

Economic Outlook

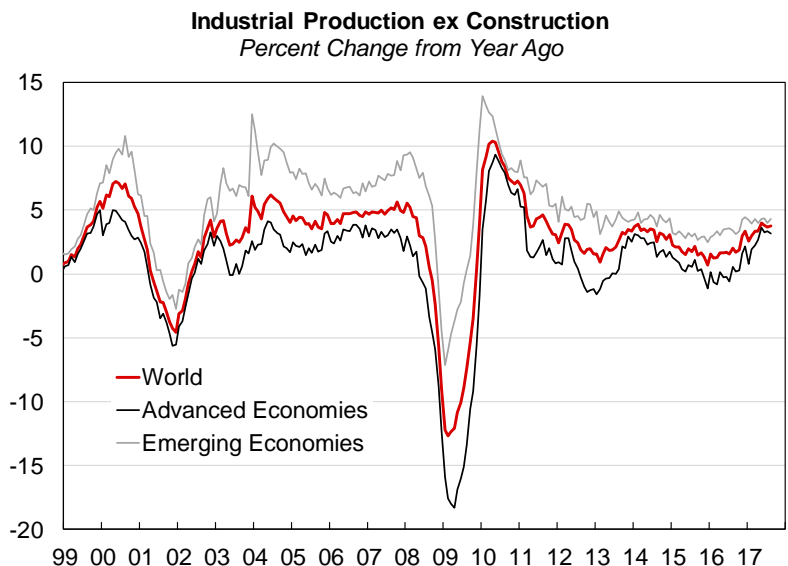
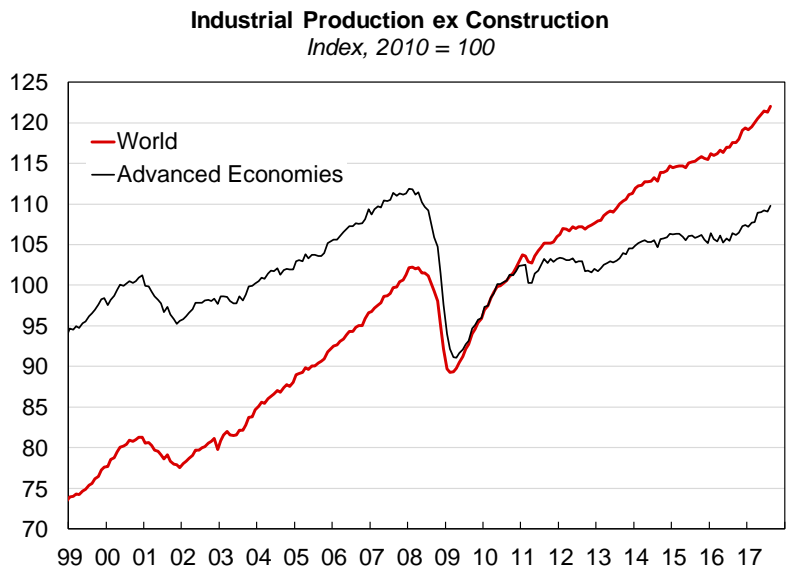
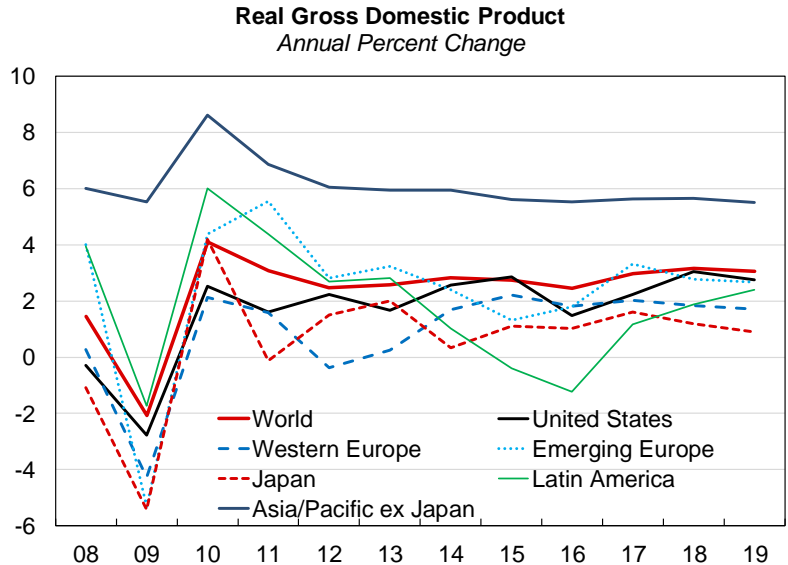
Robert C. Fry, Jr., Ph.D.

November 6, 2017

- The global economy is in a synchronous global expansion, with most countries experiencing economic growth. Since early 2016, industrial production has accelerated in China – which has returned to investment- and export-led growth – and in Western Europe and Japan, which have benefitted from lower oil prices. A nascent reacceleration in U.S. manufacturing that began in late 2016 after nearly two years of stagnation was interrupted this summer by cuts in motor vehicle production and plant shutdowns caused by Hurricanes Harvey and Irma, but two quarters of solid growth in Gross Domestic Product, rebuilding after the hurricanes, positive leading indicators, and a possible boost from tax reform suggest that industrial production in U.S. manufacturing is likely to rise strongly in coming months. Even Brazil, the worst-performing major economy in the world the last few years, seems to be growing again. Leading indicators suggest that the global expansion is likely to continue.
- Real Gross Domestic Product in the United States rose at a 3.0% annual rate in the third quarter after rising at a 3.1% rate in the second quarter. Year-over-year growth rose to 2.3%, a two-year high. Growth is expected to remain around 3% through 2018 and perhaps beyond if oil prices remain low and the Republican tax reform proposal becomes law. The quarterly pattern of growth over the next two quarters will depend on the timing of tax reform. Unless tax reform becomes effective before year-end, it will make sense for businesses to delay income and investments until 2018 to get more favorable tax treatment.
- Real GDP for the European Union rose 0.6% (2.2% annualized rate) in the third quarter and was up 2.5% year-over-year, the best year-over-year growth rate since 2011. Year-over-year growth was slower in the United Kingdom (1.5%). Year-over-year growth was faster in the EU than in the United States for a second straight quarter. Industrial production in European Union manufacturing has risen 12.4% (2.7% annual rate) since March 2013 and is nearing the record high set in 2008. Production was up 4.3% year-over-year in August.
- Economic growth has accelerated in Japan. Real GDP rose 0.6% quarter-to-quarter (2.5% annual rate) in the second quarter. This was the strongest growth in more than two years and is significantly above Japan's long-run potential growth rate. Industrial production in Japanese manufacturing was up 4.0% year-over-year in September and has risen 7.5% (4.6% annual rate) since February 2016.
- Economic growth in China has accelerated significantly since early 2016. Official data don't show the full extent of the acceleration because they didn't show the full extent of the 2014-2015 downshift. China has boosted growth by returning to its old growth model, based on investment and exports, and postponing the needed transition to consumer-led growth. This is working in the short run, but is not sustainable. The combination of demographics (working age population has peaked) and debt (used to fund excessive investment) will cause growth to slow sharply in the next few years. Actual growth could downshift suddenly and fall far short of most forecasts, but reported growth will slow much more gradually. China could respond to slowing growth by depreciating its currency, but this risks triggering a capital outflow and would invite U.S. retaliation.
- Global Gross Domestic Product is expected to grow 3.0% in 2017, up from 2.5% in 2016 and the best growth rate since 2011. All regions are showing faster growth except the Middle East and Africa. Growth is expected to accelerate further, to 3.2%, in 2018, which is likely to be the growth peak for this economic expansion. Global industrial production is expected to grow 3.2% in 2017, up from less than 2% in each of the prior two years. Global industrial production is expected to grow 3.4% in 2018.

