

## LPL Research Team Releases 2026 Outlook: The Policy Engine

Dec 9, 2025

### **Annual report delivers a data-driven perspective on the economic and market landscape, outlining actionable insights for investors to navigate policy-driven trends and volatility**

SAN DIEGO, Dec. 09, 2025 (GLOBE NEWSWIRE) -- [LPL Financial LLC](#) today released its 2026 Outlook: The Policy Engine. Reflecting on the second half of 2025 and looking ahead to the new year, [this report](#) offers a comprehensive analysis of the economic and market environment, highlighting potential implications for investors and their portfolios in 2026.

The 2026 Outlook provides a grounded, data-driven view of where the economy and markets may be headed as we enter the new year. From growth in artificial intelligence (AI) and fiscal policy impacts to evolving interest rates and volatility trends — requiring diversification and agility — LPL's 2026 Outlook provides actionable guidance for navigating a dynamic investment landscape.

"While 2025 was a year of pragmatic optimism for financial markets, it wasn't without volatility," said LPL Chief Investment Officer Marc Zabicki. "In 2026, volatility will continue. Encouragingly, we anticipate that policy will provide supportive conditions for markets in 2026. Given the current investment climate, where policy changes and market momentum have a significant influence over fundamentals and valuations, it is important for investors to exercise patience and avoid making impulsive decisions based on short-term market sentiment."

#### **Key Highlights from the 2026 Outlook**

- **Policy and Momentum Drive Markets**

Markets in 2026 are expected to remain heavily influenced by fiscal and monetary policy rather than traditional fundamentals. Policy decisions — from interest rate adjustments to government spending — will continue to shape sentiment and market direction. This environment amplifies volatility and makes patience and discipline critical for investors navigating short-term swings.

- **AI Investment and Fiscal Spending Support Growth**

Equity markets are likely to extend gains, supported by enthusiasm around AI and a more accommodative Federal Reserve. However, high valuations and the growing concentration of mega-cap technology stocks within major indexes increase sensitivity to company-specific risks. This structural shift means investors should expect more frequent bouts of volatility.

- **Volatility and Concentration Risks Persist**

LPL Research feels the stock market's outlook for the second half of 2026 will hinge on trade talks, AI developments, interest rate swings and tax policy. With valuations already reflecting much of the positive news, gains may be modest. While volatility is expected in a tough macro environment, market pullbacks could offer smart opportunities to selectively add to equity positions.

- **Diversification and Alternatives Are Essential**

In a complex, policy-driven market where correlations can spike during stress periods, diversification remains the cornerstone of risk management. LPL Research emphasizes spreading exposure across asset classes, sectors and regions, while incorporating noncorrelated alternatives — both public and private — to help enhance portfolio resilience and stability.

"Monetary decision-makers should continue to engage in easing policy as economic conditions downshift and inflation remains contained," Zabicki added. "When markets are being driven mostly by policy changes and overall trends, and investments start moving in the same direction, investors should pay even more attention to alternative investments that don't follow the usual market ups and downs, including both public and private options."

For detailed insights and practical strategies on navigating the evolving market landscape in 2026, [download the full 2026 Outlook](#).

#### **Important Disclosures**

Please see the [LPL Financial Research 2026 Outlook](#) for additional description and disclosure.

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