

Economic Outlook

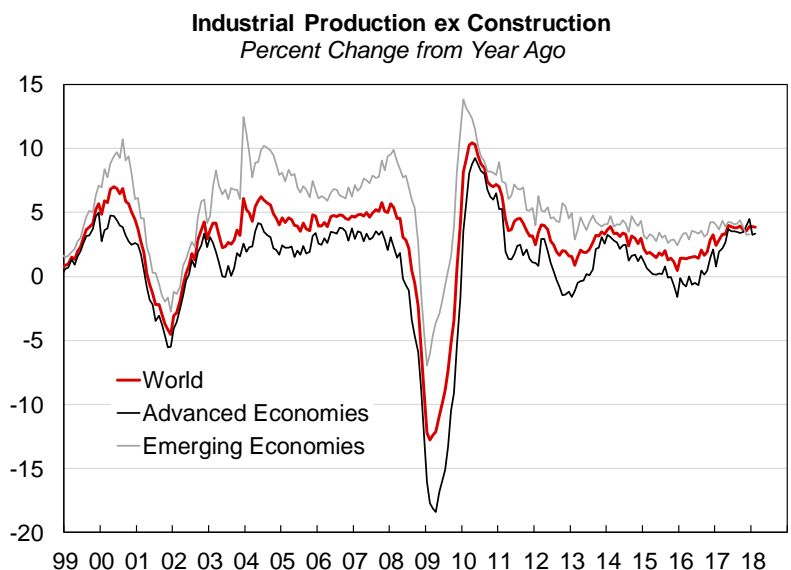
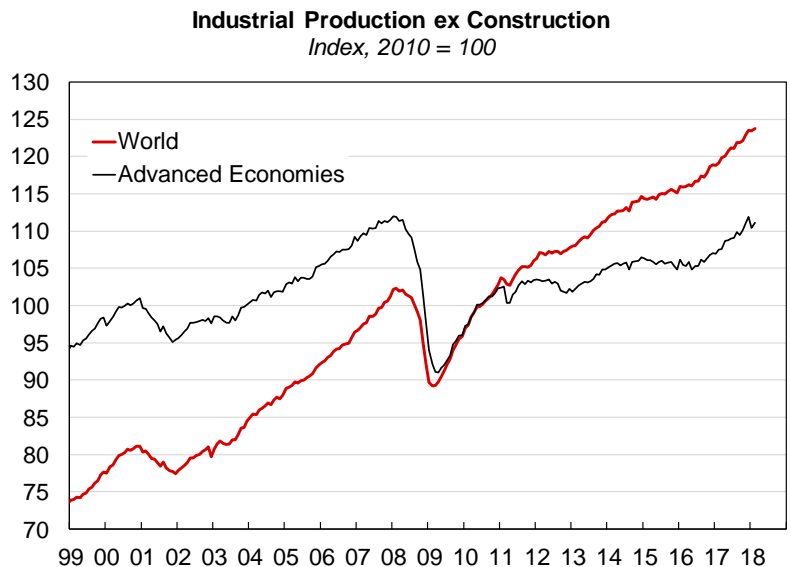
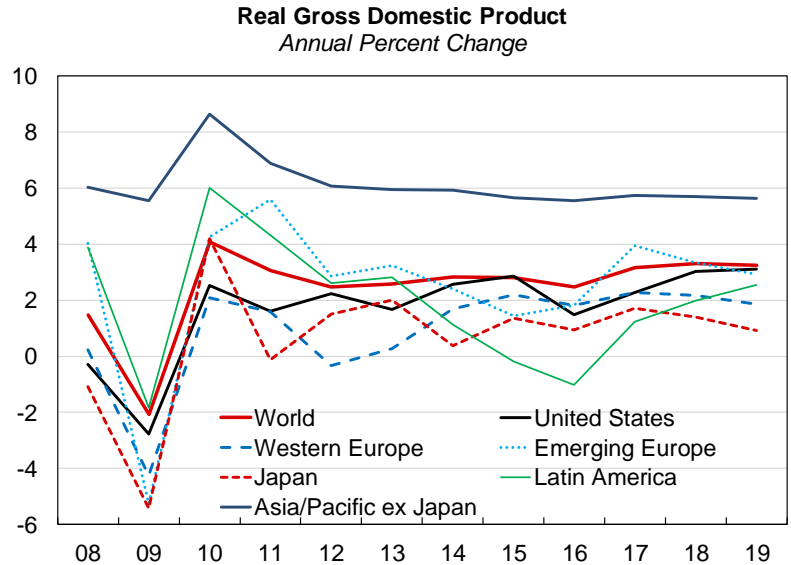
Robert C. Fry, Jr., Ph.D.

May 7, 2018

- The global economy is currently posting its strongest growth since 2011, with accelerating growth in the Americas offsetting slowing growth in Europe, Japan, and China. Annual growth is expected to peak in 2018 but is not expected to slow significantly in 2019.
- Year-over-year growth in global industrial production has stabilized at just below 4% after rising significantly in 2016 and early 2017. Monthly data show a loss of upward momentum in the first quarter, but this might reflect the shifting of economic activity from early 2018 to late 2017 in response to tax reform in the United States. Declines in industrial production in Japan and Europe in early 2018 came after unusually large increases in November and December. Weakness in Europe and Japan and offsetting strength in the United States in early 2018 suggest production is being shifted geographically as well as intertemporally. Global growth in industrial production has probably peaked for this economic expansion but evidence of slowing growth is not convincing.
- Real Gross Domestic Product in the United States rose at a 2.3% annual rate in the first quarter after rising at a 3.0% rate over the prior three quarters. Year-over-year growth rose to 2.9%, an 11-quarter high. Annual growth this year is expected to reach 3% for the first time since 2005. Before the current growth drought, the U.S. economy hadn't gone more than three years without achieving 3% growth since the Great Depression.
- Real GDP for the European Union rose 0.4% (1.7% annual rate) in the first quarter following a 0.6% increase in the fourth quarter of 2017. GDP was up 2.4% year-over-year, down from 2.7% in the prior quarter. Industrial production in European Union manufacturing fell sharply in February from the record high set in January. Even after February's decline, production was up 3.0% from February 2017 and up 13.9% (2.6% annual rate) since February 2013. February's decline was the mirror image of a large increase in the United States.
- Industrial production in Japanese manufacturing fell sharply in January after hitting a nine-year high in December. It rebounded in February and March, easing fears that upward momentum had been halted and that continued economic expansion was at risk. Despite the big decline in January, production was up 3.9% year-over-year in March.
- Growth in China, which was boosted by fiscal stimulus before last fall's Communist Party Congress, has slowed since then. Value Added of Industry, China's official measure of industrial production, was up 6% year-over-year in March. This matched the lowest growth rate in 25 months. My preferred measure of growth in industrial production, the median growth rate of 100 industrial products, was just 2.1% in March, down from 5.8% in the first two months of 2017 and 4.6% as recently as last September. The combination of demographics (working age population has peaked) and debt (used to fund excessive investment) will cause growth in China to slow in coming years. Reported growth is likely to decline gradually. Actual growth could downshift less gradually.
- The GDP growth rate in India (6.8% year-over-year in the fourth quarter of 2017) is currently about the same as the growth rate in China. Going forward, growth is expected to be faster in India than in China, largely for demographic reasons. India's population will surpass China's in the next decade
- Global Gross Domestic Product (based on market exchange rates, not purchasing power parity) is expected to grow 3.3% in 2018, up from 3.2% in 2017 and the best growth rate since 2011. Growth is expected to slow slightly, to 3.2%, in 2019. Global industrial production is expected to grow 3.8% in 2018, up from 3.5% in 2017. Global industrial production is expected to grow 3.2% in 2019.