Global Macroeconomic Overview

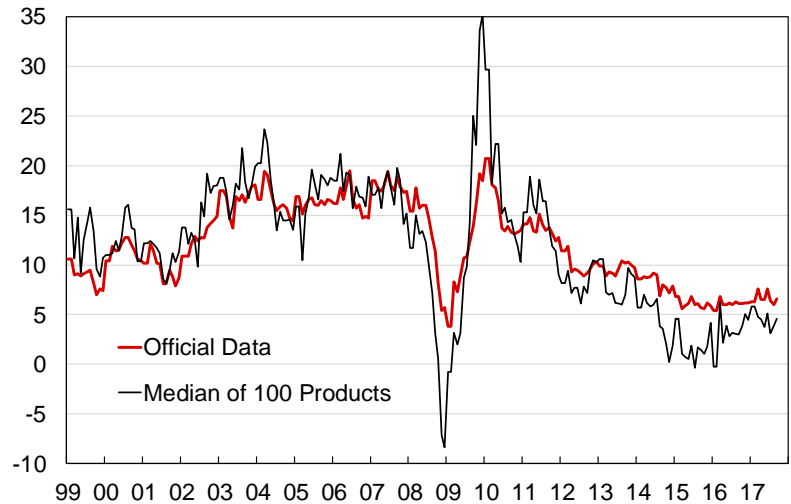
- Global Gross Domestic Product is expected to grow 3.0% in 2017, up from 2.5% in 2016 and the best growth rate since 2011. All regions are showing faster growth except the Middle East and Africa. Growth is expected to accelerate further, to 3.2%, in 2018.
- Growth remains strongest in the Asia/Pacific region, excluding Japan, but growth there has clearly downshifted since 2010.
- Growth in global industrial production, as measured by the CPB Netherlands Bureau for Economic Policy Analysis, has accelerated since the beginning of 2016.
- Industrial production in the Advanced Economies started growing again in the second half of 2016 after more than two years of stagnation.
- Most of the growth in global industrial production in 2014 and 2015 is due to the inclusion of Chinese data, which significantly overstated growth in China during that period.
- Year-over-year growth in global industrial production has stabilized just below 4% after rising significantly in 2016 and early 2017.
- Economic growth is generally faster in Emerging Economies than in Advanced Economies, but the gap has narrowed because the 2016-2017 acceleration has been most pronounced in the Advanced Economies.



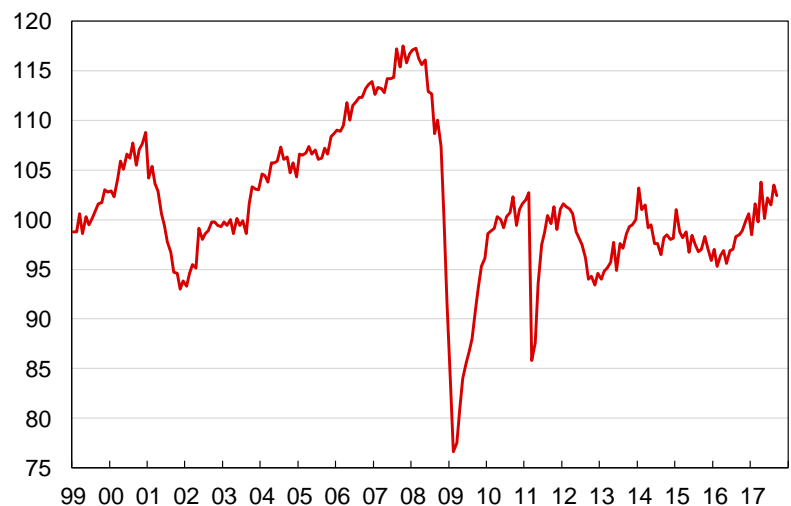
Asia

- Value Added of Industry, China's official measure of industrial production, was up 6.6% year-over-year in September. Aside from temporary upward deviations in March and June, year-over-year growth has been in the 6-6.6% range since April 2016.
- My alternative index, based on production of 100 industrial products, was up 4.6%.
- Official data don't show the full extent of the acceleration from early 2016 to early 2017 because they didn't show the full extent of the slowdown in 2014 and 2015. Growth is likely to shift downward in coming years.
- Economic growth has accelerated in Japan. Real GDP rose 0.6% quarter-to-quarter (2.5% annual rate) in the second quarter. This was the strongest growth in more than two years and is significantly above Japan's long-run potential growth rate.
- Despite a small monthly decline, industrial production in Japanese manufacturing was up 4.0% year-over-year in September and has risen 7.5% (4.6% annual rate) since February 2016.
- Industrial production in Korean manufacturing was up 2.0% year-over-year in September and has risen just 1.5% (0.3% annual rate) since February 2012.
- Real Gross Domestic Product rose at a 4.8% annual rate in the third quarter and was up 3.6% year-over-year.
- The underperformance of the Korean manufacturing sector reflects maturing of the economy, competition from Japanese manufacturers, which have benefitted from a weak Yen, and (just-repealed) economic sanctions imposed by China in response to a Korean missile-defense system.

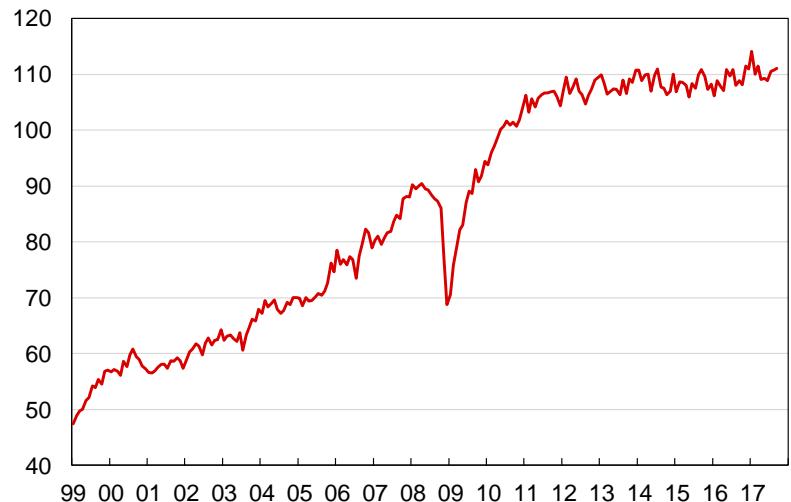
Value Added of Industry (Industrial Production): China
Percent Change from Year Ago



Industrial Production, Manufacturing: Japan
Index, 2010 = 100



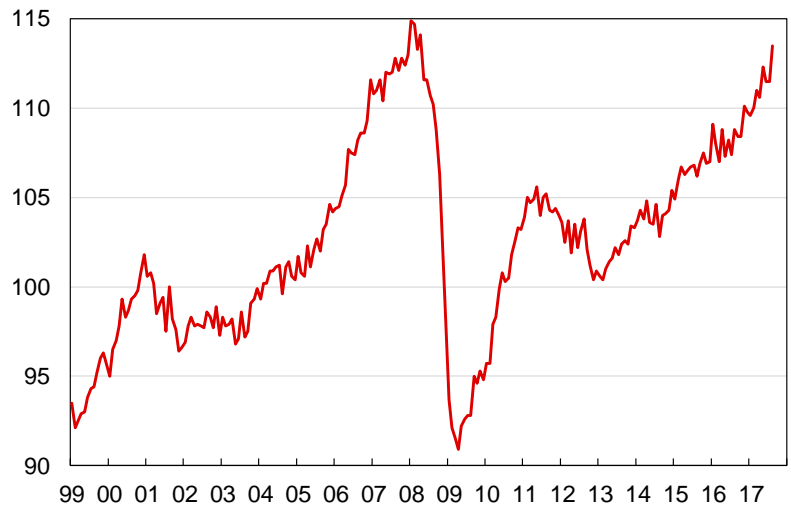
Industrial Production, Manufacturing: South Korea
Index, 2010 = 100



