



Economic Forecasting

Presented by Kevin & Kyle Taylor

Are Economists Accurate?

Everyday we see predictions of highly acclaimed economists of what is going to happen in the economy and markets. These forecasts are so ubiquitous that most people take them for gospel. The truth about what the markets and economy will be doing next year is more elusive than the media portrays. The Wall Street Journal published an article on March 26th touting the most accurate forecaster from their monthly survey for 2018. The winner was Bernard Baumohl.

How accurate was he?

- Out of 4 measures predicted, he got 2 correct – 50%
- His forecast for GDP, arguably the most important indicator, missed by 13%
- On interest rates, he underestimated by 10%

If this is how the most accurate prediction fared, how did the rest of the forecasters do? The article included a graphic depiction of how the average estimates of all the economists compared to the actual data. The average of the predictions missed on all indicators and most by a significant margin.

I also find it notable that this year's "winner" was at the middle of the pack last year (23rd of 67); and last year's "winner" was near the bottom this year (58th of 68). This indicates consistency in the predictions is fleeting as well.

- Are we in the late stages of a good market cycle? Yes
- Will we have another recession someday? Yes
- Can economists predict when and where reliably and consistently? Not that we've seen

In our experience, the accuracy of economic forecasts fall short of being reliable enough to base financial planning and/or investment decisions on.

[CLICK HERE TO READ THE WSJ ARTICLE](#)

Kevin Taylor is a financial advisor located at Vaughn Wealth 1127 Edgewater Drive, Orlando, FL 32804. He offers securities and advisory services as a Registered Representative and Investment Adviser Representative of Commonwealth Financial Network[®], Member FINRA/SIPC, a Registered Investment Adviser. He can be reached at 407-872-3888 or at Kevin@vaughnwealth.com.

Kyle Taylor is a financial advisor located at Vaughn Wealth 1127 Edgewater Drive, Orlando, FL 32804. He offers securities and advisory services as a Registered Representative and Investment Adviser Representative of Commonwealth Financial Network[®], Member FINRA/SIPC, a Registered Investment Adviser. He can be reached at 407-872-3888 or at Kyle@vaughnwealth.com.

© 2019 Commonwealth Financial Network[®]

This communication strictly intended for individuals residing in the states of AL,CA,FL,GA,MI,MO,NC,NY,PA,SC,VA. No offers may be made or accepted from any resident outside these states due to various state regulations and registration requirements regarding investment products and services. Investments are not FDIC- or NCUA-insured, are not guaranteed by a bank/financial institution, and are subject to risks, including possible loss of the principal invested. Securities and advisory services offered through Commonwealth Financial Network, @Member FINRA/SIPC, a Registered Investment Adviser. Fixed insurance products and services offered through CES Insurance Agency or Vaughn Wealth.