Global Macroeconomic Overview

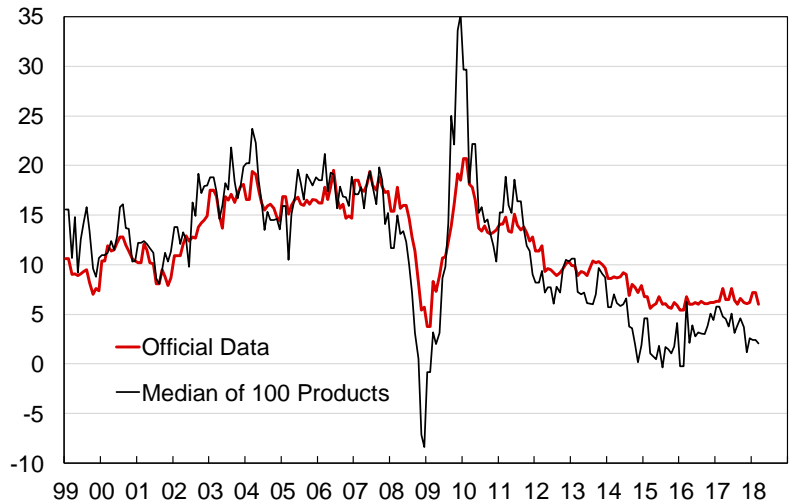
- Global Gross Domestic Product (based on market exchange rates, not purchasing power parity) is expected to grow 3.3% in 2018, up slightly from 2017 and the best growth rate since 2011. Faster growth in the Americas is offsetting slower growth in Europe and Japan.
- Annual global growth is expected to peak in 2018 but is not expected to slow significantly in 2019.
- Global industrial production, as measured by the CPB Netherlands Bureau for Economic Policy Analysis, lost its upward momentum in the first two months of 2018.
- Industrial production in the Advanced Economies declined in January because of a large decline in Europe and a very large decline in Japan. These declines came after very strong increases in November and December.
- Year-over-year growth in global industrial production has stabilized just below 4% after rising significantly in 2016 and early 2017. Year-over-year growth has probably peaked for this economic expansion but has not slowed yet.
- Historically, economic growth has generally been faster in Emerging Economies than in Advanced Economies, but the gap has narrowed because the 2016-2017 acceleration was most pronounced in the Advanced Economies.



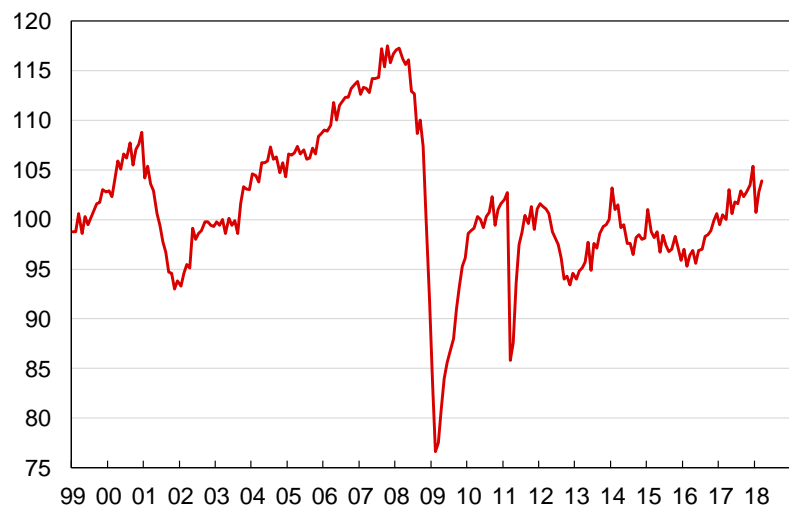
Asia

- Value Added of Industry, China's official measure of industrial production, was up 6% year-over-year in March. This matched the lowest growth rate in 25 months.
- My preferred measure of growth in industrial production, the median growth rate of 100 industrial products, was just 2.1% in March, down from 5.8% in the first two months of 2017 and 4.6% as recently as last September.
- Reported growth is likely to decline gradually in coming years. Actual growth could downshift less gradually.
- Industrial production in Japanese manufacturing fell sharply in January after hitting a nine-year high in December. It rebounded in February and March, easing fears that upward momentum had been halted and that continued economic expansion was at risk.
- Despite the big decline in January, production was up 3.9% year-over-year in March.
- Year-over-year growth in industrial production in Indian manufacturing has been above 8% for four straight months, the first time that has happened since 2010.
- Real Gross Domestic Product for India was up 6.8% year-over-year in the fourth quarter of 2017.
- The GDP growth rate in India is currently about the same as the growth rate in China. Going forward, growth is expected to be faster in India than in China, largely for demographic reasons. India's population will surpass China's in the next decade.

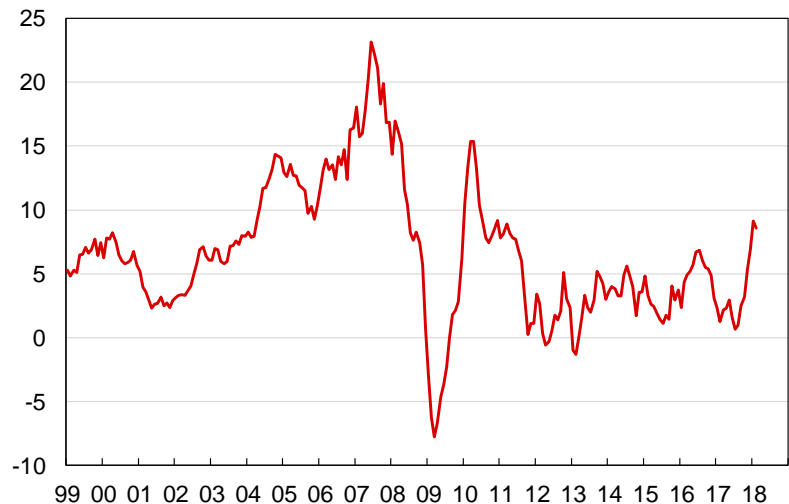
Value Added of Industry (Industrial Production): China
Percent Change from Year Ago



Industrial Production, Manufacturing: Japan
Index, 2010 = 100



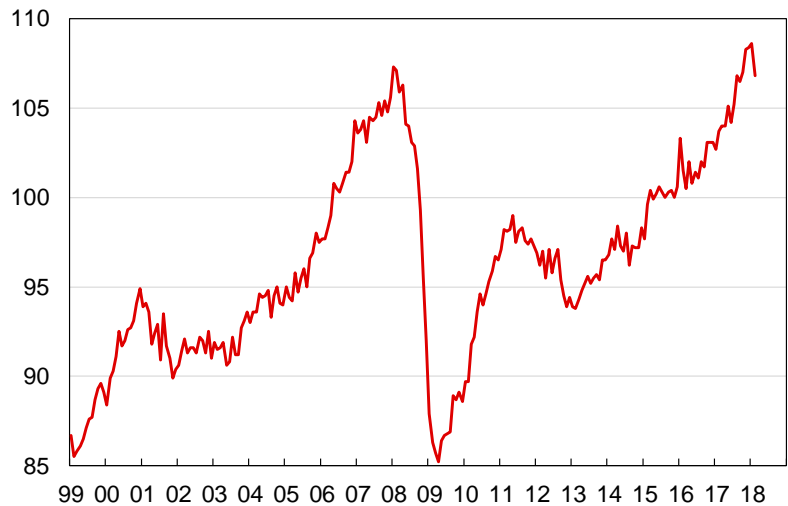
Industrial Production, Manufacturing: India
Percent Change from Year Ago, Smoothed



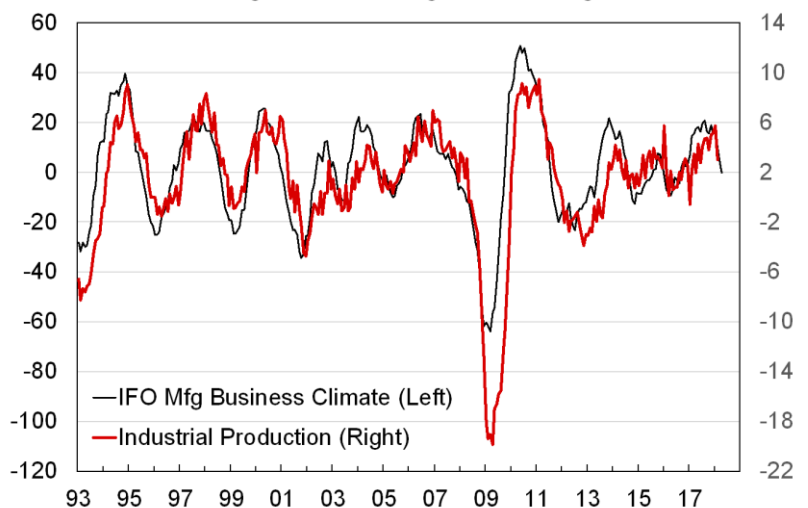
Europe

- Industrial production in European Union manufacturing fell sharply in February from the record high set in January. Even after February's decline, production was up 3.0% from February 2017 and up 13.9% (2.6% annual rate) since February 2013.
- February's decline was the mirror image of a large increase in the United States.
- Real GDP rose 0.4% (1.7% annual rate) in the first quarter following a 0.6% increase in the fourth quarter of 2017. GDP was up 2.4% year-over-year, down from 2.7% in the prior quarter.
- The 12-month change in the German IFO manufacturing business climate index has historically led year-over-year growth in European Union manufacturing production by three months and is reported in a timelier manner.
- The IFO index and its 12-month change fell sharply for a third straight month in April. This is consistent with stagnating industrial production.
- Slower growth in Europe, particularly in manufacturing, may reflect the appreciation of the Euro that took place in 2017.
- Industrial production in manufacturing is at or near record highs in Poland, Hungary, and the Czech Republic. From a manufacturing standpoint, these have been among the best-performing economies in the world over the last several years.
- Production was up 4.5% year-over-year in Poland in March. It was up 3.7% in Hungary and up 4.1% in the Czech Republic in February.