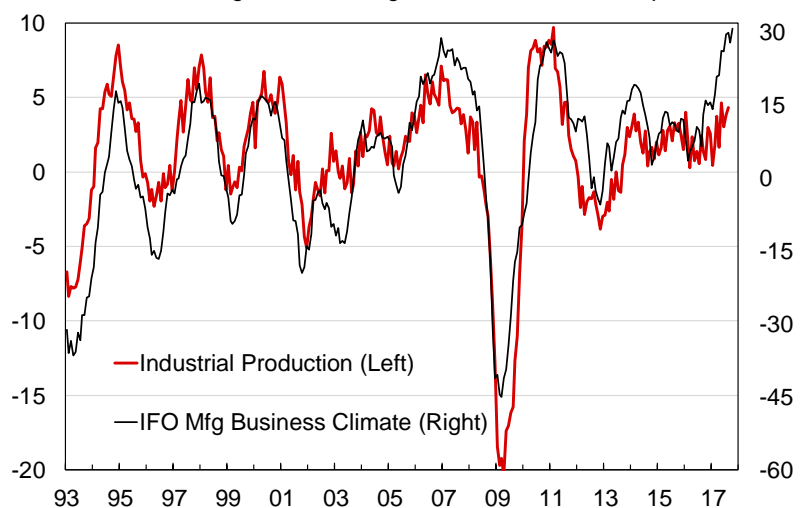
Europe

- Industrial production in European Union manufacturing has risen 12.4% (2.7% annual rate) since March 2013 and is nearing the record high set in 2008. Production was up 4.3% year-over-year in August.
- The rebound in European manufacturing has been led by Germany, where production has risen to record highs. Production is also at record highs in Belgium and in many of the countries of Central Europe.
- 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 rose in October to a record high. The index suggests that year-over-year growth in industrial production could rise further in coming months.
- Industrial production in manufacturing has risen to record highs this year in Poland, Hungary, and the Czech Republic, and remains near those highs. From a manufacturing standpoint, these have been among the best-performing economies in the world over the last several years.
- Production was up 8.6% year-over-year in Poland in September. It was up 6.7% in Hungary and up 5.2% in the Czech Republic in August.

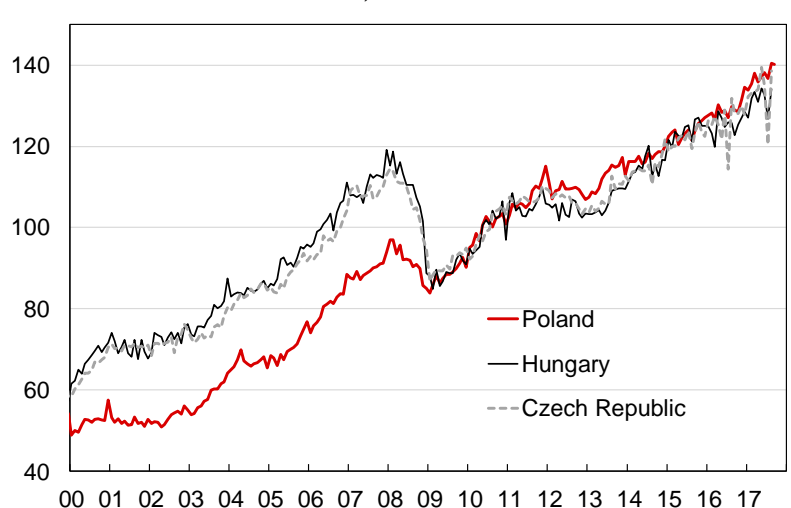
Industrial Production, Manufacturing: European Union
Index, 2010 = 100



Industrial Production, Manufacturing: European Union
Percent Change from Year Ago Balance of Opinion



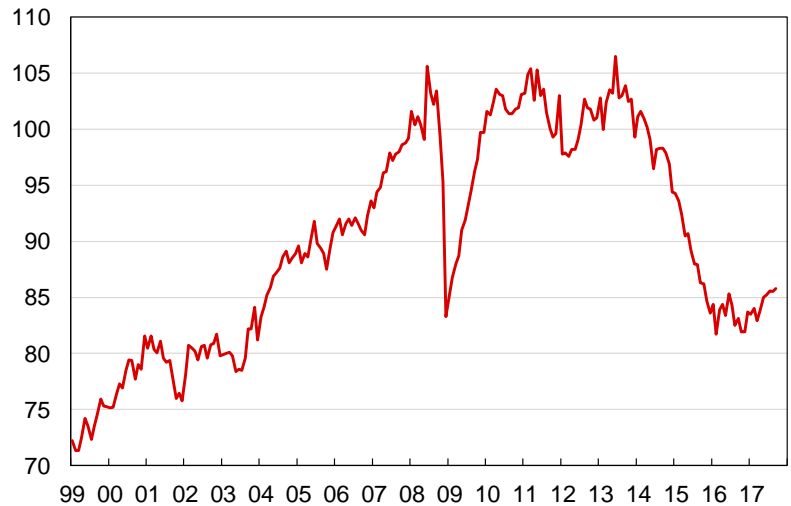
Industrial Production, Manufacturing: Central Europe
Index, 2010 = 100



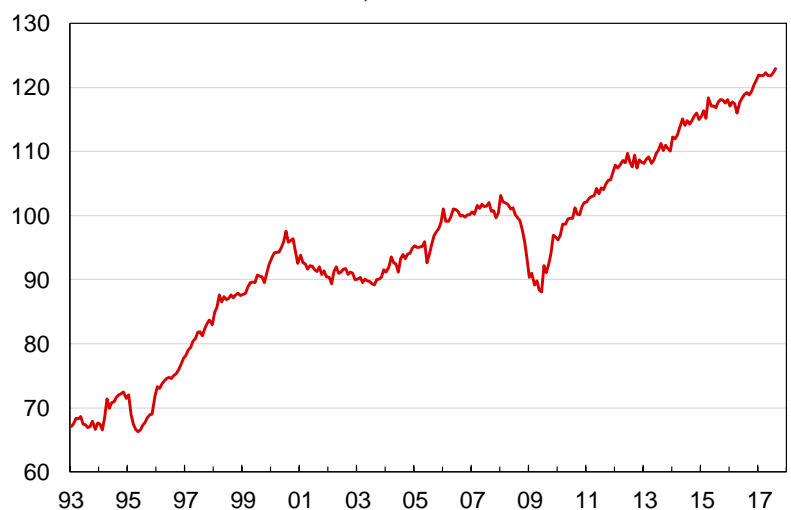
Americas

- Brazil was the worst-performing major economy in the world in 2014 and 2015. Industrial production in Brazilian manufacturing fell 23.2% from June 2013 to February 2016, to levels below the lows hit in the global recession in 2008 and 2009.
- Production has been trending up since late 2016 and was up 3.2% year-over-year in September.
- Improving global growth helps commodity producers like Brazil, but Brazil needs better economic policies if it is to fully realize its economic potential.
- Industrial production in Mexican manufacturing rose to a new record high in August. Production was up 3.1% year-over-year.
- 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 2.1% from August 2016 to April 2017 after two years of stagnation. It then declined through August, due first to a cut in motor vehicle production, then to plant shutdowns caused by Hurricane Harvey, before turning up in September.
- Plant shutdowns continued to constrain production of oil and coal products and chemicals into September, but most other industries showed solid growth.
- Growth was especially strong in wood products (lumber), nonmetallic mineral products (most other building materials), and appliances, which all geared up for the recovery from Hurricanes Harvey and Irma.

