



As we head into 2017, Raymond James Investment Strategy Committee members share their outlook for the upcoming year with the following key insights and advice for investors. For a full copy of the Raymond James 2017 Outlook, please contact your financial advisor.

2017 THEMES TO WATCH



ECONOMIC GROWTH



EARNINGS GROWTH



CENTRAL BANK POLICY



INFLATION



INTEREST RATES



EXCHANGE RATES

ECONOMIC OUTLOOK

MODERATE DOMESTIC GROWTH

GDP expected to trend at a **1.5-2.0%** ANNUAL RATE



OUTPUT PER WORKER (PRODUCTIVITY) X INPUT (LABOR) = OUTPUT (GDP)



SLOWER GLOBAL ECONOMIC GROWTH
Population and productivity constraints

POSITIVE ECONOMIC MOMENTUM

Households, businesses and general data suggest the U.S. economy is in good shape



EXPECTED LABOR FORCE GROWTH TREND
0.5% PER YEAR



BETWEEN 1960 & 2000 GROWTH IN THE U.S. LABOR FORCE AVERAGED
1.8% PER YEAR



KEY RISKS

► Possibility of global trade disruptions ► Resultant rise of protectionism



TOP HEADWINDS



Strong dollar



Interest rates



U.S. policy uncertainty



TOP TAILWINDS



Healthy job market



Potential for fiscal stimulus



Accommodative monetary policy

EQUITY MARKETS

U.S. EQUITY

SECULAR BULL MARKET

Transitioning from an interest-rate-driven to earnings-driven



CYCLES LAST **14-15** YEARS

COMPOUND AT **16%** PER YEAR

ANTICIPATED **7+** YEARS REMAINING

EXPECTED CHANGE IN MARKET LEADERSHIP

Favoring small-capitalization stocks, capital goods, industrials, healthcare, technology and financials



KEY RISKS

► Congressional resistance against expected stimulus policies, increasing inflation and national debt, global political and economic concerns, and elevated equity price

INTERNATIONAL EQUITY



BREXIT DELAY

International investors should be positively surprised by the establishment of the groundwork for a "soft" versus "hard" agreement between the UK and the European Union



TAILWINDS FOR CHINA'S LOCAL ECONOMY

► Real wage growth
► Tax incentives
► Other efficiency/flexibility-inducing supply-side reforms put in place by the Chinese government



POST-ELECTION UNCERTAINTY

Global trade disruptions remain a key threat to emerging market economies



A CONTINUED STRONG U.S. DOLLAR

Biggest headwind for international investors

FIXED INCOME

BOND MARKETS MORE UNPREDICTABLE

Relative to the stationary interest-rate environment of recent years



YIELD DISPARITY AMONG TOP ECONOMIC POWERS

Mitigating influence on U.S. interest rates until these global rates close the gap

HEADWINDS TEMPERING INTEREST RATE SWINGS

Global market influences:

- Interest-rate disparity
- Central bank immersion
- Demographics
- U.S. dollar strength
- Corporate earnings



ENERGY

U.S. ENERGY MARKET SHARE BY SECTOR

COAL



DOWN 17%
NOT DECLINING AT A FASTER RATE

WIND & SOLAR



UP 6%
GAINING BUT AT SLOWER RATE

NATURAL GAS



UP 14%
TREND OF FURTHER EXPANSION

	2005	2015
COAL	50%	33%
WIND & SOLAR	2%	8%
NATURAL GAS	19%	33%



OIL: EXPECTED FURTHER PRICE RECOVERY TO AVERAGE OF \$70 A BARREL

KEY QUESTIONS FOR YOUR ADVISOR

1 Is my portfolio appropriately positioned in line with my overall goals?

2 Is my level of portfolio risk appropriate for my current situation?

3 What tactical investment opportunities might exist in 2017?

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