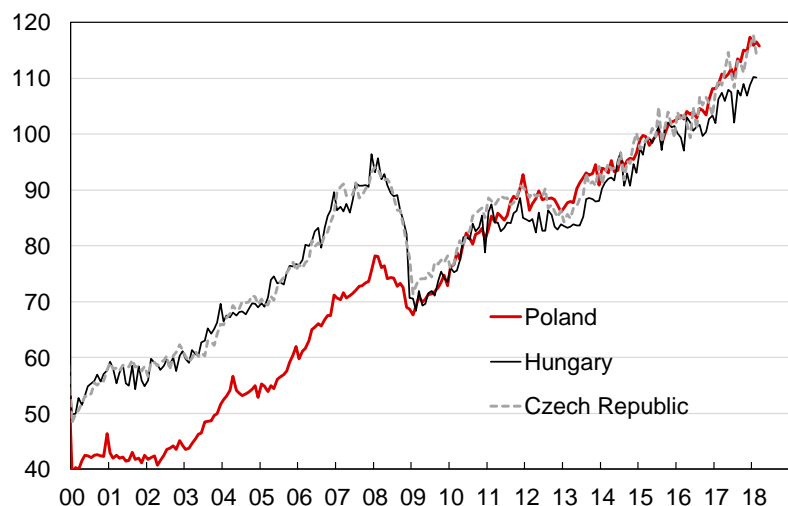
Industrial Production, Manufacturing: European Union
Index, 2015 = 100



Industrial Production, Manufacturing: European Union
Change/Percent Change from Year Ago



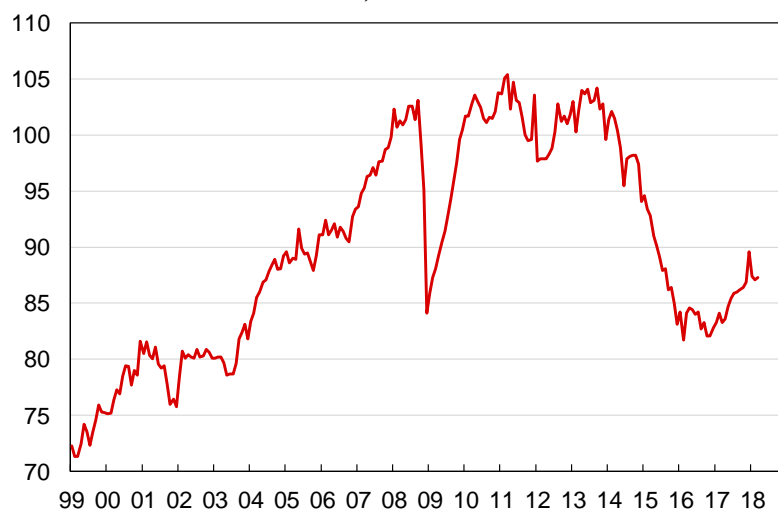
Industrial Production, Manufacturing: Central Europe
Index, 2015 = 100



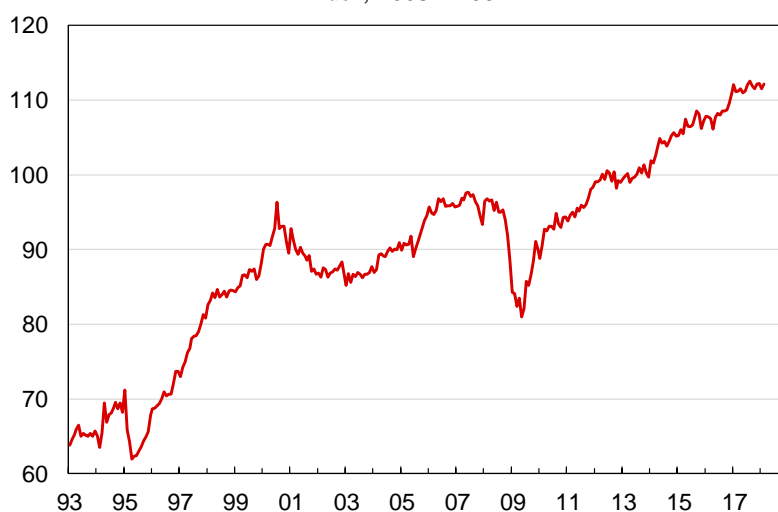
Americas

- Brazil's economy is slowly recovering from its 2014-2015 collapse, which took industrial production in manufacturing below the lows hit during the 2008-2009 global recession.
- Industrial production in Brazilian manufacturing fell sharply in January (and slightly in February) after an unusually large increase in December 2017. It rose slightly in March.
- Production was up 4.8% year-over-year in March.
- Industrial production in Mexican manufacturing has been essentially flat since last July. Production was up just 0.9% year-over-year in February. Production of petroleum products and production of basic metals have been particularly weak.
- Renegotiation of the North American Free Trade Agreement poses a risk to continued growth in Mexican manufacturing, but barring a bad outcome, the long-term economic outlook for Mexico is positive.
- Industrial production in U.S. manufacturing rose 0.1% in March after rising 1.5% in February. The February increase was the largest monthly increase since 2005.
- Production turned up in June 2016 after a 2.7% decline over the prior 18 months. It has been especially strong since the disruptions caused by last summer's hurricanes.
- Continued strong growth in production will rely on home building, business investment in plant and equipment, and taking market share from foreign competitors more than on increased consumer spending.

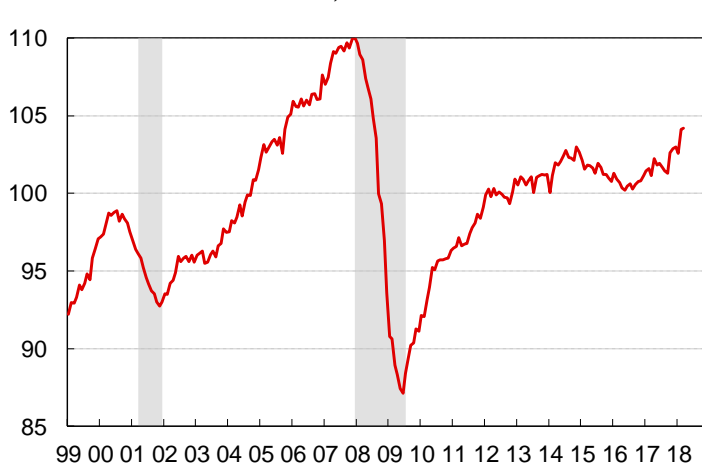
Industrial Production, Manufacturing: Brazil
Index, 2012 = 100



Industrial Production, Manufacturing: Mexico
Index, 2008 = 100



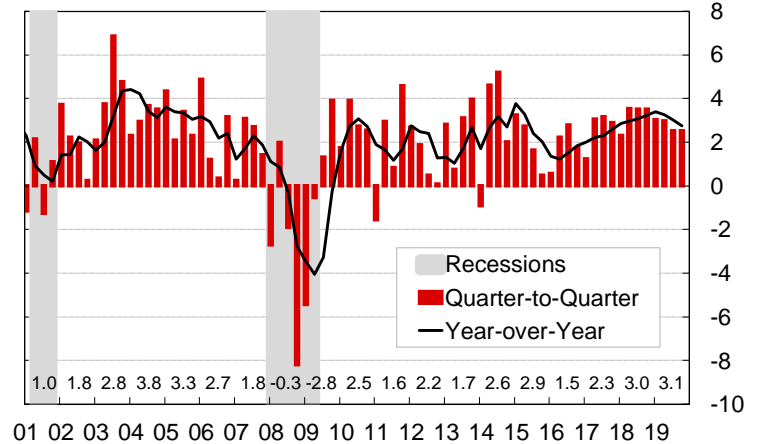
US Industrial Production: Manufacturing
Index, 2012=100