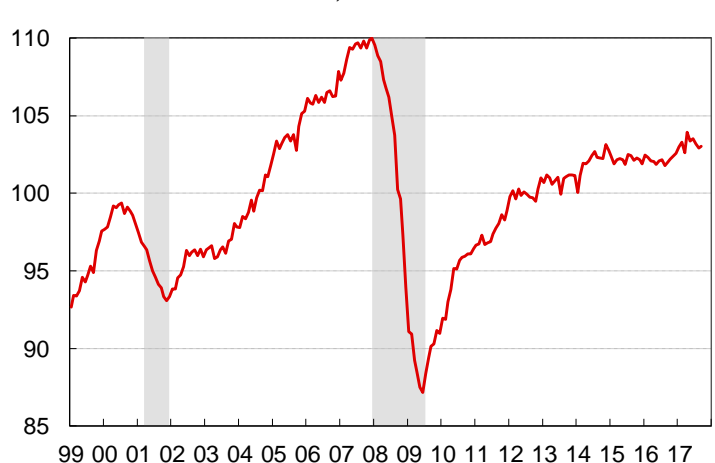
Industrial Production, Manufacturing: Brazil
Index, 2012 = 100



Industrial Production, Manufacturing: Mexico
Index, 2008 = 100



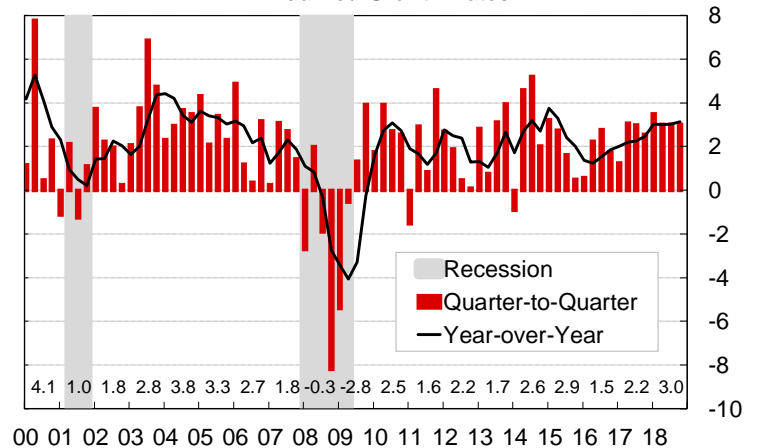
US Industrial Production: Manufacturing
Index, 2012=100



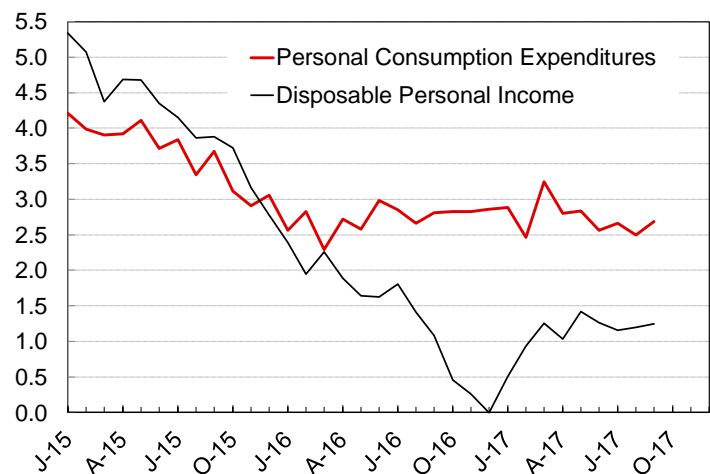
US Macroeconomic Overview

- Real Gross Domestic Product in the United States rose at a 3.0% annual rate in the third quarter after rising at a 3.1% rate in the second quarter. Year-over-year growth rose to 2.3%, a two-year high.
- Growth is expected to remain around 3% in 2018 if oil prices remain low and the Republican tax reform proposal becomes law. The quarterly pattern of growth will depend on the timing of tax reform. Unless tax reform becomes effective before year-end, it will make sense for businesses to delay income and investments until 2018 to get more favorable tax treatment.
- Real personal consumption expenditures rose 0.6% in September. Year-over-year growth has remained very stable in the 2.5-3.0% range for most of the last two years.
- Real disposable personal income was unchanged in September and was up only 1.2% year-over-year.
- Consumption cannot grow faster than income indefinitely. I expect income growth to accelerate as wages and salaries rise in response to tight labor markets, but so far, most measures of labor compensation show little acceleration.
- Productivity (output per hour in the nonfarm business sector) rose at a 3% annual rate in the third quarter. Some of the seeming strength probably reflects the negative impact of hurricanes on hours worked.
- From the fourth quarter of 2010 to the first quarter of 2017, productivity grew at just a 0.6% annual rate. In only one other 25-quarter period, ending in the third quarter of 1982, has productivity growth been slower.
- Over the last two quarters, productivity has grown at a 2.3% annual rate, matching the 1948-2010 average. The acceleration is largely a lagged impact of lower oil prices.

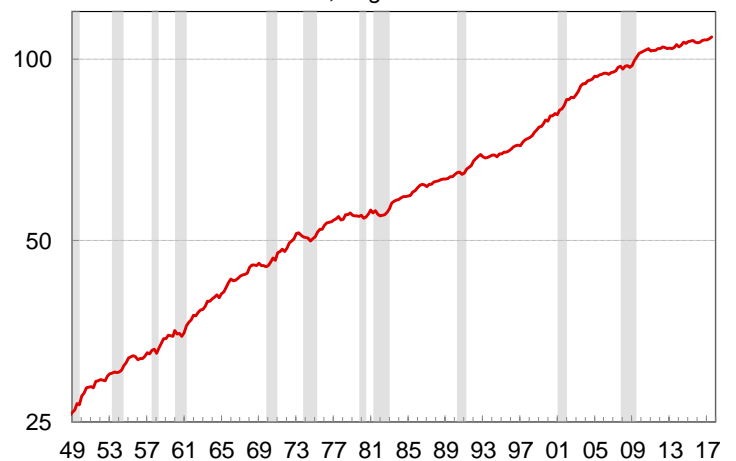
US Real Gross Domestic Product
Annualized Growth Rates



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



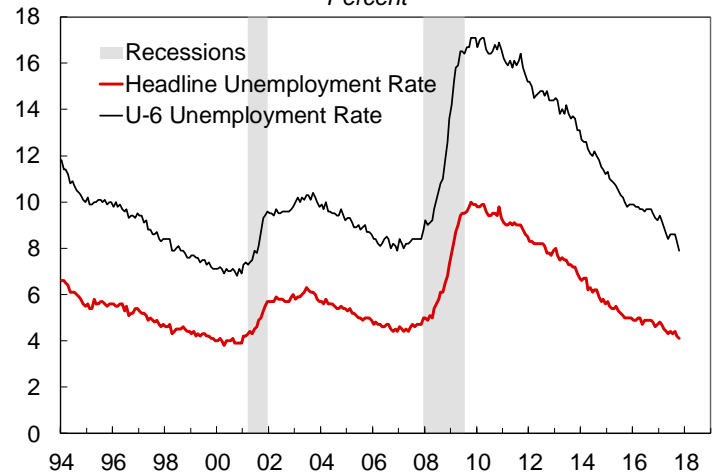
Real Output Per Hour: US Nonfarm Business Sector
2009 = 100, Logarithmic Scale



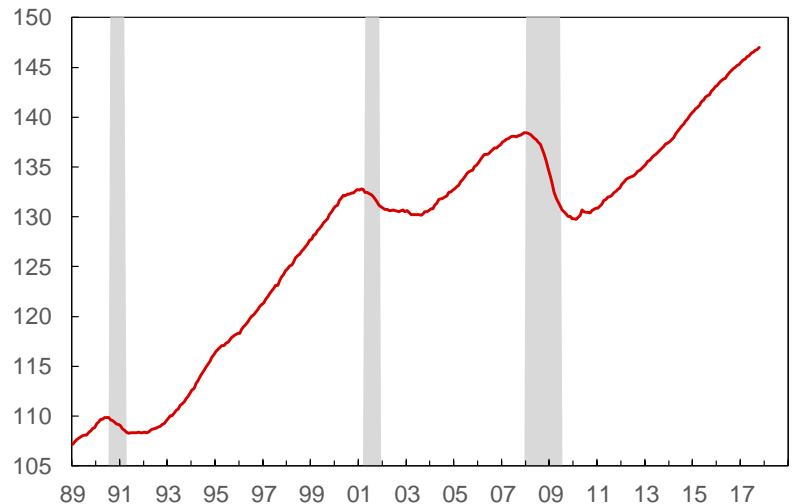
US Macroeconomic Overview

- The civilian unemployment rate fell to 4.1% in September, 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 7.9% in September, down from 9.4% in December 2016 and the lowest since 2006. U-6 has reached a level consistent with full employment, suggesting there is little slack left in the labor market.
- Job growth has slowed this year as the labor market has neared full employment.
- Nonfarm payrolls have grown by an average of 168,000 per month this year, down from 188,000 per month in 2016. That still exceeds what is 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 150,000 within the next year or so.
- Light vehicle sales, which declined over the first eight months of the year, rebounded strongly in September and remained strong in October as vehicles destroyed by Hurricane Harvey were replaced.
- Sales jumped from a weather-depressed 16.0 million seasonally adjusted annual rate in August to an 18.5 million rate in September. Vehicles sold at an 18.0 million rate in October.
- Vehicle sales in 2017 will fall short of 2016's record level, but the decline in sales and production will be much smaller than expected just three months ago.

