

# First Trust

## 2023 Year-End Outlook

### S&P 500: 3,900 – Dow: 33,000

Don't be fooled by our year-end forecast. This year, we see "a low for the S&P 500 of about 3,200. However, stocks are likely to bottom within the first few months of the recession as investors realize this is not another Financial Panic like in 2008-09. That would give stocks room for a rally late in the year even if a recession continues, as equities see the light at the end of the tunnel ..."

Monday Morning Outlook: [S&P 3,900 - Dow 33,000](#)

### GDP: -0.5%

"Our forecast is that the US economy enters a recession around mid-2023 ..."

Monday Morning Outlook: [S&P 3,900 - Dow 33,000](#)

"We think growth will undershoot the Fed's forecast in 2023. Instead of growing 0.5% in 2023, we expect real GDP will shrink about 0.5% ..."

Monday Morning Outlook: [Still Unprecedented](#)

### Unemployment: 4.5%

"We expect something like the recessions in 1990-91 or 2001, when the unemployment rate went up about 2.0 to 2.5 percentage points, not like the soaring unemployment of the Great Recession or the 2020 Lockdown ..."

Monday Morning Outlook: [We're Not Already in a Recession](#)

### Inflation: 4%+

"For 2023, the Fed is forecasting inflation of 3.1%. We think inflation will overshoot: ending next year above 4.0% ..."

Monday Morning Outlook: [Still Unprecedented](#)

### Home Prices: -5% – -10%

"We expect a total decline, peak-to-bottom in the 5-10% range, nothing like the 25% drop in 2006-11 ..."

Monday Morning Outlook: [The Housing Outlook for 2023](#)

### Corporate Profits: -10%

"The bottom line is that while stocks suffered [in 2022] from higher interest rates, the greatest headwind in 2023 should be lower profits ..."

Monday Morning Outlook: [S&P 3,900 - Dow 33,000](#)

### 10-Year Treasury Note Yield: 4.0% – 4.5%

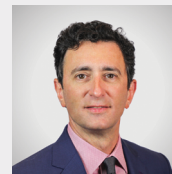
Forecasts as of January 2023.

This report was prepared by First Trust Advisors L.P. and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.

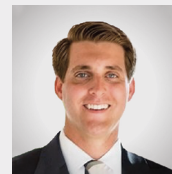
## First Trust Economic Team



**Brian S. Wesbury**  
Chief Economist



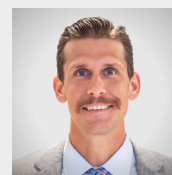
**Robert Stein, CFA**  
Deputy Chief Economist



**Strider Elass**  
Senior Economist



**Andrew Opdyke, CFA**  
Senior Economist



**Bryce Gill**  
Economist