

2021 2022 2023 2024 2025 2026

Top 5 (Almost Guaranteed) Predictions for 2023

Interest rates up, corporate earnings, housing, markets and your team

The year 2022 will be remembered by investors as a very difficult year as almost all financial assets struggled. Stocks struggled, bonds struggled, housing struggled and cryptos got hammered as the Fed tried to reel in inflation by raising the fed funds rate 7 times.

With growing calls for the U.S. economy to enter a recession, there is a very wide range of predictions as to where markets might ultimately end 2023. Some suggest flat, some suggest down and some suggest markets rising.

So, in the spirit of making predictions that will actually come true, here are the Top 5 for 2023 – delivered in order of certainty. In other words, Prediction #5 is pretty-darn-certain to happen while Prediction #1 is absolutely guaranteed.

#5. The Fed Will Raise Rates. In 2022, the Federal Reserve raised interest rates 7 times, moving the fed funds rate to a year-end range of 4.25% to 4.50%.

At that December 2022 meeting, the Fed forecasted more rate hikes in 2023 on the way to north of 5%, so additional 25 or even 50 basis point hikes are likely. Accordingly, let's predict at least two rate hikes in 2023.

#4. There Will Be Earnings Disappointments.

According to FactSet, for Q4 2022, 63 S&P 500 companies have issued negative EPS guidance and 34 S&P 500 companies have issued positive EPS guidance. Those numbers are sure to change as we move into 2023.

#3. The Housing Market Will Change. Traditional 30-year mortgage rates briefly topped 8% in 2022 before declining slightly to end the year. Homebuyers looking to own in expensive markets might be hit with higher prices too. Some markets will be a seller's dream, others will favor buyers. Remember, location, location, location. The 2023 housing market will be different from the one in 2022.

#2. Past Performance Will Not Guarantee Future Results. In 2022, the major equity markets are on their way to very negative performance, with NASDAQ, the S&P 500, the Russell 2000 and MSCI EAFE all on their way to big double-digit losses and the DJIA being close to a double-digit decline. Returns for 2023 will be different.

#1. My Team Will Continue to Serve You and Your Family. As always, my team stands ready to help you and your family plan your financial future. And that is one prediction that is absolutely guaranteed.