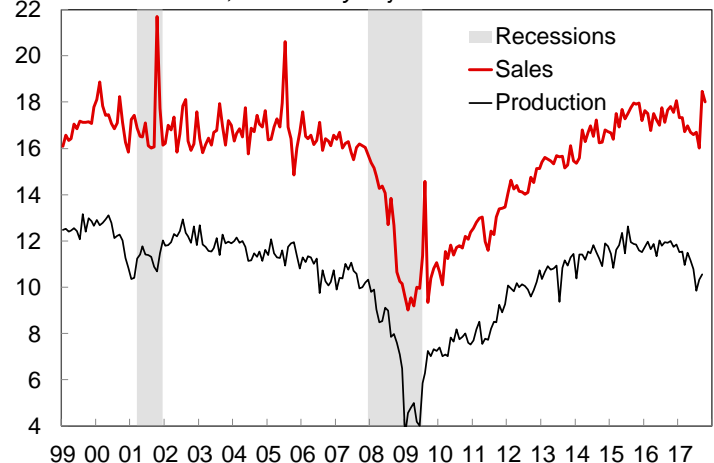
US Civilian Unemployment Rate
Percent



US Payroll Employment
Millions



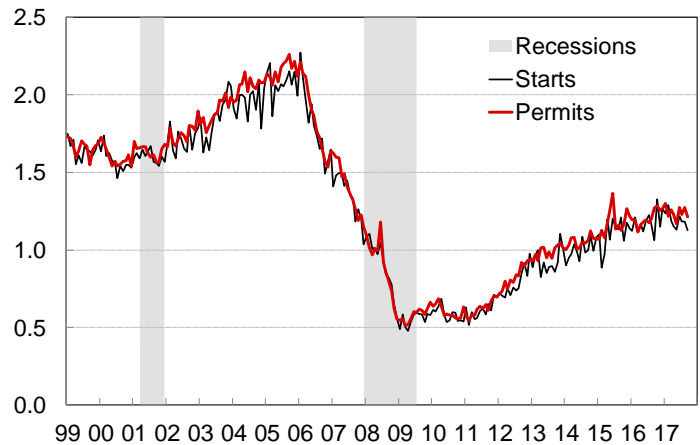
US Light Vehicle Sales & Production
Millions, Seasonally Adjusted Annual Rate



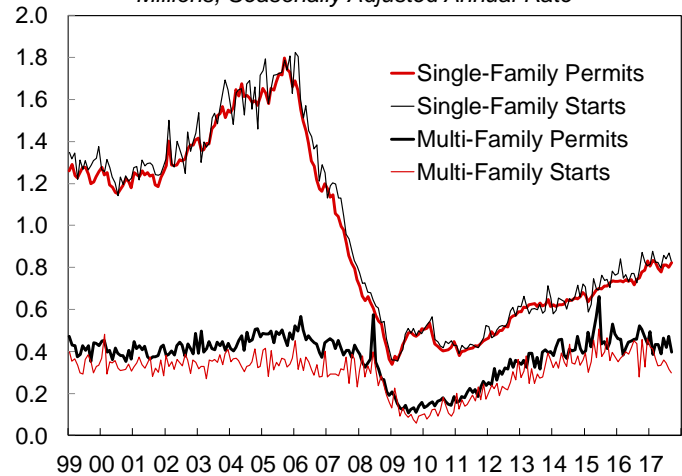
US Housing

- Housing starts, on a seasonally adjusted basis, have declined since late 2016 and were no higher in September than they were in April 2015.
- Building permits, a better indicator of housing market conditions because they are less sensitive to the weather than starts, have also declined since late 2016.
- The need for more housing to satisfy growth in the adult population suggests that the recovery in housing starts will resume and continue for several more years. Demographics favor a strong rebound.
- Most of this year's decline in housing starts has been due to a decline in multi-family housing starts (apartments and condominiums), which rose to record highs in 2015. Single-family starts, while relatively flat since late 2016, will be higher in 2017 than in 2016.
- The most important indicator in the monthly housing report is single-family building permits. It declined from February's cyclical high to May, but has risen since.
- Millennials are waiting longer to buy single-family homes than their parents did.
- Sales of new homes surged in September to their highest level since 2007. Buyers took advantage of a short-lived increase in the inventory of new homes for sale. With the inventory back down after September's strong sales, further increases in sales will require an increase in housing starts.
- Existing-home sales hit a post-recession high in March but then declined through August before edging up in September.
- 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.

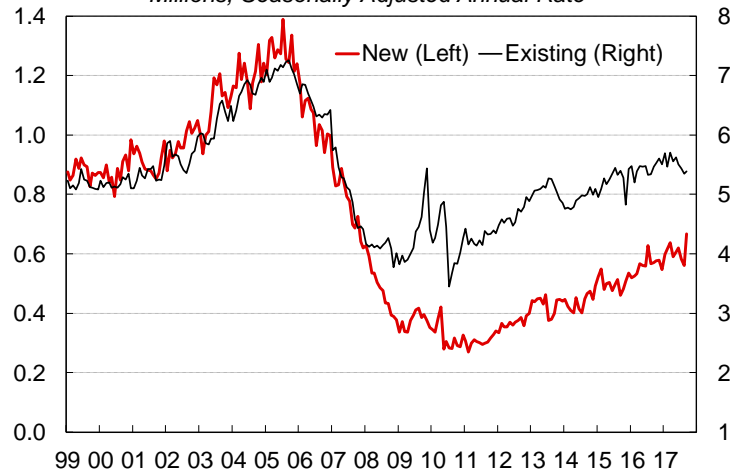
US Housing Starts & Building Permits
Millions, Seasonally Adjusted Annual Rate



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



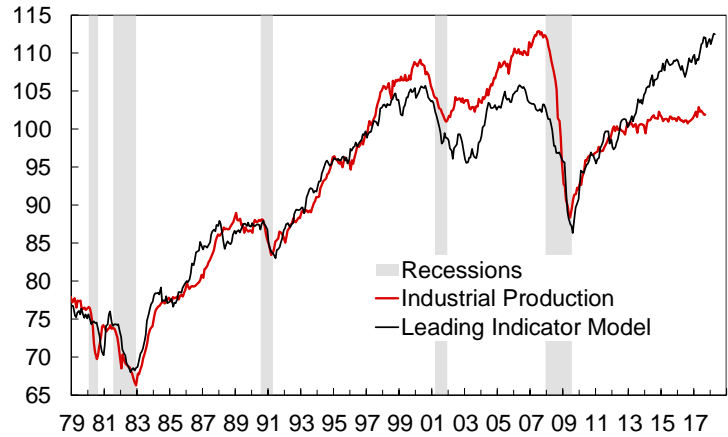
US Home Sales
Millions, Seasonally Adjusted Annual Rate



Industrial Production & Leading Indicators

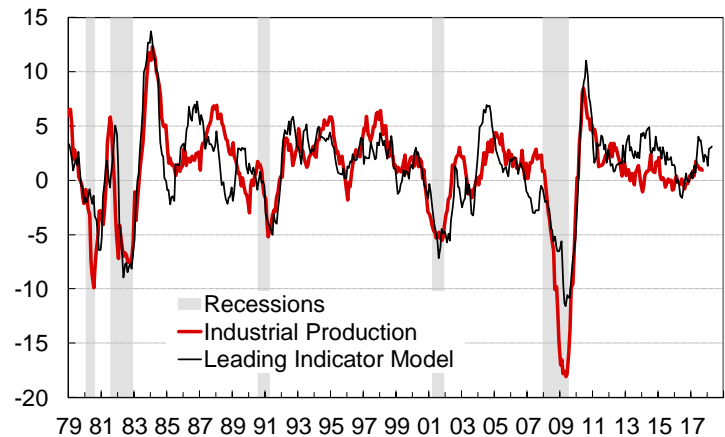
- Industrial production in U.S. manufacturing (excluding computers, communication equipment, and semiconductors) rose 2.0% from August 2016 to April 2017, but fell in May, July, and August before stabilizing in September.
- My own leading indicator for industrial production rose sharply in August and September and points to a resumption in growth. It was flat in October.

