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THE WATER STREET JOURNAL

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Financial Advisor

Securities offered through Raymond James
Financial Services, Inc. Member FINRA/SIPC

Guiding and giving direction through all
of life's adventures...

"Love begins at home, and it is not how much we do...but how much love we put in that action." Mother Teresa

Staying In Touch

CALENDAR OF EVENTS

**OUR OFFICES WILL BE
CLOSED:**

MONDAY FEBRUARY 21

**THE MARKET WILL BE
CLOSED:**

MONDAY FEBRUARY 21

Did You Know?

Important information for Tax Season 2021

As you prepare for tax season, here is some
information that you may find beneficial.

2021 Form 1099 mailing schedule

- January 31 – Mailing of Form 1099-Q and Retirement Tax Packages
- February 15 – Mailing of original Form 1099s
- February 28 – Begin mailing delayed and amended Form 1099s
- March 15 – Final mailing of any remaining delayed original Form 1099s

Please call if you have any questions or concerns
about the upcoming tax season.

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From Danielle's Desk: December market review

While the traditional end-of-year Santa Claus equity rally may not have been as pronounced as we typically see, it may have just come early. Thus far, we've seen both the Dow Jones Industrial Average and the S&P 500 notch new highs in December with underlying market sectors firmly in the green.

Despite the challenges posed by coronavirus variants and extreme weather events, 2021 saw the best economic growth since 1984, muted market volatility and the S&P 500 delivering a return of approximately 27% over the course of the year. Raymond James Chief Investment Officer Larry Adam expects inflation to peak by early next year, which should alleviate pressure on the Federal Reserve (Fed) in the upcoming tightening cycle and would be supportive of domestic equity markets overall. The situation remains fluid, but there's general optimism that the global reopening will continue and inflationary pressure will subside. Both will be key factors for markets, economic growth and corporate earnings throughout 2022.

This year-end equity boon didn't come easy. We saw some volatility amid faltering negotiations to advance President Joe Biden's Build Back Better legislation and rising geopolitical tensions between Russia and the Ukraine, which have the potential to escalate in the near term. We believe that U.S. lawmakers may eventually unlock a deal in the new year, says Washington Policy Analyst Ed Mills. However, investors can expect to see short-term economic headwinds emerge in the meantime, and consumer sectors may stumble as the monthly child tax credit payments are set to expire as well.

Let's look at the longer-term numbers.

	12/31/20 Close	12/31/21 Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	30,606.48	36,338.30	+5,731.82	+18.73%
NASDAQ	12,888.28	15,644.97	+2,756.69	+21.39%
S&P 500	3,756.07	4,766.18	+1,010.11	+26.89%
MSCI EAFE	2,147.53	2,336.07	+188.54	+8.78%
Russell 2000	1,974.86	2,245.31	+270.45	+13.69%
Bloomberg Barclays Aggregate Bond	2,392.02	2,355.14	-36.88	-1.54%

Performance reflects price returns as of market close on December 31, 2021.

As we close out the month, quarter and year, here are a few trends we're keeping an eye on:

Energy policy

As negotiations in D.C. drag out, clean energy companies in the U.S. market may not be able to count on a decade-long extension of the wind and solar tax credits, a more generous electric vehicle tax credit, or new tax credits for low-carbon fuels and green hydrogen. These provisions may be revived in some form but that remains to be seen. This is a sharp contrast to the European Union climate policy, notes Energy Analyst Pavel Molchanov. For example, Germany's new coalition government announced plans to phase out coal and mandate 80% renewables in the electricity mix by 2030.

Inflation and interest rates

The overall market feel has not changed a great deal. Inflation is rooted in select products/industries, yet interest rates remain subdued for a myriad of reasons that include inflation longevity doubts, global interest rate disparity, sovereign bias toward amassing debt levels and more complex demographic rationales.

The Fed began to taper the pace of its monthly asset purchases and financial markets seem to have priced in rate hikes sooner than later. The central bankers have stated hikes won't occur until tapering is complete, most likely around May. Given that monetary policy has been so influential to equity markets post-credit crisis, the Fed's hawkish pivot from ultra-lenient policy could come with more moderate returns and normal volatility/choppiness over the coming year, notes Joey Madere, senior portfolio analyst, Equity Portfolio & Technical Strategy.

Around the world

Overseas markets faced similar challenges (e.g., a sharp rise in COVID-19 cases; higher gas prices; heightened inflationary pressures), yet European equity markets hit new 2021 highs during December. Corporate earnings growth for 2022 is anticipated to be above 10%, aided by a combination of general global export recovery and the current low level of both the euro and the pound against both the dollar and the Chinese yuan.

During 2021, over 40 global central banks raised interest rates, predominantly in the emerging markets, reflecting both economic recovery and higher inflation. With economic growth rates in China continuing to slow, we believe the world's largest emerging market is more likely to reduce its interest rates further during 2022.

The bottom line

We expect normal volatility and pullbacks in the year ahead, along with continued sector rotation. Overall conditions are likely to remain healthy, and investors can use these periods to opportunistically and thoughtfully add vetted positions. If you have any questions about your financial plan, this letter – or anything else – please reach out at your earliest convenience.

I hope the buoyant mood of the domestic stock markets carries into 2022 and that you and yours enjoy a healthy and prosperous new year! Thank you for your continued trust in me.