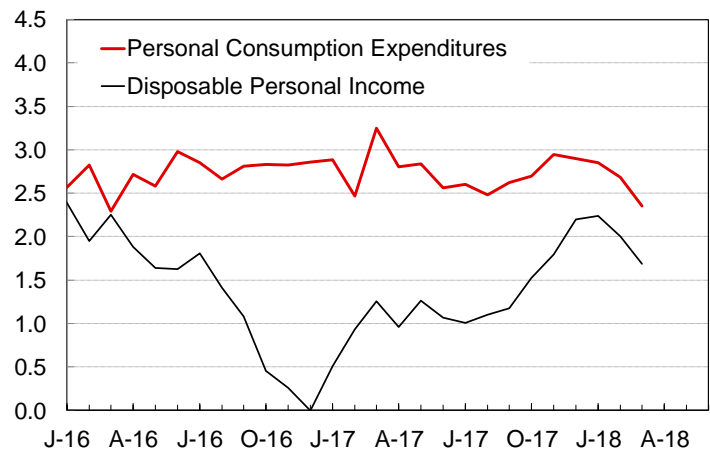
US Macroeconomic Overview

- Real Gross Domestic Product in the United States rose at a 2.3% annual rate in the first quarter after rising at a 3.0% rate over the prior three quarters. Because of problems in seasonally adjusting the data, growth has been weaker in the first quarter than in the rest of the year over the last 30 years. Year-over-year growth rose to 2.9%, an 11-quarter high.
- Annual growth is expected to reach 3% for the first time since 2005. Before the current growth drought, the U.S. economy hadn't gone more than three years without a 3% growth rate since the Great Depression.
- Real personal consumption expenditures rose 0.4% in March. Despite the solid month, year-over-year growth fell to 2.4%, a two-year low.
- Real disposable personal income rose 0.2% in March and was up just 1.7% year-over-year.
- Growth in real disposable personal income, an after-tax measure, has failed to accelerate despite this year's tax cut. This reflects persistently slow growth in wages and salaries.
- Average hourly earnings show little acceleration in labor costs over the last four years. Much of this weakness reflects the replacement of retiring Baby Boomers with lower-paid Millennials.
- The Employment Cost Index, which is not affected by changes in the age or job composition of the workforce, shows a significant acceleration over the last two years. The ECI was up 2.8% year-over-year in the first quarter, highest since 2009.
- The Employment/Population ratio (ages 16-64) shows a little more slack in the labor market than does the unemployment rate.

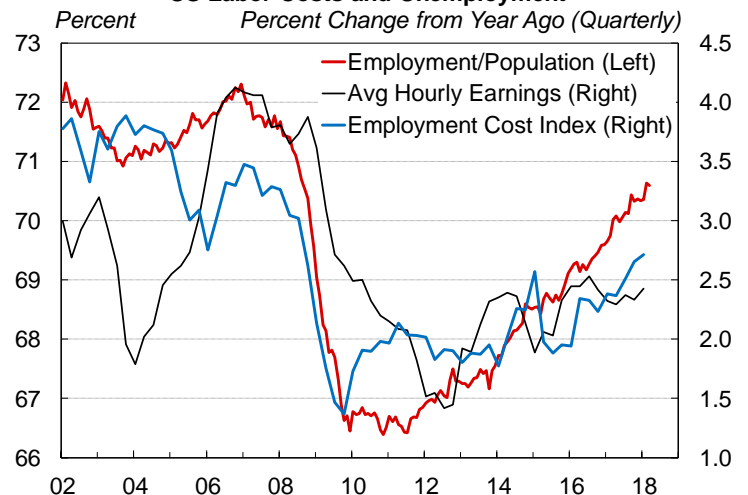
US Real Gross Domestic Product
Annualized Growth Rates



US Real Consumer Spending & Disposable Income
Percent Change from Year Ago, Chained 2009 Dollars



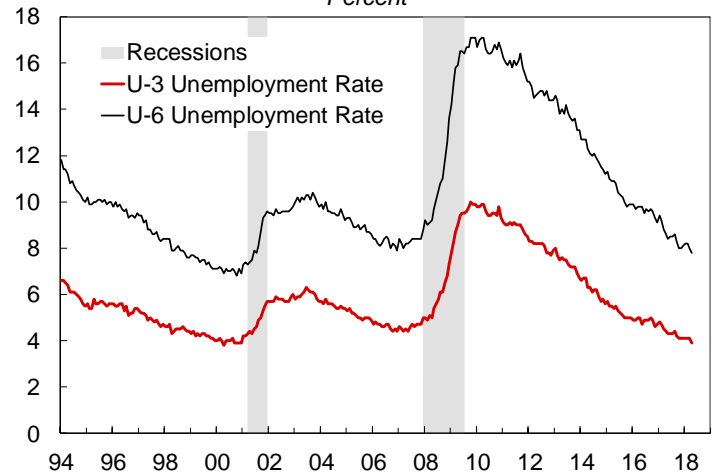
US Labor Costs and Unemployment



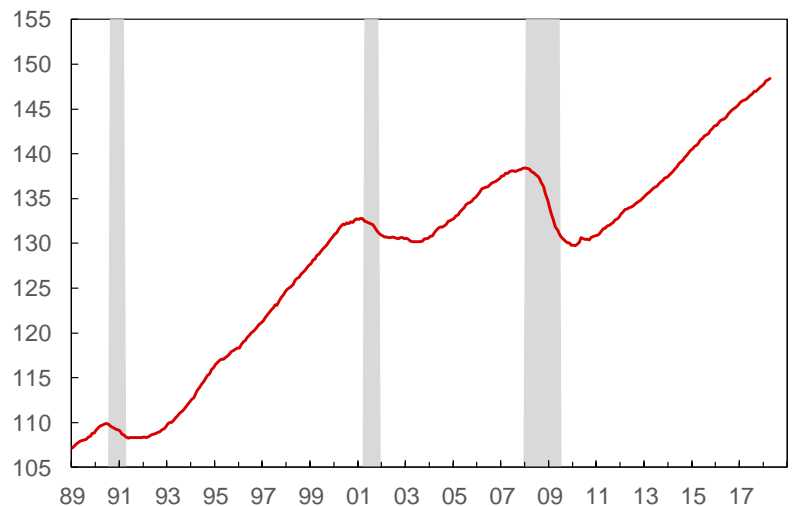
US Macroeconomic Overview

- The civilian unemployment rate fell to 3.9% in April after spending six months at 4.1%. This is the lowest unemployment rate since 2000 and is well below the Congressional Budget Office's 4.7% estimate for the natural rate of unemployment.
- The U-6 measure of unemployment, which includes people who are working part-time but would prefer to work full-time and those who have stopped looking for a job because they are discouraged, fell to 7.8% in April, the lowest since 2001. U-6 has also reached a level that has been consistent with full employment.
- Job growth has not slowed this year despite the low unemployment rate.
- Nonfarm payrolls have grown by an average of 200,000 per month so far this year, compared to 182,000 per month in 2017, 208,000 per month in 2016, and 239,000 in 2015. Only 80,000-100,000 new jobs per month are required to absorb growth in the adult population.
- Barring the return of discouraged and retired workers to the labor force, growth in payroll employment will have to slow to less than 100,000 within the next few years.
- Light vehicle sales have stabilized around a 17.15 million seasonally adjusted annual rate so far this year. That's virtually identical to last year's 17.17 million sales.
- With employment growth expected to slow and some consumers waiting for next-generation technology (electric, self-driving) before buying their next car, sales are unlikely to rise significantly from current levels. However, given the advanced age of the current vehicle fleet, strong replacement demand will keep vehicle sales from declining significantly until the economic expansion nears its end.

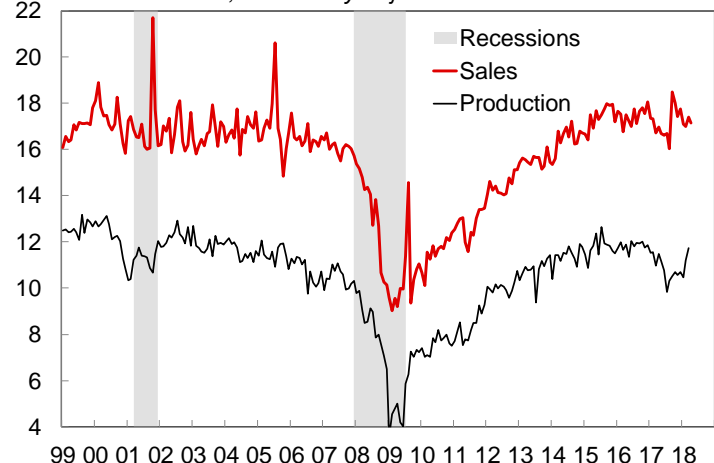
US Civilian Unemployment Rate
Percent



US Payroll Employment
Millions



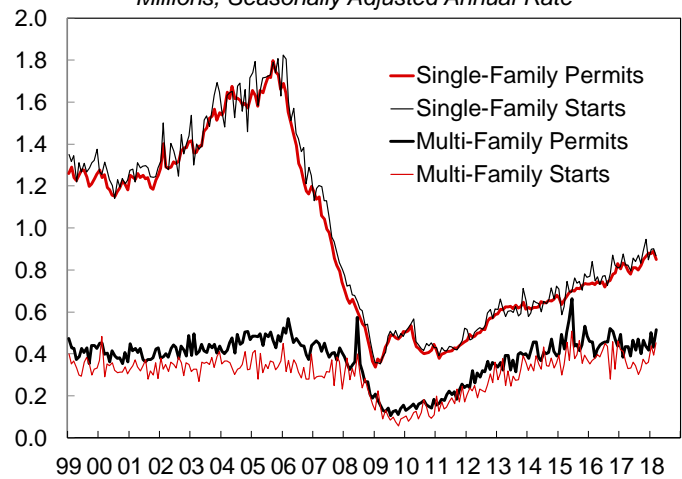
US Light Vehicle Sales & Production
Millions, Seasonally Adjusted Annual Rate