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



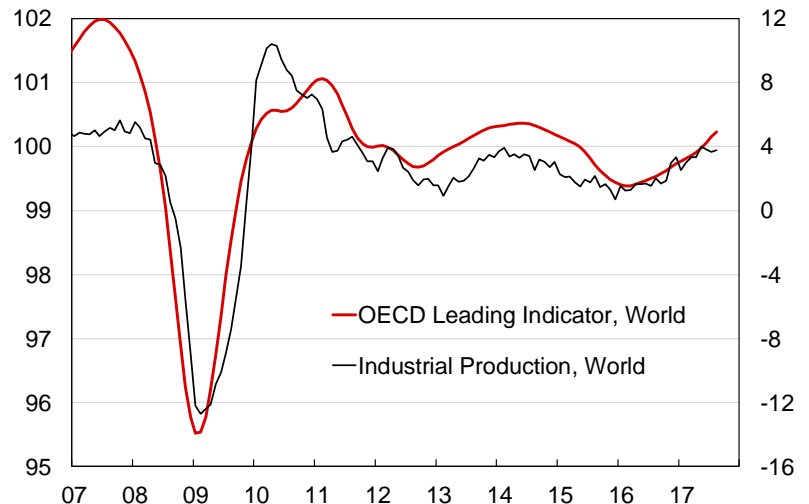
- Industrial production for manufacturing (excluding the high-tech sectors) was up just 0.4% year-over-year in September.
- My leading index for industrial production suggests that year-over-year growth will rise to about 3% over the next few months.

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



- The Organization for Economic Cooperation and Development (OECD) publishes leading indicators for OECD members and six non-member developing countries. Their broadest leading indicator, an aggregate of all covered countries, 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 was still rising through August.

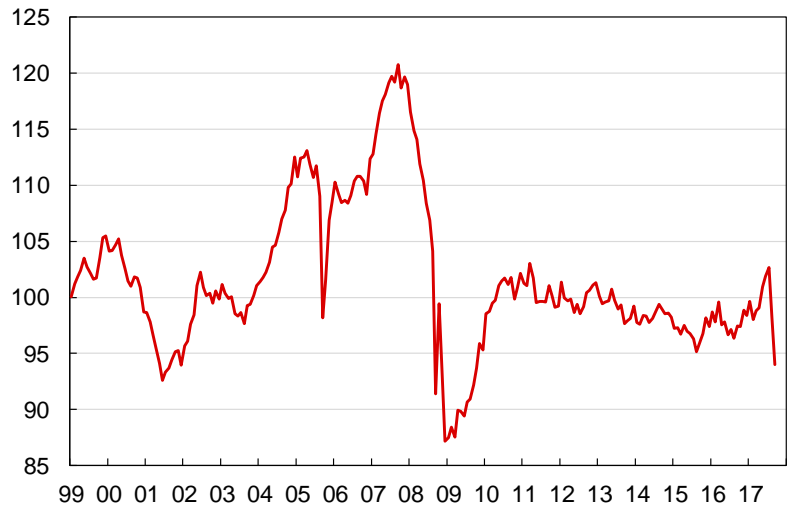
OECD Leading Indicator & Global Industrial Production
Trend = 100 *Percent Change from Year Ago*



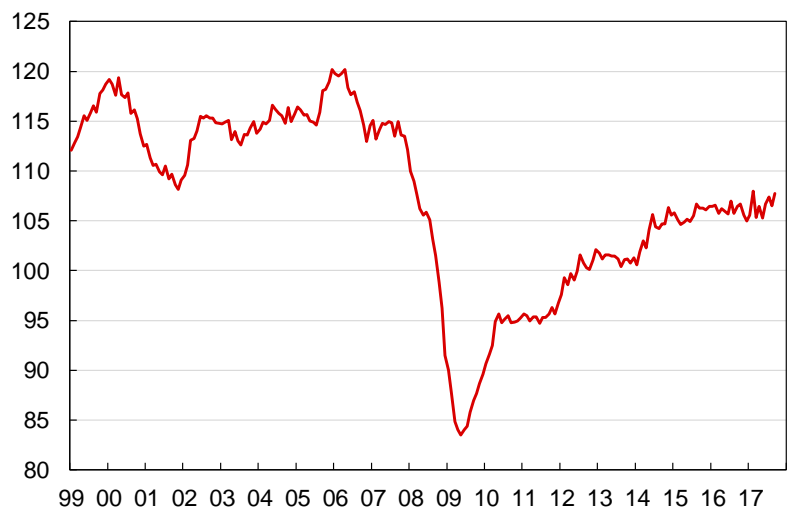
US Industrial Production

- Industrial production of chemicals (excluding pharmaceuticals) fell sharply in August and September because of plant shutdowns caused by Hurricane Harvey. Before these declines, production had risen 6.5% over the prior 11 months. October data are likely to show a strong rebound.
- 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 was up 1.2% year-over-year in September.
- 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 stopped falling when oil prices hit bottom in early 2016.

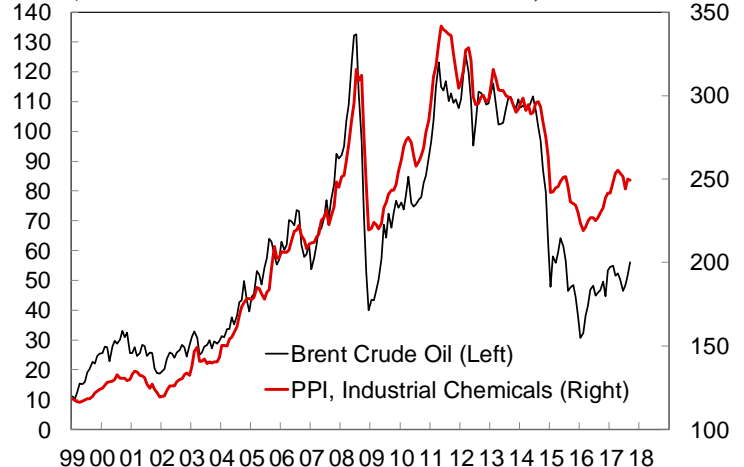
US Industrial Production: Chemicals ex pharmaceuticals
Index, 2012=100



