

July 11, 2023

Dear Valued Investor,

Now that we're beyond the midpoint of the investing year, it's a great time to look at where we've been—to help position your portfolio for the latter half of the year. Our Midyear Outlook: The Path Toward Stability does this with in-depth analyses, insights and perspectives from the LPL Research team. Today we're bringing you a few of its key highlights.

Our investing outlook started with a theme of returning to normalcy and finding balance. And while that theme will carry us through year-end, the year has come with some challenges. We saw it in the banking sector with three large bank failures in the spring, followed by up-to-the-deadline debate about the debt ceiling. Yet, despite the market gyrations these events caused, the overall financial system seems stable. Some bright spots include:

- Inflation is under 5% at home, significantly lower than its 8.3% level this time last year
- The fed funds rate is approaching its apex as the Federal Reserve (Fed) grapples with the unknown impacts yet to emerge from its aggressive tightening cycle
- Global inflation has ticked down from its 8.7% high in 2022, and is following a slow descent to a projected 6.5% for 2023

These bright spots help shape our view on the next six months, which may come with some potential opportunities in international equities, core bonds, and industrials. Balancing things out, there are unknowns still out there—like recession and interest-rate volatility. The Fed has already indicated they may raise rates further if inflation continues to remain stubbornly high. On the other hand, rates could see a fairly sizable drop in the event of recession. What's key here is how rate volatility resolves itself, as that will be a big driver for markets.

And while we don't know the answer to that yet, we know that the insights found in the report will help position investors, along with guidance from their financial professional, to achieve their goals. And of course, our seasoned team of experts will be by your side, providing guidance and actionable insights as the second half unfolds.

As always, please reach out to your financial advisor with questions.

Sincerely,



Marc Zabicki, CFA  
Chief Investment Officer  
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. Any company names noted herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services.

All index data from FactSet.

The Standard & Poor's 500 Index (S&P500) is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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

For a list of descriptions of the indexes and economic terms referenced, please visit our website at [lpresearch.com/definitions](http://lpresearch.com/definitions).

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.

**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**