Material prepared by Raymond James for use by its advisors

12 WISHES FOR THE *New Year*

*As the holiday season comes to an end,
Another new year is just around the bend.*

*While we hope to leave supply chain issues behind,
We hope returns for investors will be just as kind.*

*Our scientists worked quick to develop vaccines
That helped the world leave prolonged quarantines.*

*The economy would regain momentum, we said,
With a return to all activities now full speed ahead.
The strength of the consumer proved to be resilient
And action by the Fed has so far seemed brilliant.*

*The equity market showed it had new records to achieve,
With earnings growth beyond what you'd even believe.*

*But being back together again is the best part of all,
In person preferred to a Zoom meeting or call.*

*But as this year of recovery comes to a close,
We must share the market resolutions we chose.*

*This is our wish list of what we think will matter,
To help the equity market find new records to shatter.*

*Our goals and our wishes are not completely out of view,
As each has the possibility of hopefully coming true.*

*So get out your kazoos and start the celebration,
As we cheer and shout for 2022 to be a year of jubilation!*

— Larry Adam, CFA, CIMA®, CFP

- 1) One united country working in unison, with Congress reaching bipartisan resolution.
- 2) Inflation near 2% would liven up the festivities and prevent the Fed from shifting its policy activities.
- 3) The unemployment rate ball dropping close to three, economists would surely shout out with glee.
- 4) Here's to 4% GDP growth, with an uptick in spending or inventories – or both!
- 5) The S&P 500 at 5,000 would be cause for celebration, bypassing fears about rate hikes and inflation.
- 6) Out with the old and in with the new — 6 million jobs, make it come true.
- 7) Oil prices near \$70 a barrel (we think there's a chance!) consumers at the pump may start to dance.
- 8) Dividend growth of 8% sure would be great, giving income investors something to celebrate.
- 9) Giving a toast in hopes the Tech sector has its 9th year of outperformance to boast.
- 10) Let's cheers to the 10- year yield not moving higher, and less volatility than we've seen in months prior.
- 11) All 11 S&P 500 sectors part of the positive parade. Let's hope this broad-based rally does not fade.
- 12) 12 months of consumers continuing to spend, to keep the economy growing above trend



Showing Love is Essential

Celebrating love for Valentine's Day may look a little different this year, but it is as essential as ever to show affection to the special people in our lives. There are still plenty of ways to make the day feel festive.

To create a unique and fun night in, you could try a virtual cooking or painting class with your significant other, or set up a rom com movie marathon. If a spa getaway isn't in the cards, you can instead trade massages, relax in a bubble bath or apply a hydrating face mask.

To celebrate with friends, other couples or with distant family, a virtual game night might be the ticket. Some popular apps and games include Heads Up, Jeopardy, Among Us and Houseparty.

If you simply want to let someone know they're in your heart from afar, sending a box of chocolates, flowers and a card is only a few clicks away.

With a little advance planning, you can have a meaningful Valentine's Day from the comfort of your couch. As Mother Teresa once said, love begins at home.



Danielle & Annette

Community Involvement

In November, Annette participated in an Augusta blood drive with the American Red Cross. It isn't something that many of us enjoy doing, but according to their website, blood supplies are at a historic low. Go to <https://www.redcross.org/> to find out more.



Although the holiday season is over, we'd like to keep the giving spirit alive! The following organizations are very passionate about helping improve the lives of children and families in need.

Please read for more information and consider donating.



**Greater Augusta
Back to School
Program**



The Greater Augusta Back to School Program has started a **Literacy Campaign**, teaming up with local business and organizations to provide books to children Preschool – 6th grade. Also, at this point in the school year, school supplies have dwindled significantly, so all backpacks and supplies are currently in need. Donations can be made on their website:

<https://www.greteraugustabtsp.org/donate>

or send a check made payable to GABTSP to:

GABTSP

C/O Michael and Lina Michaud

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Safe Voices is a non-profit organization that provides emergency and support services to victims of domestic violence. They currently cover Androscoggin, Oxford and Franklin counties. Monetary donations, gift cards, clothing and household items are always in need. They are also currently raising funds to build a much needed 12,000 sq ft resource center in Lewiston.

From their website:

“At Safe Voices, we believe all people deserve to be treated with dignity. It is the foundation for everything we do. Join us as we support survivors and build a future that is more compassionate, where every person feels empowered and valued.”

For more information:

safevoices.org/get-involved/wish-list or www.giving.safevoices.org

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Check out our website raymondjames.com/daniellevalleau, where Client Access, The Water Street Journal, market and investment updates are all some of the resources at your fingertips.

Just more ways we can stay in touch!

With you through all of life's adventures...

Through the years we have truly enjoyed hearing about trips, adventures, realized goals and life achievements. These are all things to be celebrated, and we'd like to ask you to start sharing some of these things for our newsletter. In September, my husband and I took a trip to Arizona to visit Mike's sister. One of the many fun things we enjoyed was a day of golfing. I am *not* a golfer; in fact, I've never even taken a lesson! However, I chose to look at it as an opportunity to get out of my comfort zone and try something new. It was a long hot day but it was filled with fun, laughter and a tarantula sighting. I have decided that a proper lesson is in order! If you would like to share something, please send me pictures of your adventure with a brief description.



~Annette

It's your life.... Live it!!

If your financial situation, risk tolerance, or goals and objectives have changed, please give us a call.

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