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

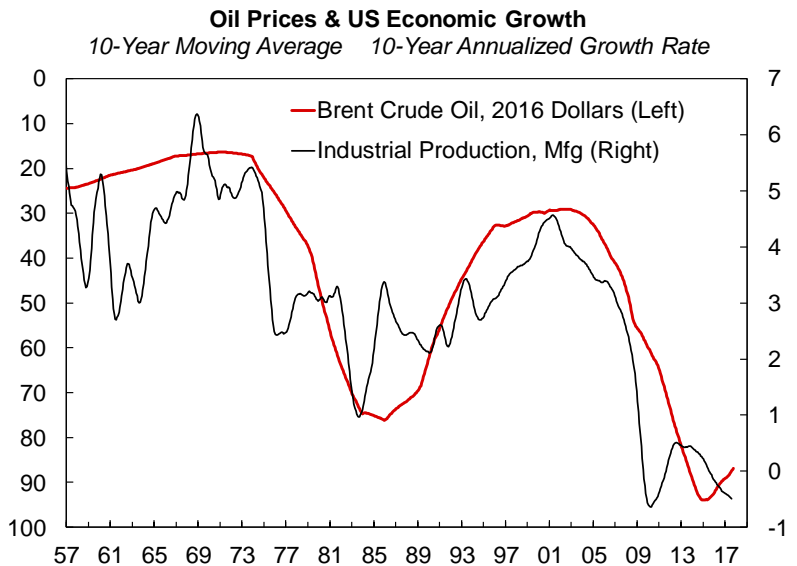
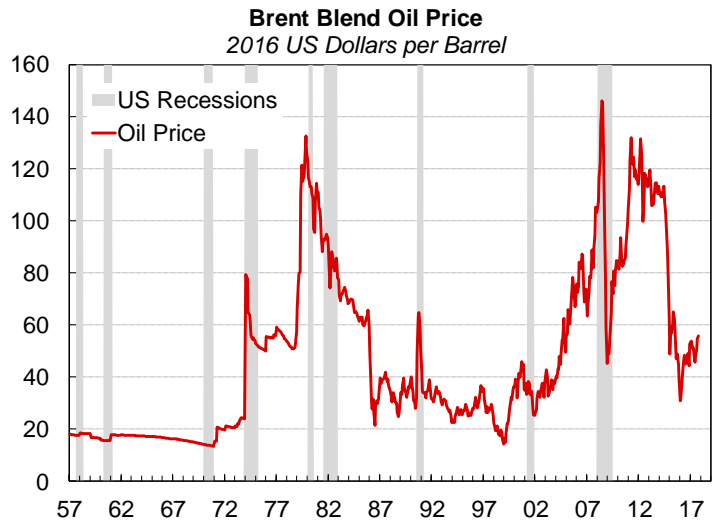
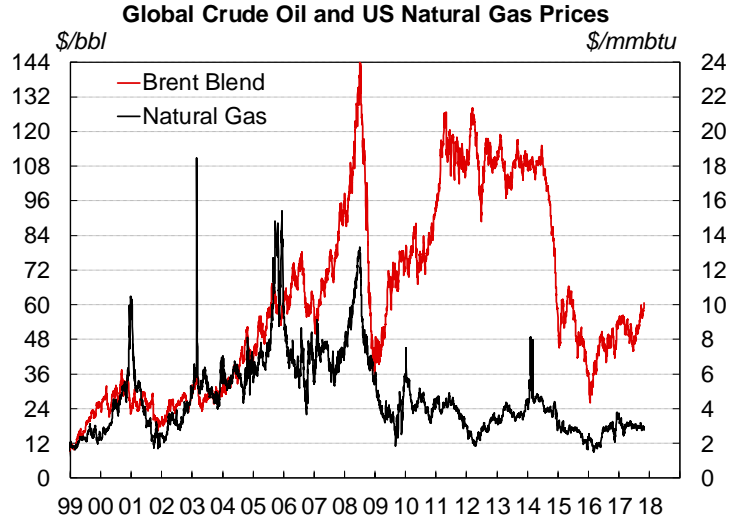


Brent Oil Price vs Industrial Chemical Prices
\$/Barrel (Left) Index, 1982 = 100 (Right)



Oil & Gas Prices

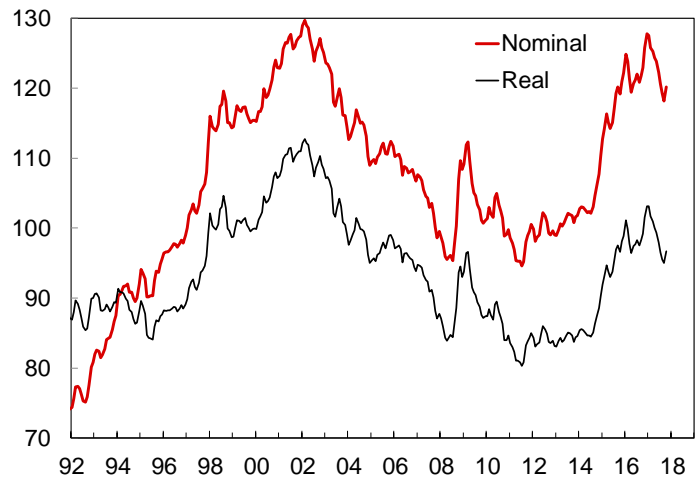
- Oil prices have risen to two-year highs, but are unlikely to remain significantly above \$50/barrel for a sustained period.
- Natural gas prices have been more stable this year than in any year since 1998. Prices have remained in a narrow range between \$2.73/mmbtu and \$3.27/mmbtu since March.
- Low 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. North American producers still have a significant feedstock-cost advantage despite the collapse in oil prices in late 2014.
- The real (inflation-adjusted) price of Brent Blend crude oil peaked in November 1979 and did not set another new high until May 2008. It remained above its November 1979 peak for only three months.
- 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.



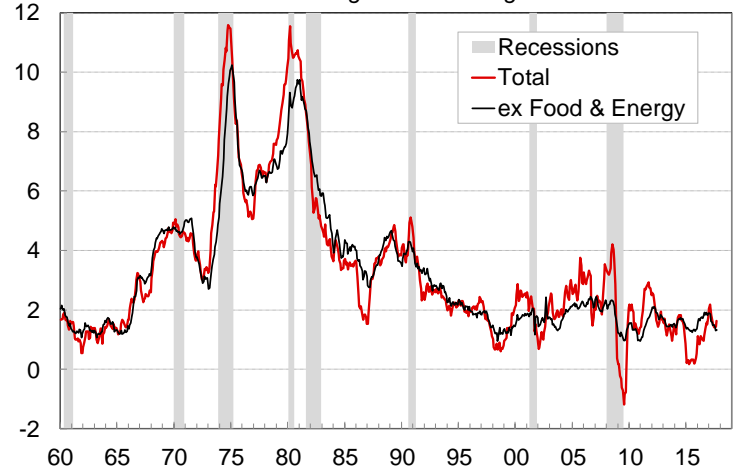
Exchange Rates, Inflation, and Interest Rates

- The U.S. dollar hit a 14-year high in January. It has weakened significantly since then but remains relatively strong by historical standards.
- A strong dollar reduces the competitiveness of U.S.-produced goods and services. The negative impact of the strong dollar on U.S. manufacturers has offset some of the positive impact of lower oil and natural gas prices.
- 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 1.6% year-over-year in September. The “core” (ex food and energy) index was up 1.3% year-over-year in September. The core inflation rate has been between 1.3% and 1.9% for 65 straight months. 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.
- The Federal Reserve has raised its federal funds rate target by a quarter point four times since December 2015. I expect another quarter-point rate hike in December and three more in 2018.
- The yield on 10-year Treasury notes has remained between 2.05% and 2.62% this year. It is expected to trend upwards as the Federal Reserve shrinks its holdings of Treasury and mortgage-backed securities.
- If 10-year Treasury yields remain at current levels, a quarter-point hike in the funds rate would put the spread between Treasuries and fed funds near its long-term average.