US Housing

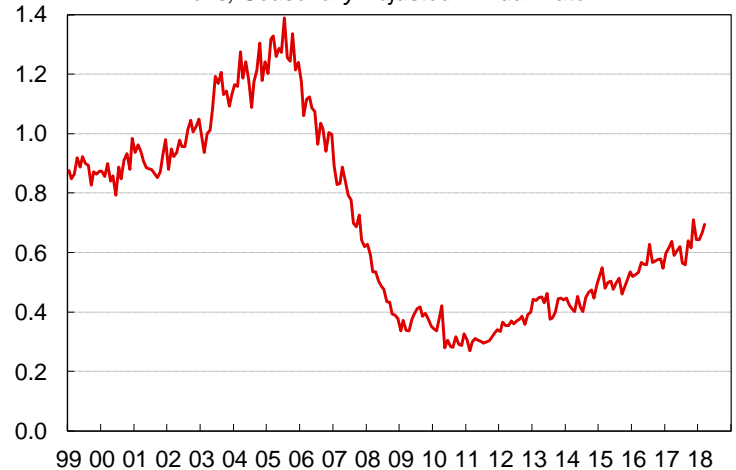
- The slow recovery in construction of single-family homes is one of the two biggest reasons this economic expansion has been so much weaker than previous expansions.
- Single-family housing starts and building permits (a better indicator of housing market conditions than starts because they are less sensitive to weather) continue to trend slowly higher.
- Total housing starts hit a new cyclical high in the first quarter and are expected to total 1.32 million in 2018, the best since 2007.
- New home sales rose in March to their second-highest level since 2007. (Only last November was higher.) Lean inventories mean that further increases in sales will require an increase in housing starts.
- Existing-home sales (not shown) have leveled off; they were no higher in March 2018 than they were in January 2017.
- Existing home sales have been held down by a shortage of homes on the market. Some potential sellers aren't selling because they can't find homes to buy, which implies that the underlying problem is insufficient home building.
- The second key reason for the weakness of the current economic expansion is the anemic recovery in business investment.
- Tax reform will boost potential growth in the U.S. economy if and only if it causes businesses to boost investment in plant and equipment and intellectual property products (e.g., software).
- Recessions generally involve huge declines in residential and nonresidential investment. Because it's hard to have a bust without first having a boom, a near-term recession is unlikely.

US Housing Starts & Building Permits
Millions, Seasonally Adjusted Annual Rate

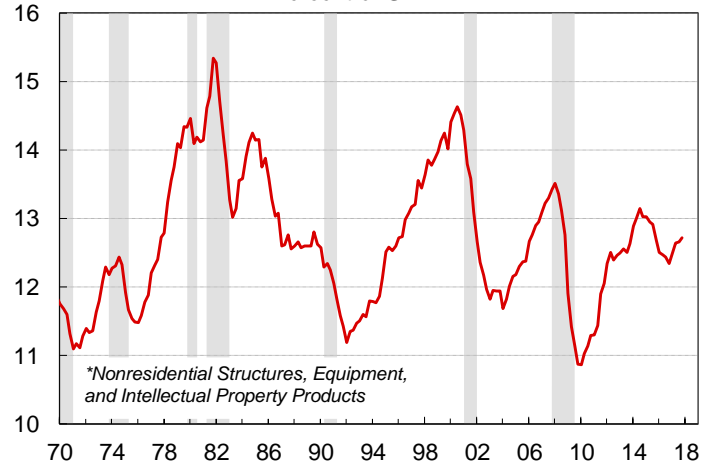


US New Home Sales

Millions, Seasonally Adjusted Annual Rate



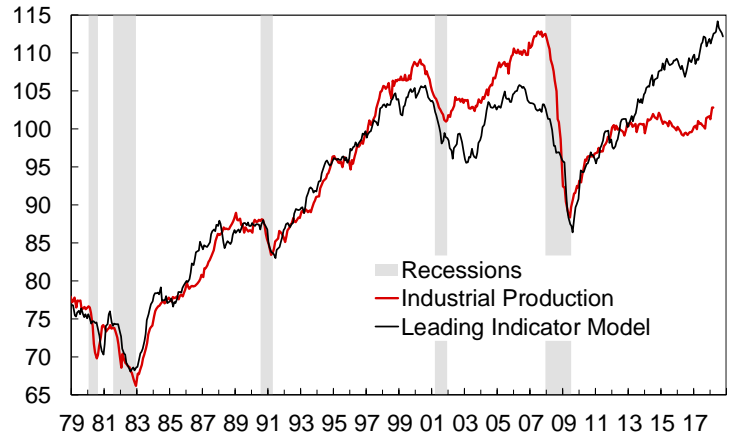
US Nonresidential Fixed Investment*
Percent of GDP



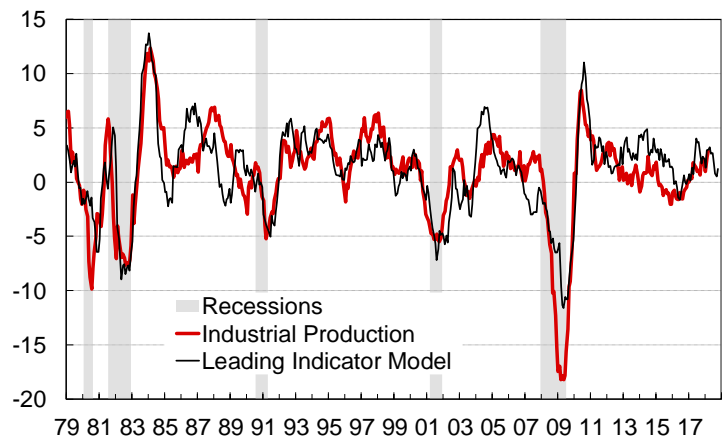
Industrial Production & Leading Indicators

- Industrial production in U.S. manufacturing (excluding computers, communication equipment, and semiconductors) has risen 3.7% since August 2016, 2.8% (5.6% annual rate) since September 2017.
- My leading index for industrial production has declined for four straight months. Although this suggests weakness ahead, I believe industrial production will continue to rise due to continued recovery in residential construction, the stimulus to investment spending from tax reform, and the lagged impact of the 2017 decline in the value of the U.S. dollar.
- Industrial production for manufacturing (excluding the high-tech sectors) was up 2.8% year-over-year in March.
- My leading indicator model for industrial production suggests that year-over-year growth will decline over the next few months. If this decline occurs, I expect it to be very short-lived due to the factors discussed above.
- Big gains in manufacturing employment and the average workweek point to a big increase in industrial production in April.
- The Organization for Economic Cooperation and Development (OECD) publishes leading indicators for OECD members and six non-member developing countries. Their broadest leading indicator is highly correlated with year-over-year growth in global industrial production.
- The OECD “leading” indicator doesn’t lead by very much, if at all, but because it doesn’t change direction very often, it can confirm whether an apparent turning point in growth in industrial production is a true turning point or just “noise” in the data. The indicator peaked last September. It suggests that growth has peaked but does not signal a significant slowdown.

