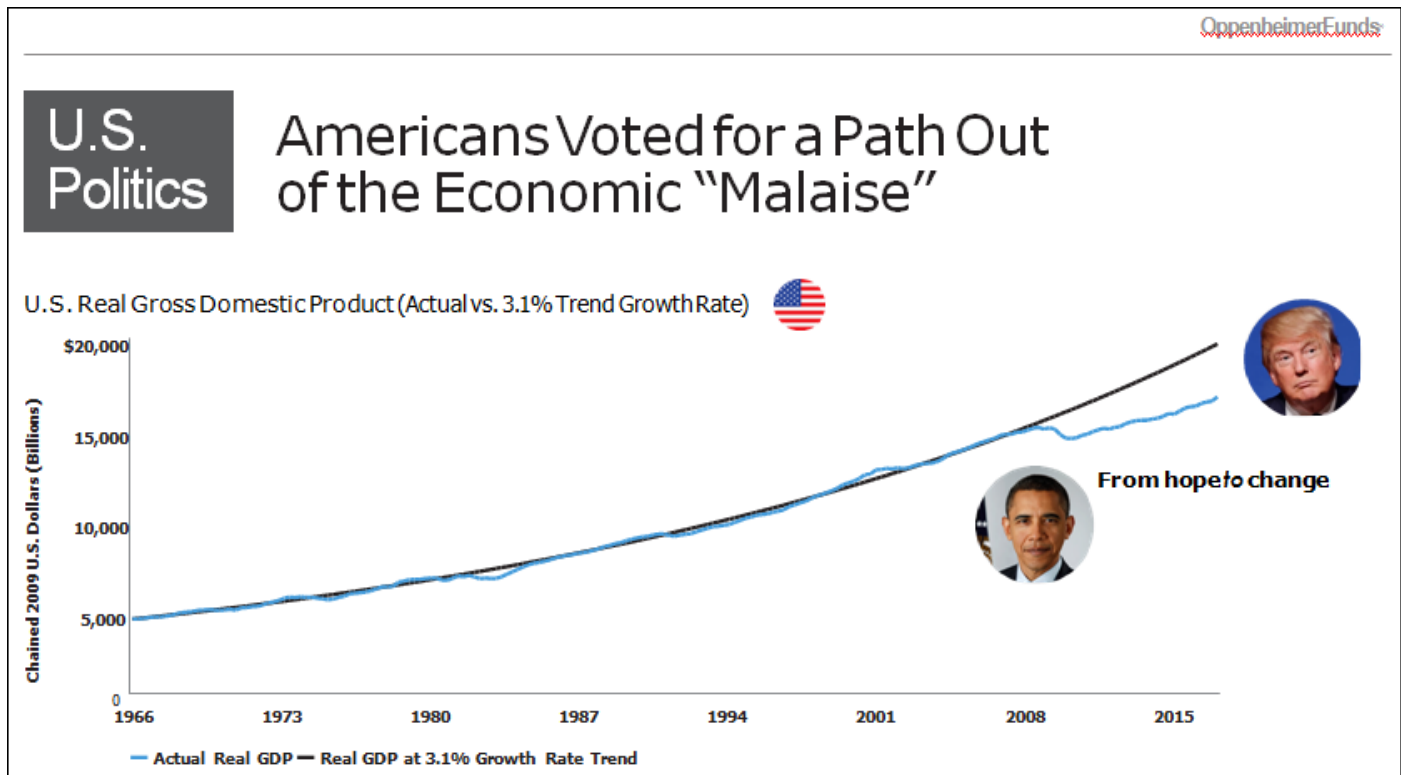


One Chart that Explains it All

It's all about growth in the economy, or lack of. Take a look below at the wonderful chart done by Oppenheimer that shows GDP (gross domestic product) since 1966[1]. It presents an average of about 3% GDP growth. Well, in the last eight or nine years it has been subpar.



Source: [https://www.oppenheimerfunds.com/investors/doc/2017 Outlook The Cycle Continues But the Risks Are Rising.pdf](https://www.oppenheimerfunds.com/investors/doc/2017_Outlook_The_Cycle_Continues_But_the_Risks_Are_Rising.pdf)

Many of our newsletter readers grew up and indeed have participated in 3% GDP growth since 1980. The fact is it was for most of their adult working life. Now if you fast forward to today, you won't find a millennial (somebody between the ages of 22 and 35) who has even seen what a good economy looks like. This is the biggest block of people living today and they have not seen one year of 3% GDP.

GDP growth is composed of 70% consumer spending, 18% government spending, and 11% exports. I believe the new policies coming down from Washington like the Keystone Pipeline, Infrastructure building, rolling back regulations, cutting taxes, and increasing military spending are all designed to help GDP get to escape velocity. It is also imperative that the millennial generation starts to participating and believing in the American dream.

For equity investors it is all about the economy. If GDP gets up to 3%, then consumer spending goes up, businesses expand to meet demand and there is hiring more people to build more plants; this triggers more confidence. The cycle will feed on itself!

Sincerely,

John Romano, CFP®

[1]https://www.oppenheimerfunds.com/investors/doc/2017_Outlook_The_Cycle_Continues_But_the_Risks_Are_Rising.pdf

John Romano, CERTIFIED FINANCIAL PLANNER™, has over 30 years experience in the financial field. John is a Registered Representative with Securities America, Inc. (member of the FINRA and SIPC), and an Investment Advisor Representative with Securities America Advisors. He has prepared hundreds of reports for retirees to assist in their retirement income planning needs. He is dedicated to providing portfolio analysis, dividend and income information, and investment management services to retirees (and those preparing to retire) in The Villages, Florida and surrounding areas. He is a member in good standing of the Financial Planning Association (FPA).

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