INVESTMENT STRATEGY QUARTERLY QUICKVIEW

OCTOBER 2021

THEMES

Fiscal Policy Beyond the Pandemic



To counter the economic effects of the COVID-19 pandemic, lawmakers approved $5.2 trillion in fiscal stimulus in 2020 and 2021 and at the end of August, the national debt stood at $28.4 trillion. However, the government is not like a household and our children and grandchildren do not have to pay off the national debt. The key issue is whether we can meet interest payments on the debt and whether we can roll over existing debt as it matures. While we don't have to balance the budget, we should eventually try to get our fiscal house in order. Achieving this could involve increased tax enforcement and debate about spending reductions, including entitlement reform.

Emerging Markets: An Uneven Recovery



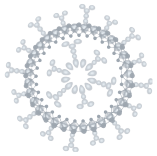
The global economy has recovered strongly from the pandemic, however, growth has been uneven. Advanced economies have led the recovery while emerging markets have faced considerable challenges. However, we believe that emerging markets offer strong long-term potential and diversification benefits, and while emerging markets have lagged as of late, we expect rising vaccination rates and a strong global recovery to turn the growth differential back in their favor.

Biden's Agenda: Defining Fall Policy Sprint



The political agenda is packed this fall with top-priority items such as passing the bipartisan infrastructure deal, negotiating a budget reconciliation package, funding the government for the next fiscal year, raising the US statutory borrowing limit ('debt ceiling'), and settling key defense and foreign policy decisions. These items coupled with a variety of must-pass deadlines creating a series of fiscal cliffs, could cause a fairly volatile several months in DC.

Q&A: COVID-19 Update



The COVID-19 Delta variant resulted in a new wave of cases in the US and created many questions around the impact of the Delta variant on the economy and supply chains; how the US compares to other nations in vaccination and pandemic responses; the effectiveness of vaccines against Delta; and possible future impacts of potential new variants – all of which are answered in our Q&A Covid-19 Update.

For more information, refer to the full **Investment Strategy Quarterly**.

Economic Snapshot

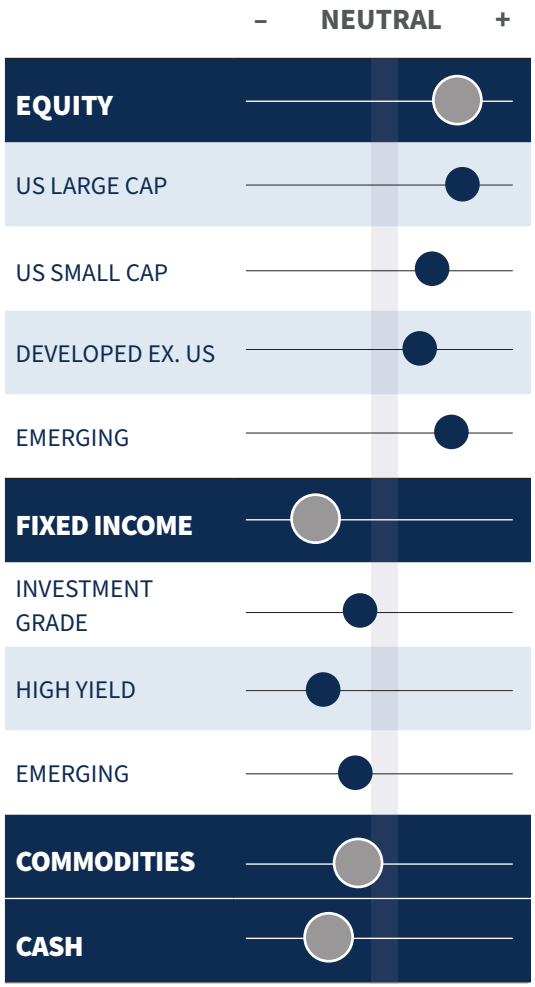
Economic Indicator

FAVORABLE	GROWTH
	EMPLOYMENT
	CONSUMER SPENDING
	BUSINESS INVESTMENT
	MANUFACTURING
	HOUSING AND RESIDENTIAL CONSTRUCTION
	THE DOLLAR
	REST OF THE WORLD
NEUTRAL	INFLATION
	MONETARY POLICY
	LONG-TERM INTEREST RATES
	FISCAL POLICY

From Scott Brown, Ph.D.,
Chief Economist, Raymond James

Tactical Outlook

(9-12) months



The tactical asset allocation outlook above reflects the Raymond James Investment Strategy Committee's recommendations for current positioning. Your financial advisor can help you interpret each recommendation within this material relative to your individual asset allocation policy, risk tolerance and investment objectives.

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Capital Markets Snapshot

EQUITY	AS OF 9/30/2021*	3Q 2021 RETURN**	12-MONTH RETURN**
DOW JONES INDUSTRIAL AVERAGE	33,843.92	-1.91%	21.82%
S&P 500 INDEX	4,297.50	0.23%	28.09%
NASDAQ COMPOSITE INDEX	14,448.58	-0.38%	29.38%
MSCI EAFE INDEX	2,281.29	-0.35%	26.29%
RATES	**AS OF 9/30/2021**	**AS OF 12/31/2020**	**AS OF 9/30/2020**
FED FUNDS TARGET RANGE	0-0.25	0-0.25	0-0.25
3-MONTH LIBOR	0.13	0.24	0.23
2-YEAR TREASURY	0.29	0.13	0.13
10-YEAR TREASURY	1.53	0.93	0.69
30-YEAR MORTGAGE	3.01	2.67	2.88
PRIME RATE	3.25	3.25	3.25
COMMODITIES	**AS OF 9/30/2021***	**3Q 2021 RETURN**	**12-MONTH RETURN**
GOLD	$1,757.00	-0.82%	-7.31%
CRUDE OIL	$75.03	2.12%	86.55%

*Price Level
**Total Return

Sector Snapshot

	SECTOR	S&P WEIGHT
OVERWEIGHT	CONSUMER DISCRETIONARY	12.3%
	FINANCIALS	11.0%
	COMMUNICATION SERVICES	11.4%
	INDUSTRIALS	8.0%
	ENERGY	2.5%
EQUAL WEIGHT	INFORMATION TECHNOLOGY	27.9%
	HEALTH CARE	13.5%
	MATERIALS	2.5%
	REAL ESTATE	2.7%
UNDERWEIGHT	CONSUMER STAPLES	5.8%
	UTILITIES	2.5%

DISCLOSURE:

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