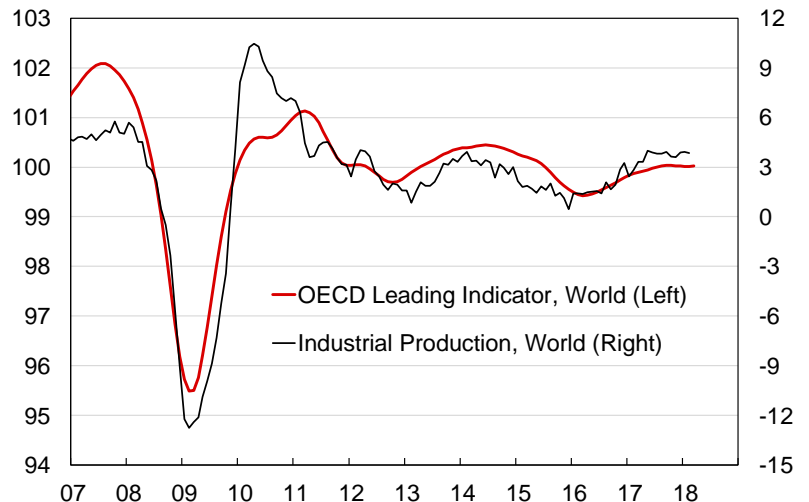
US Industrial Production: Manufacturing ex high-tech
Index 2012 = 100



US Industrial Production: Manufacturing ex high-tech
Percent Change from Year Ago



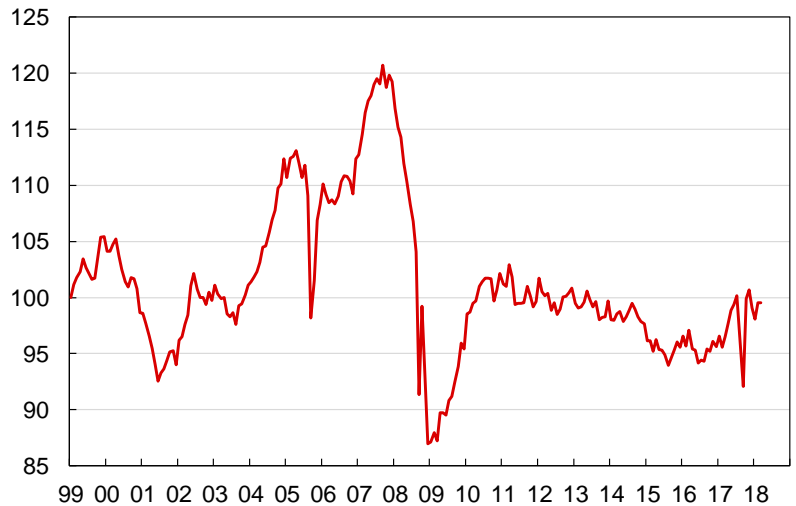
OECD Leading Indicator & Global Industrial Production
Trend = 100 *Percent Change from Year Ago*



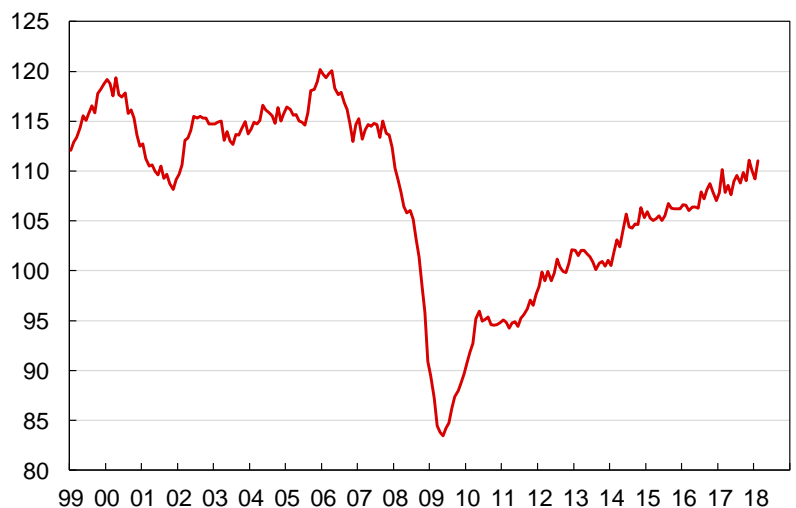
US Industrial Production

- Industrial production of chemicals (excluding pharmaceuticals) fell sharply in August and September 2017 because of plant shutdowns caused by Hurricane Harvey. Production rebounded to a new high in November but has failed to rise further since then. Production was up 3.5% year-over-year in March.
- Chemical industry capacity in the United States is expanding as new facilities are built to take advantage of the abundance of cheap natural gas liquids from shale formations. Strong growth in production is likely over the rest of the decade.
- U.S. industrial production of plastic and rubber products continues to trend upward gradually. It was up 2.2% year-over-year in March.
- Plastic and rubber production was boosted by the strong recovery in motor vehicle sales and production from 2009 to 2015. With the peak in motor vehicle production likely behind us, future growth in plastic and rubber products will have to depend on other sources of demand. As in the case of chemicals, production is likely to be boosted in the future by the abundance of cheap natural gas liquids.
- Even though natural gas liquids are the primary feedstock for the North American chemical industry, industrial chemical prices are more highly correlated with global oil prices than with natural gas prices because oil-based imports are the marginal source of supply.
- The Producer Price Index for industrial chemicals fell sharply following the collapse in oil prices that began in mid-2014 but has risen since oil prices hit bottom in early 2016.

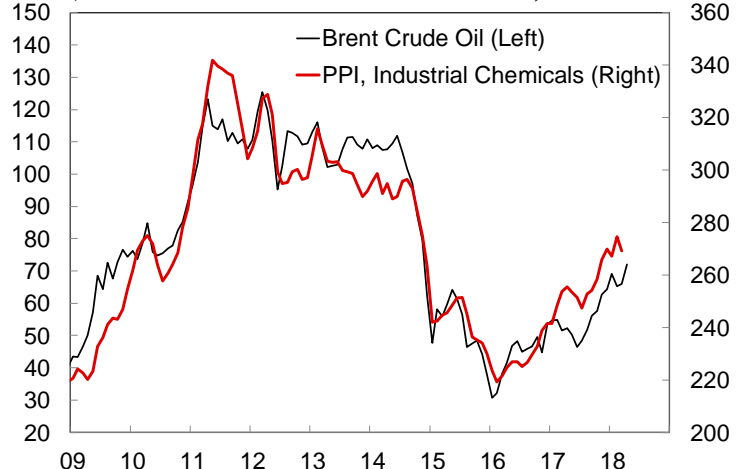
US Industrial Production: Chemicals ex pharmaceuticals
Index, 2012=100



US Industrial Production: Plastic & Rubber Products
Index, 2012=100

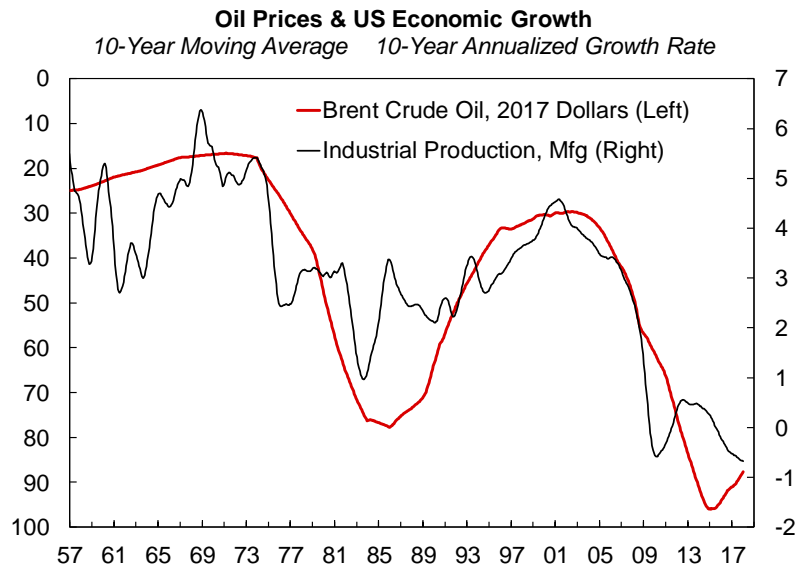
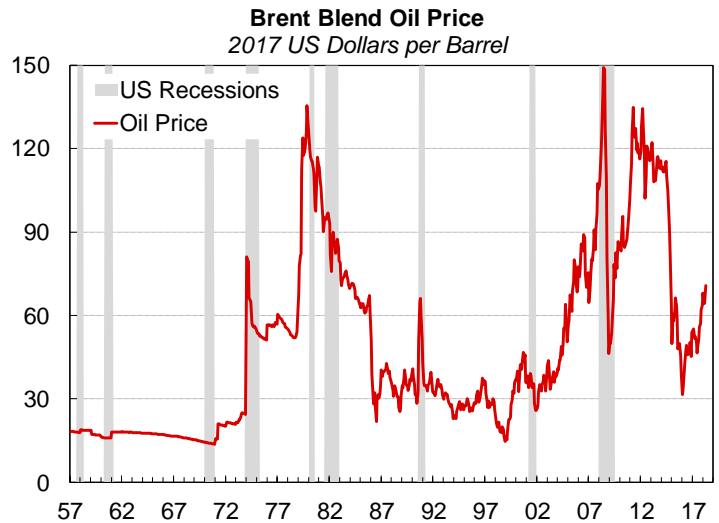
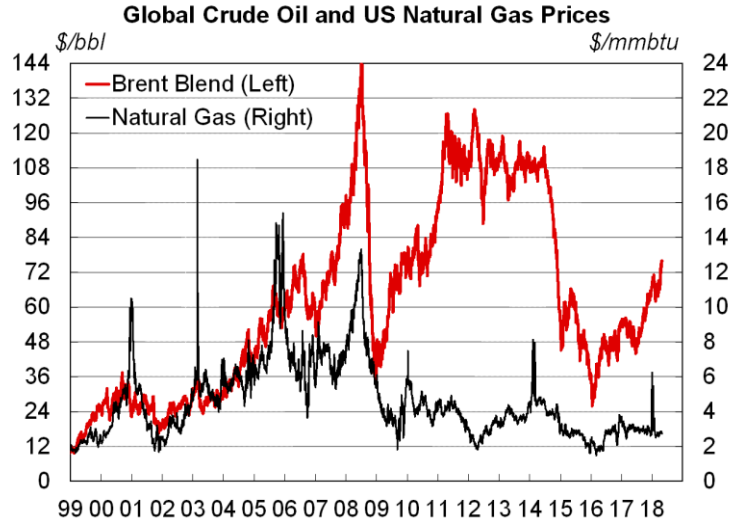