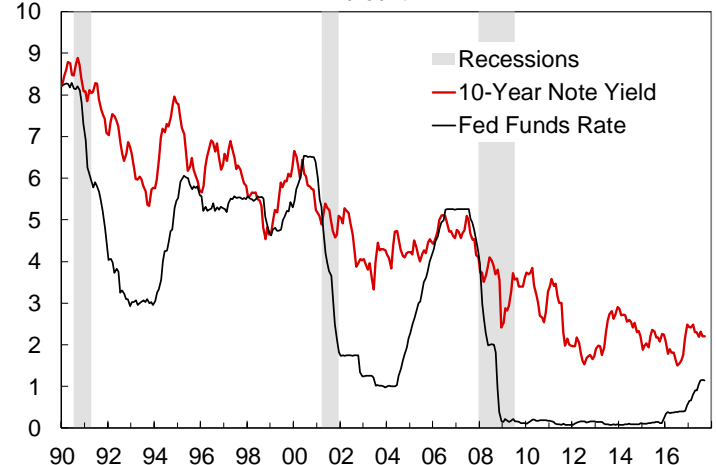
Federal Reserve Broad Dollar Index



US Personal Consumption Expenditures Price Index
Percent Change from Year Ago



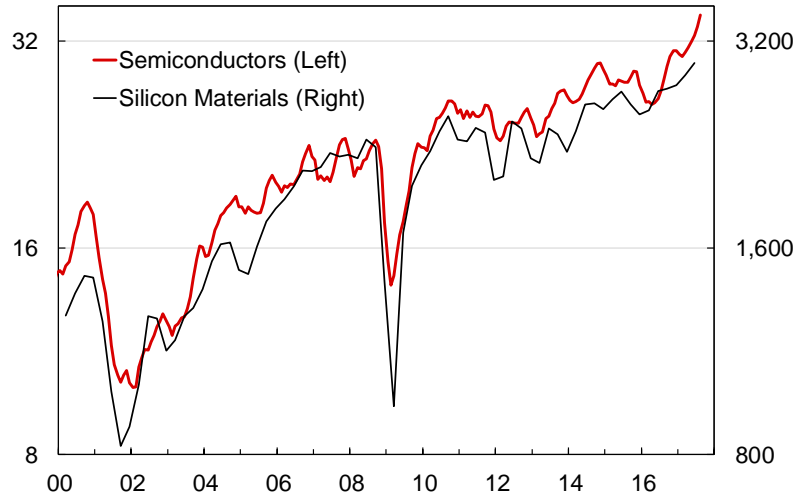
US Interest Rates
Percent



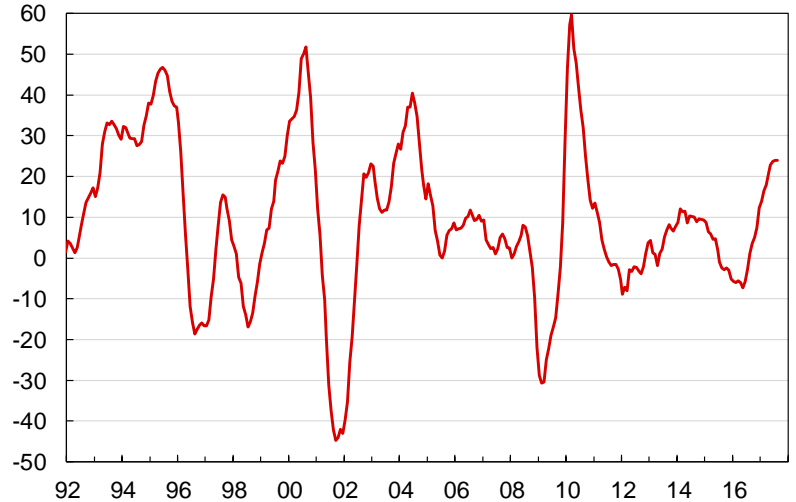
Electronics & Communication

- 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 second quarter and were up 10.1% from year-earlier levels.
- 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 August.
- Worldwide semiconductor shipments were up 23.9% year-over-year in the three months ending in August, just below the seven-year high of 24% reached in August.
- 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 September and was up 6.9% year-over-year.

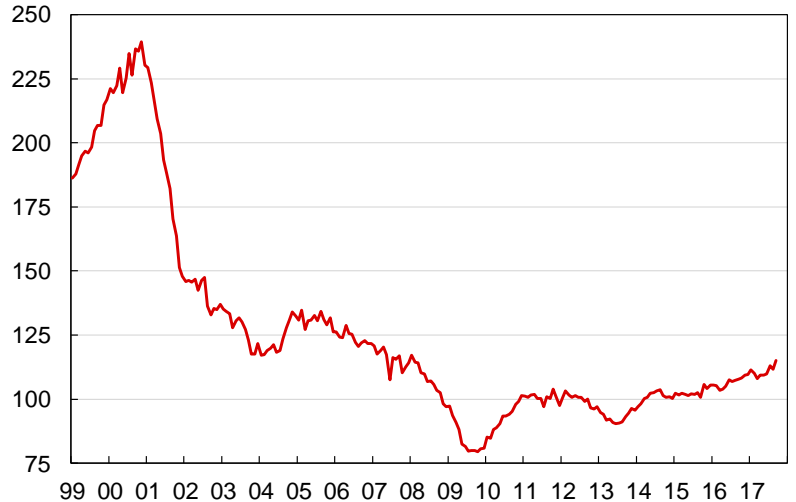
Worldwide Semiconductor & Silicon Material Shipments
Million\$, 3-Month Moving Average Million Square Inches



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



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



Global GDP Growth

						Forecast			
	<u>2014</u>	<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	2.8	2.7	2.5	3.0	3.2	3.1	2.9	2.9	2.8
North America	2.6	2.7	1.5	2.3	2.9	2.7	2.3	2.2	2.2
United States	2.6	2.9	1.5	2.2	3.0	2.8	2.3	2.3	2.3
Canada	2.6	0.9	1.5	3.0	2.0	1.9	1.8	1.8	1.8
Mexico	2.3	2.7	2.3	2.1	1.9	2.3	2.7	2.7	2.7
Western Europe	1.7	2.2	1.8	2.0	1.8	1.7	1.7	1.6	1.5
France	0.9	1.1	1.2	1.7	1.7	1.7	1.6	1.5	1.4
Germany	1.9	1.7	1.9	2.0	1.9	1.7	1.6	1.4	1.3
Italy	0.1	1.0	0.9	1.4	1.2	1.0	1.0	1.0	1.0
Spain	1.4	3.4	3.3	3.1	2.6	2.3	2.1	2.0	1.8
U.K.	3.1	2.3	1.8	1.6	1.4	1.6	1.9	2.0	2.1
C & E Europe	2.4	1.3	1.8	3.3	2.8	2.7	2.6	2.7	2.7
Middle East & Africa	2.9	2.6	3.2	2.0	3.1	3.0	3.2	3.3	3.4
Asia/Pacific	4.5	4.5	4.4	4.7	4.6	4.5	4.3	4.2	4.0
Japan	0.3	1.1	1.0	1.6	1.2	0.9	0.8	0.7	0.6
ex Japan	5.9	5.6	5.5	5.6	5.7	5.5	5.3	5.1	4.8
Australia	2.8	2.4	2.5	2.2	2.9	3.0	2.8	2.8	2.7
China	7.3	6.9	6.7	6.8	6.5	6.0	5.5	5.0	4.5
India	7.5	8.0	7.1	6.7	7.4	7.8	7.9	8.1	8.2
Indonesia	5.0	4.9	5.0	5.2	5.3	5.5	5.5	5.5	5.5
Korea (South)	3.3	2.8	2.8	3.0	3.0	3.0	2.9	2.9	2.9
Malaysia	6.0	5.0	4.2	5.4	4.8	4.8	4.9	4.9	4.9
Philippines	6.1	6.1	6.9	6.6	6.7	6.8	6.8	6.8	6.8
Singapore	3.6	1.9	2.0	2.5	2.6	2.6	2.6	2.6	2.6
Taiwan	4.0	0.7	1.5	2.0	1.9	2.0	2.3	2.3	2.2
Thailand	0.9	2.9	3.2	3.7	3.5	3.4	3.1	3.0	3.0
Vietnam	6.0	6.7	6.2	6.3	6.3	6.2	6.2	6.2	6.2
Latin America	0.7	-1.2	-2.1	0.9	1.9	2.4	2.6	2.6	2.6
Argentina	-2.5	2.6	-2.2	2.5	2.5	2.7	3.1	3.2	3.2
Brazil	0.5	-3.8	-3.6	0.7	1.5	2.0	2.0	2.0	2.0
Colombia	4.4	3.1	2.0	1.7	2.8	3.6	3.7	3.7	3.7
Venezuela	-3.9	-6.2	-16.5	-12.0	-6.0	-2.0	-1.4	-1.4	-1.3

Global Industrial Production Growth

				Forecast					
	<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	1.7	1.9	3.2	3.4	2.7	2.6	2.5	2.4	
Advanced economies	0.4	0.2	2.8	2.7	1.8	1.6	1.5	1.3	
United States	-0.7	-1.2	2.0	3.3	2.5	1.9	1.8	1.7	
Japan	-1.3	-0.4	4.5	2.5	0.5	0.5	0.5	0.5	
Euro Area	2.1	1.5	2.5	2.5	1.5	1.5	1.5	1.2	
Other advanced	1.3	1.1	3.0	2.5	2.0	2.0	2.0	1.5	
Emerging economies	3.0	3.5	3.7	4.1	3.7	3.7	3.7	3.5	
Emerging Asia	4.7	5.2	5.5	5.0	4.5	4.5	4.5	4.0	
C & E Europe	-1.5	0.8	3.0	3.0	3.0	3.0	3.0	2.5	
Latin America	-2.2	-3.7	-1.0	3.0	2.0	2.0	2.0	2.5	
Middle East & Africa	2.8	3.6	3.0	3.0	3.0	3.0	3.0	3.5	

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