade flows recover?



# Headwinds

According to the International Monetary Fund (IMF): Global growth slowed in 2019 as a consequence of rising trade barriers, growing uncertainty, and cyclical and structural factors.



Source: IMF staff estimates.

Note: Stressed economies = Argentina, Iran, Libya, Sudan, Turkey, and Venezuela; NIEs = newly industrialized Asian economies; and GCC = Gulf Cooperation Council.





# What can we do?

As always,

Focus on the deep regularities!



# Focus on the Deep Regularities

- Human beings are fundamentally growth-seeking and resilient, as a consequence of which
- The U.S. and world economy are ultimately resilient and biased toward growth, thus
- The stock market, which represents ownership of the productive assets of the economy, is biased toward growth over the long run
- Focus on building resilience into our financial lives



Questions or Comments?

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