Brent Oil Price vs Industrial Chemical Prices
\$/Barrel (Left) / Index, 1982 = 100 (Right)



Oil & Gas Prices

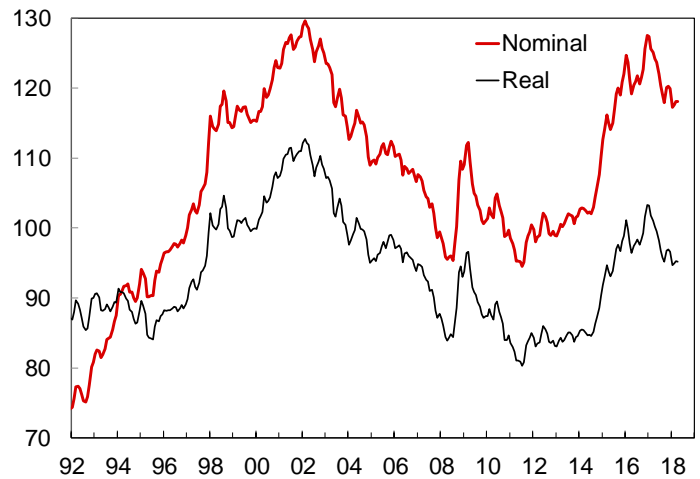
- Oil prices have risen to three-year highs due to growing global demand and continued OPEC production cuts. Long-dated futures prices suggest that prices will not remain at current elevated levels.
- Except for a few cold days in January, natural gas prices have been in a very gradual decline since early 2017. Prices have remained between \$2.49/mmbtu and \$2.91/mmbtu since early February.
- Low prices for natural gas and natural gas liquids boost the competitiveness of North American chemical producers, which use natural gas liquids as their primary feedstock while foreign competitors rely on naphtha, a crude oil derivative. The feedstock-cost advantage of North American producers shrank when oil prices collapsed in late 2014 but has grown as oil prices have rebounded.
- The real (inflation-adjusted) price of Brent Blend crude oil peaked in November 1979 and did not set another new high until May 2008. Because of hydraulic fracturing and horizontal drilling in shale formations, real oil prices could remain below their 2008 highs for decades.
- Economic growth, particularly growth in U.S. industrial production in manufacturing, has been significantly stronger during periods of low real oil prices than during periods of high prices.
- Although real oil prices peaked in 2008 and have fallen sharply since mid-2014, the 10-year moving average of real oil prices did not begin to decline until 2015.
- Initially, the negative impact of lower oil prices on drilling activity and related industries dominated the positive impact on the rest of the economy. In the long run, the positive impact will dominate.



Exchange Rates, Inflation, and Interest Rates

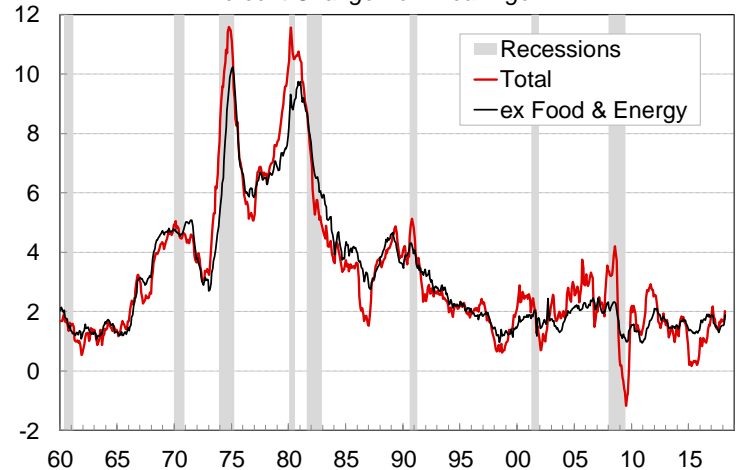
- The U.S. dollar has strengthened in recent days after falling significantly from the 14-year high reached in January 2017.
- A strong dollar reduces the competitiveness of U.S.-produced goods and services. The negative impact of the strong dollar on U.S. manufacturers initially offset some of the positive impact of lower oil and natural gas prices.
- The decline in the dollar during 2017 will help U.S. manufacturers in 2018 and 2019.

Federal Reserve Broad Dollar Index



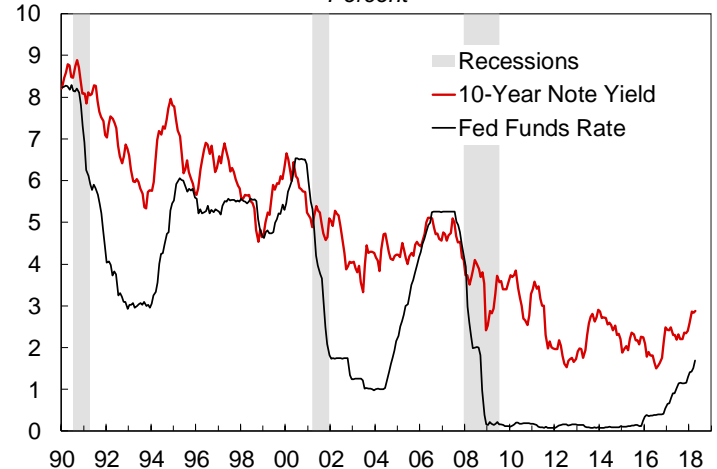
- The U.S. Federal Reserve seeks to keep inflation, as measured by the year-over-year change in the Personal Consumption Expenditure Price Index, near 2%.
- The total PCE Price Index was up 2% year-over-year in March. The “core” (ex food and energy) index was up 1.9%. The core inflation rate has been between 1.3% and 1.9% for 71 straight months but is likely to rise to or above 2% over the next few months before flattening or easing slightly. Core inflation has been below 2.5% since NAFTA was enacted in 1994. Before then, it hadn't fallen below 2.5% for 27 years.

US Personal Consumption Expenditures Price Index
Percent Change from Year Ago



- The Federal Reserve raised its federal funds rate target by a quarter point (to 1.5 to 1.75%) at its March meeting. I expect two more quarter-point hikes in 2018, two in 2019, and another in 2019.
- The yield on 10-year Treasury notes is slightly below 3% after breaching that level in April. It is expected to trend upwards as the Federal Reserve shrinks its holdings of Treasury and mortgage-backed securities.
- If 10-year Treasury yields were to remain at current levels, it would take six quarter-point hike in the funds rate to invert the yield curve and signal a recession.

