



# WEALTH MANAGEMENT INTERNATIONAL, LTD.

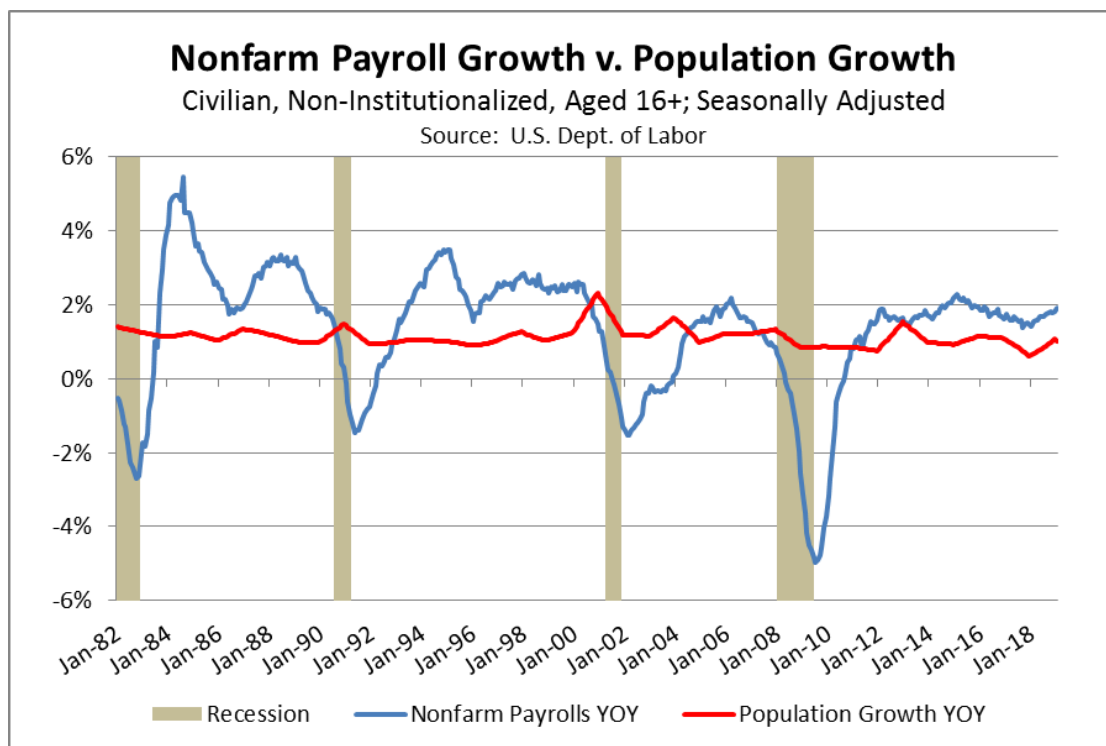
Proactive Investment Management & Financial Planning

## Economic Chart of the Week February 13, 2019

One of the key changes in the U.S. economy over the last couple of decades has been a big drop in the "labor force participation rate," i.e., the share of the adult, civilian, non-institutionalized population that is either working or looking for work. The participation rate fell from a record high of 67.3% in early 2000 to a recent low of just 62.4% in September 2015. Even with the healthy labor market in recent years, the participation rate only ticked up to 63.2% in January.

To help explain why the participation rate isn't rebounding much, this week's chart shows that payrolls have recently been growing only slightly faster than the working age, civilian population. In contrast, payroll growth in the past was often dramatically faster than population growth, pushing the participation rate higher. Today's muted payroll growth stems in large part from restricted labor supply. Because of factors like Baby Boomer retirements, higher rates of disability and caregiving, and longer periods spent in school, more people today aren't working or looking for work. We think tepid labor demand is probably also an issue. After all, if companies really wanted to bring on more workers, they could hike wage rates far enough to entice retirees, students, and others back into the workforce. But that's not happening. Average wages are still not growing very fast, almost as if firms are only hiring as many workers as they can without offering significantly higher wages. These trends provide further evidence of how much less dynamic the U.S. economy is now compared with the decades right after World War II. Such decreased dynamism is why we are increasingly adjusting our investment strategies to reflect muted economic growth, constrained inflation, and relatively tame interest rates going forward.

Patrick Fearon, CFA  
Lead Portfolio Manager



© Wealth Management International, Ltd.

23131 North Lake Pleasant Parkway | Peoria, AZ 85383 | 623-875-5204 | 1-888-91-ASSET

To find out how we use our research in an effort to build better investment strategies, see our website at [www.wealthadv4u.com](http://www.wealthadv4u.com). Advisory services offered through Wealth Management International, Ltd. (WMI), or AdvisorNet Wealth Management (AWM), SEC registered investment advisors. WMI and AWM are not affiliated.