

November 9, 2020

Dear Valued Investor,

Former Vice President Joe Biden has been elected the 46th President of the United States, defeating President Donald Trump in a tight race and bringing an end to the highly contested 2020 election. The new president-elect benefited from high voter turnout and solid support among independent and suburban voters. At the same time, Trump kept the race close, which likely helped put Republicans in a strong position to keep narrow control of the Senate. With the presidential election behind us, we are hopeful that we can continue battling COVID-19, healing our economy, and bridging our divides as a society.

President-elect Biden will inherit an economy that is improving nicely. Based on gross domestic product, the US economy grew by a record 33% annualized in the third quarter as the economy reopened (Bureau of Economic Analysis), likely bringing the US recession—one of the shortest ever—to an end.

The strength of the US consumer has been a key driver of this recovery, with retail sales already eclipsing their pre-pandemic highs. But it's not just the consumer driving the rebound. Manufacturing activity has been on the upswing; investment in technology equipment has surged; most housing markets across the country are booming; company results during third quarter earnings season have been much better than expected; and S&P 500 Index earnings are expected to increase significantly in 2021—potentially by more than 20% (FactSet).

Meanwhile, COVID-19 remains a threat as cases and hospitalizations continue to rise. Although the numbers may go higher in the short run, cases are skewing younger and treatments have improved significantly, greatly improving patient outcomes. While widespread shutdowns are unlikely, renewed restrictions in Europe in response to its latest outbreak provide a reminder that this battle is not yet over. We remain optimistic that safe and effective vaccines may be identified within the next month or two and become widely available sometime in mid- to late-2021.

Turning to policy, negotiating a stimulus package with Senate Republicans to help fortify the economic bridge to a COVID-19 vaccine likely will be among the first priorities after inauguration day, though a smaller package in the lame duck session of Congress may be possible. With Republicans potentially in control of the Senate, Biden then may turn to scaled-down versions of his key spending priorities—including renewable energy, infrastructure, and healthcare—as major tax increases may be off the table.

While political change may cause market volatility, US political and economic systems are resilient and can, after a period of adjustment, adapt to new realities. Most of our investment horizons extend far beyond this election and any political cycle. Now that the election is over, we can continue our focus on providing independent investment advice and helping you stick to your long-term investment strategies. Our commitment to you will not change, regardless of who is in office.

As always, if you have any questions, we encourage you to contact your financial professional.

Sincerely,



Ryan Detrick, CMT
Senior Vice President, Chief Market Strategist
LPL Research

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.

All index data from FactSet.

All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy.

This research material has been prepared by LPL Financial LLC.

Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC).

Insurance products are offered through LPL or its licensed affiliates. To the extent you are receiving investment advice from a separately registered independent investment advisor that is not an LPL affiliate, please note LPL makes no representation with respect to such entity.

<p>Not Insured by FDIC/NCUA or Any Other Government Agency Not Bank/Credit Union Guaranteed Not Bank/Credit Union Deposits or Obligations May Lose Value</p>