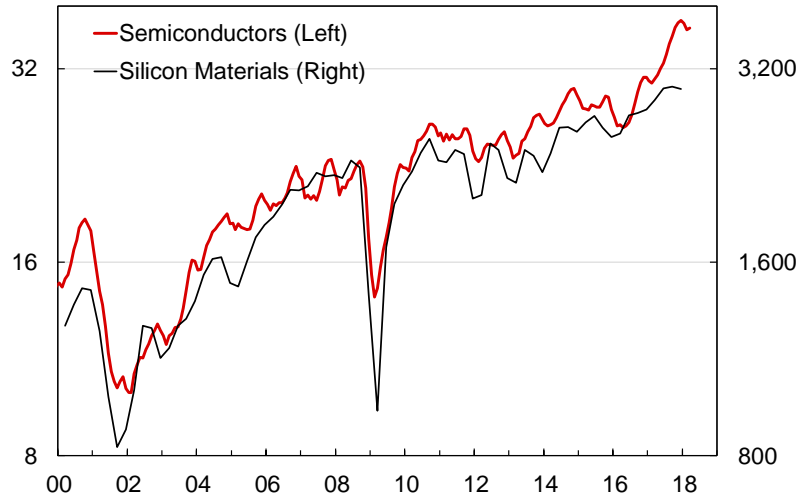
US Interest Rates
Percent



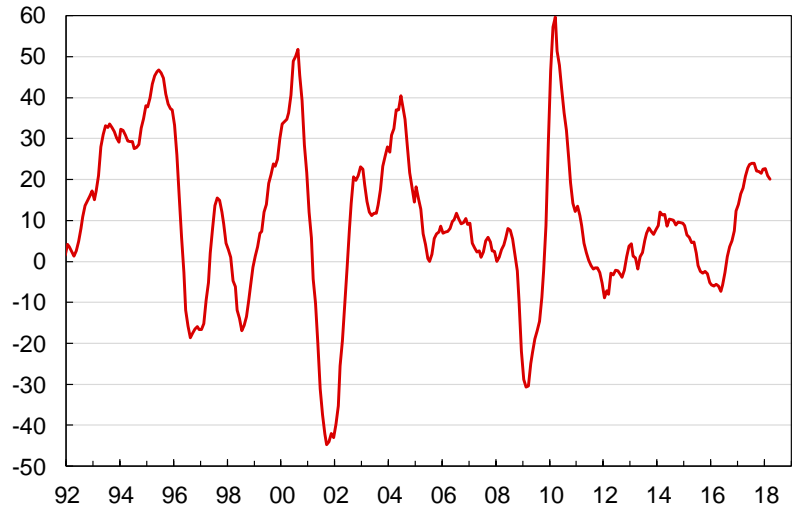
Electronics & Communication

- Shipments of silicon materials are a good indicator of global demand for products going into the electronics industry. Shipments rose to a new record high in the third quarter of 2017. They were up 7.7% year-over-year in the fourth quarter despite a small sequential decline.
- The data are only reported quarterly back to 2000, but silicon wafer area (in square inches) has been strongly correlated with semiconductor shipments (in dollars), which are reported monthly back to 1976.
- Worldwide semiconductor shipments reached a record high in the three months ending in December 2017 before a normal seasonal decline in January and February. The three-month average rose in March but was still below the record set in December.
- Worldwide semiconductor shipments were up 20.0% year-over-year in the three months ending in March. Year-over-year growth has been at or above 20% for 12 straight months but is slowing.
- Industrial production of wire and cable used in communication and energy applications fell by two-thirds from its 2000 dot.com bubble peak to its 2009 trough. The recovery since then, while significant in percentage terms, has erased little of the 2001-2009 decline.
- Wire and cable production hit a 10-year high in February and was up 3.5% year-over-year after a small decline in March.

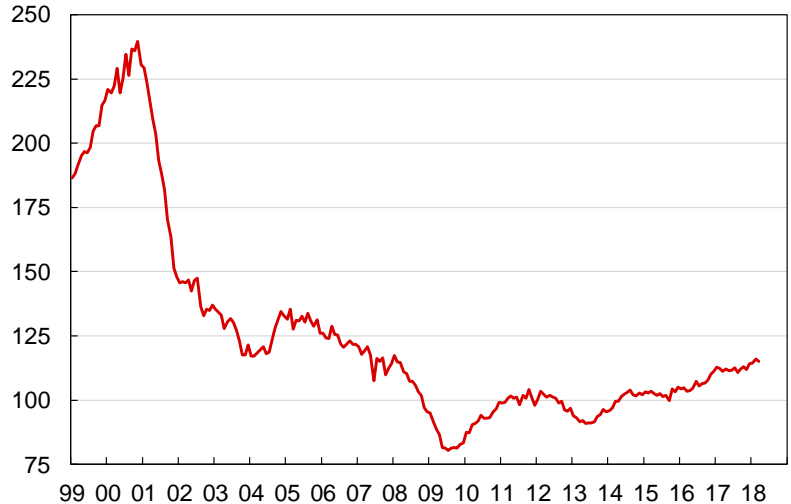
Worldwide Semiconductor & Silicon Material Shipments
Million\$, 3-Month Moving Average Million Square Inches



Worldwide Semiconductor Shipments
Percent Change from Year Ago, 3-Month Moving Average



US Industrial Production: Wire & Cable
Index, 2012=100



Global GDP Growth

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
World	2.8	2.5	3.2	3.3	3.2	3.0	3.0	3.0	3.0
North America	2.7	1.5	2.3	2.9	3.0	2.5	2.4	2.4	2.4
United States	2.9	1.5	2.3	3.0	3.1	2.5	2.5	2.5	2.5
Canada	1.0	1.4	3.0	2.0	1.9	1.8	1.6	1.8	1.8
Mexico	3.3	2.9	2.0	2.2	2.2	3.0	2.9	2.9	2.9
Western Europe	2.2	1.8	2.3	2.2	1.9	1.7	1.6	1.5	1.5
France	1.1	1.2	1.8	2.1	1.8	1.6	1.6	1.5	1.4
Germany	1.5	1.9	2.5	2.4	1.9	1.6	1.4	1.3	1.2
Italy	1.0	0.9	1.5	1.4	1.2	1.0	1.0	1.0	1.0
Spain	3.4	3.3	3.1	2.7	2.3	1.9	1.7	1.7	1.7
U.K.	2.3	1.9	1.8	1.5	1.5	1.6	1.8	1.8	1.9
C & E Europe	1.4	1.8	3.9	3.3	2.9	2.7	2.7	2.7	2.7
Middle East & Africa	2.4	3.1	2.0	3.0	3.4	3.3	3.3	3.4	3.4
Asia/Pacific	4.6	4.4	4.8	4.7	4.6	4.5	4.4	4.5	4.4
Japan	1.4	0.9	1.7	1.4	0.9	0.5	0.6	0.9	1.0
ex Japan	5.7	5.6	5.7	5.7	5.6	5.5	5.4	5.3	5.2
Australia	2.5	2.6	2.3	2.7	2.8	2.9	2.7	2.6	2.6
China	6.9	6.7	6.9	6.6	6.3	6.0	5.8	5.5	5.3
India	8.2	7.1	6.7	7.4	7.8	7.9	8.1	8.1	8.2
Indonesia	4.9	5.0	5.1	5.3	5.5	5.6	5.6	5.6	5.6
Korea (South)	2.8	2.8	3.1	2.9	2.8	2.8	2.8	2.7	2.6
Malaysia	5.0	4.2	5.9	5.3	5.0	4.9	4.7	4.9	4.9
Philippines	6.1	6.9	6.7	6.7	6.8	6.9	6.9	7.0	7.0
Singapore	2.2	2.4	3.6	2.9	2.7	2.6	2.6	2.6	2.6
Taiwan	0.8	1.4	2.8	2.7	2.0	2.0	2.0	2.0	2.0
Thailand	3.0	3.3	3.9	3.9	3.8	3.6	3.6	3.5	3.5
Vietnam	6.7	6.2	6.8	6.6	6.5	6.5	6.5	6.5	6.5
Latin America	-1.1	-2.0	1.0	1.9	2.7	2.7	2.7	2.7	2.7
Argentina	2.7	-1.8	2.9	2.0	3.2	3.1	3.2	3.3	3.3
Brazil	-3.6	-3.5	1.0	2.3	2.5	2.2	2.2	2.2	2.2
Colombia	3.1	2.0	1.8	2.7	3.3	3.6	3.7	3.6	3.6
Venezuela	-6.2	-16.5	-14.0	-15.0	-6.0	-2.0	-1.5	-1.5	-1.5

Global Industrial Production Growth

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
World	1.5	1.7	3.5	3.8	3.2	2.6	2.6	2.4
Advanced economies	0.1	0.1	3.1	3.4	2.5	1.7	1.6	1.4
United States	-1.0	-1.9	1.6	3.8	2.9	2.1	2.0	2.0
Japan	-1.3	-0.4	4.5	2.5	2.0	0.5	0.5	0.5
Euro Area	1.0	1.7	3.3	3.0	2.0	1.5	1.5	1.2
Other advanced	1.6	1.5	4.2	4.0	3.0	2.0	2.0	1.5
Emerging economies	3.0	3.5	3.9	4.2	3.9	3.6	3.6	3.5
Emerging Asia	4.7	5.3	5.7	6.0	5.0	4.5	4.5	4.0
C & E Europe	-1.6	1.1	1.7	2.5	2.0	2.0	2.0	2.0
Latin America	-2.3	-3.6	-0.8	1.0	2.0	2.0	2.0	2.5
Middle East & Africa	3.0	2.9	1.6	2.5	3.0	3.0	3.0	3.5

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