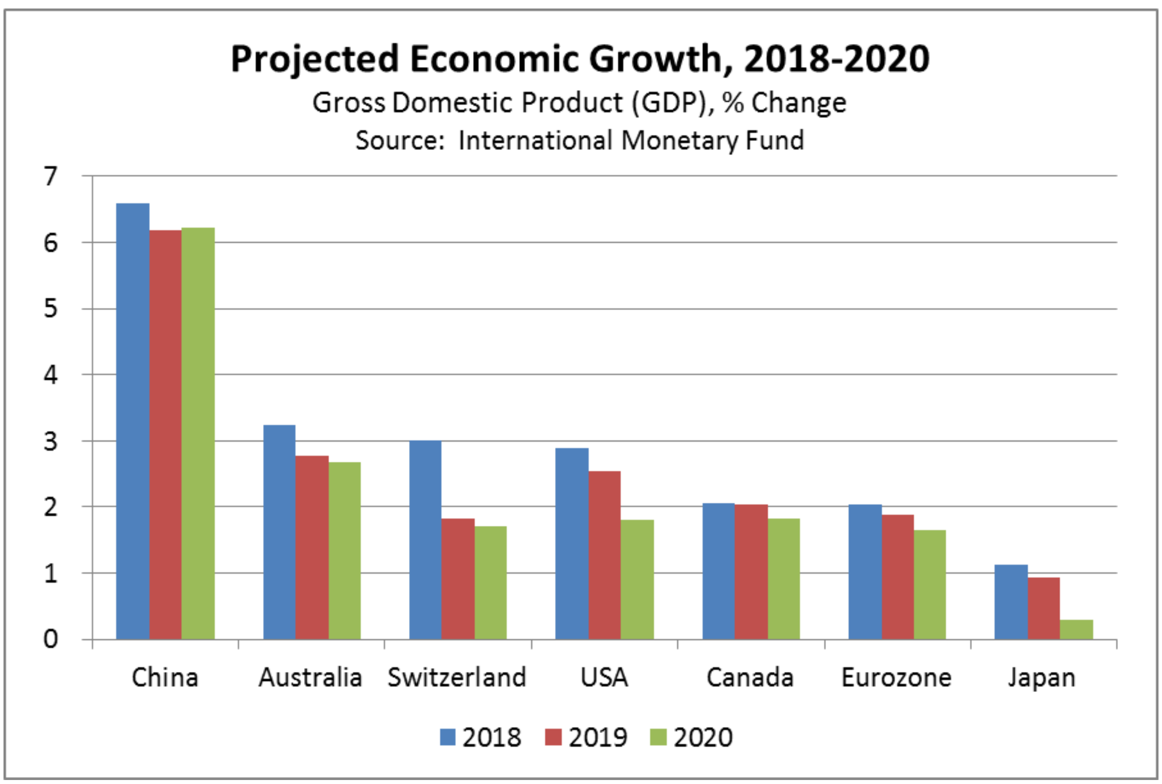
WEALTH MANAGEMENT INTERNATIONAL, LTD.
Proactive Investment Management & Financial Planning

Economic Chart of the Week
November 14, 2018

We continue to believe the stock market can recover from its recent downturn, in large part because we think current U.S. economic fundamentals remain healthy enough to keep boosting corporate earnings. All the same, we do acknowledge that economic growth and profit gains will likely be more modest in the coming year than they've been this year.

In fact, the outlook calls for slowing growth all around the world. This week's chart shows the International Monetary Fund's forecasted growth in gross domestic product (GDP) for several of the world's major economies in 2018, 2019, and 2020. In each case, growth is expected to slow significantly in at least one of the next two years. The expected slowdown reflects a number of issues, from rising U.S. interest rates to the negative impact of protectionist trade policies. Since slowing economic growth is likely to make profits grow less robustly, it should be no surprise that investors have been re-pricing global stocks ever since early October. In addition, slowing growth will likely hold down any increase in energy demand, so it should be no surprise that investors have also been re-pricing crude oil. Nevertheless, it's important to remember that slowing growth is not the same thing as a recession or an outright decline in demand. In some ways, more moderate growth can even be better for stocks, commodities, and other assets, especially if it convinces the Federal Reserve to slow or stop its program of interest-rate hikes. Once investors realize that, stock prices could finally start to move higher again, which would validate our decision not to rush out of stocks in a panic as the market swooned.

Patrick Fearon, CFA
Chief Investment Officer



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