



Planning with Optimism

Alan Beaulieu, PhD
President



2019 Forecast Results Despite all the noise.

	Duration	Accuracy
US GDP	18	98.1%
US Ind. Production	16	99.7%
Europe Ind. Production	16	97.4%
Canada Ind. Production*	18	99.7%
China Ind. Production	13	99.5%
Retail Sales	16	98.9%
Housing (Single Family Units)	26	97.6%
Employment (Private Sector)	30	99.9%

*ITR Economics provides the best economic intelligence to reduce
risk and drive practical and profitable business decisions.*



**Based on December Estimates*

Summary February 2020

Macroeconomic Signals for 2020-2021

US

Global

Segment Thinking Into 3 Time Periods

2020

2021 - 2029

2030 - 2040

Global Issues Impacting Our Businesses

Tariffs

Leading Indicator Signals are Mixed

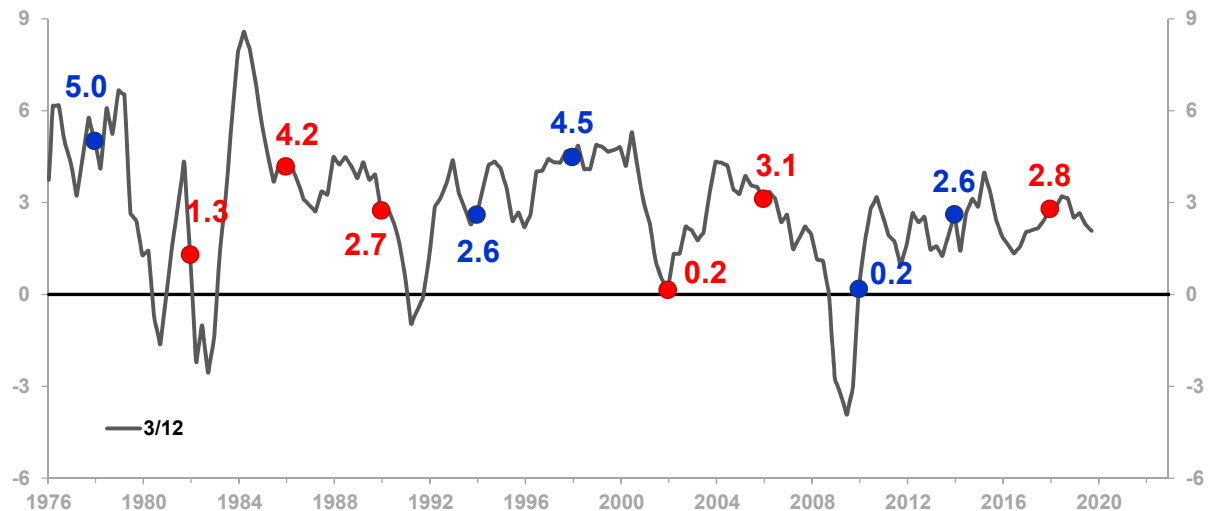
Know which ones matter to you

How to track the leading indicators



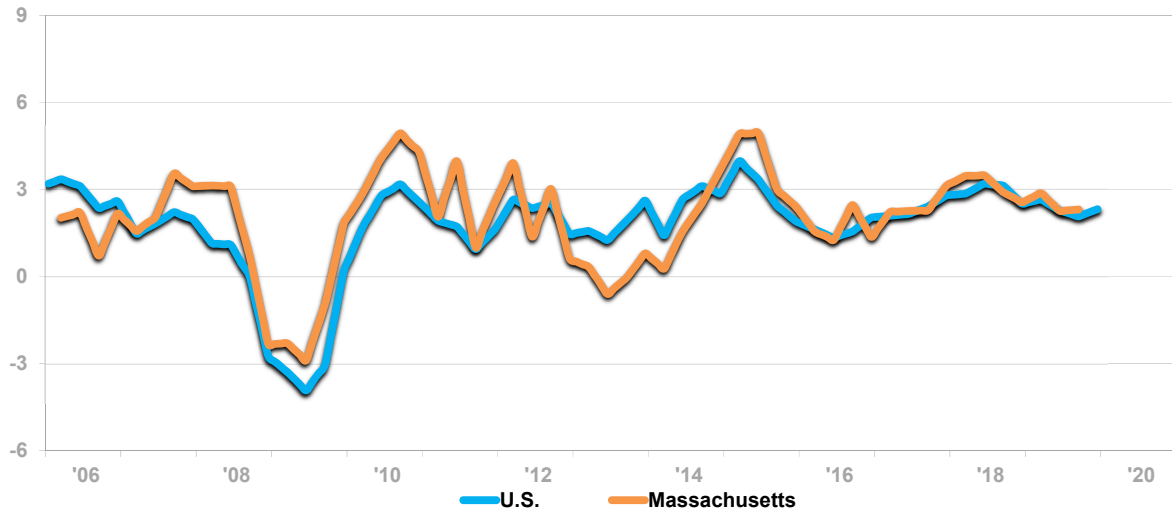
Presidential Party Versus Policy

US Real Gross Domestic Product Growth One Year After the Election



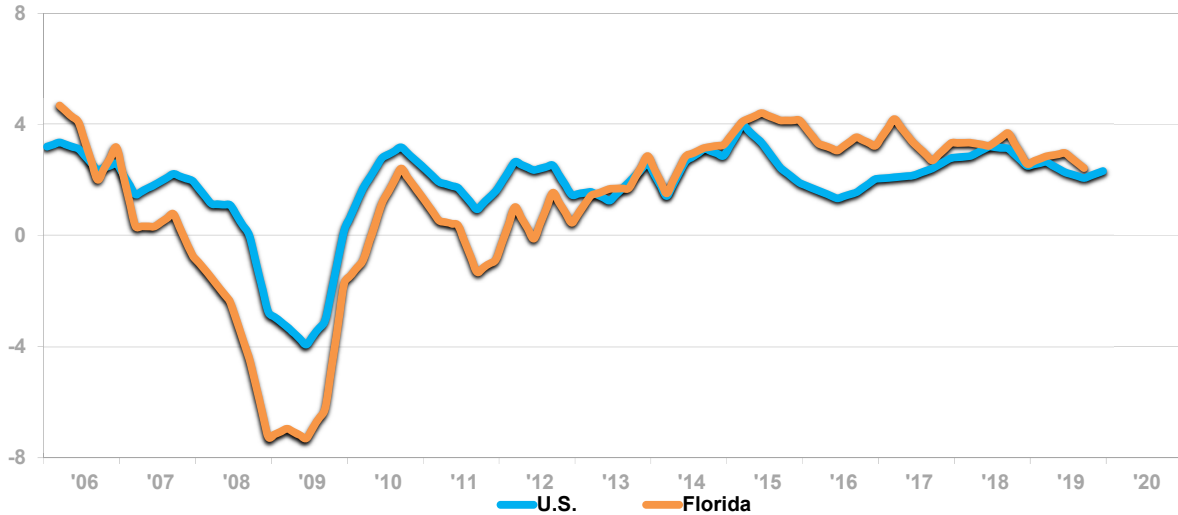
Strong Cyclical Relationship

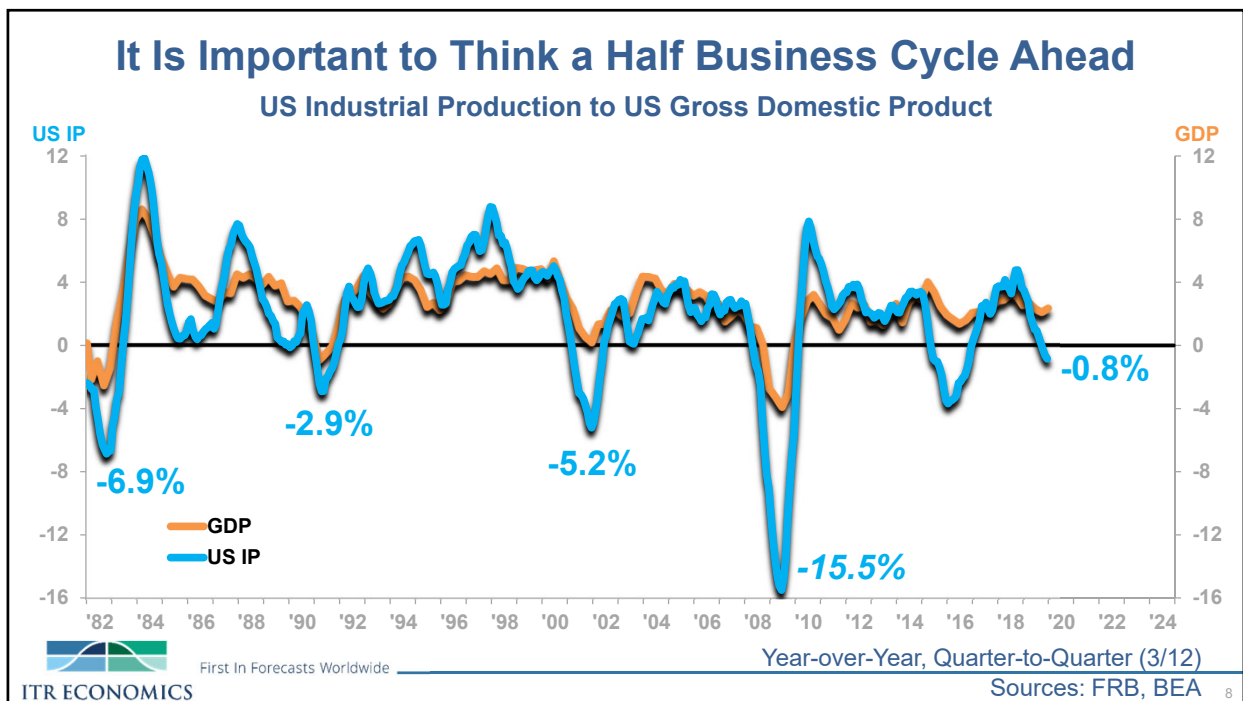
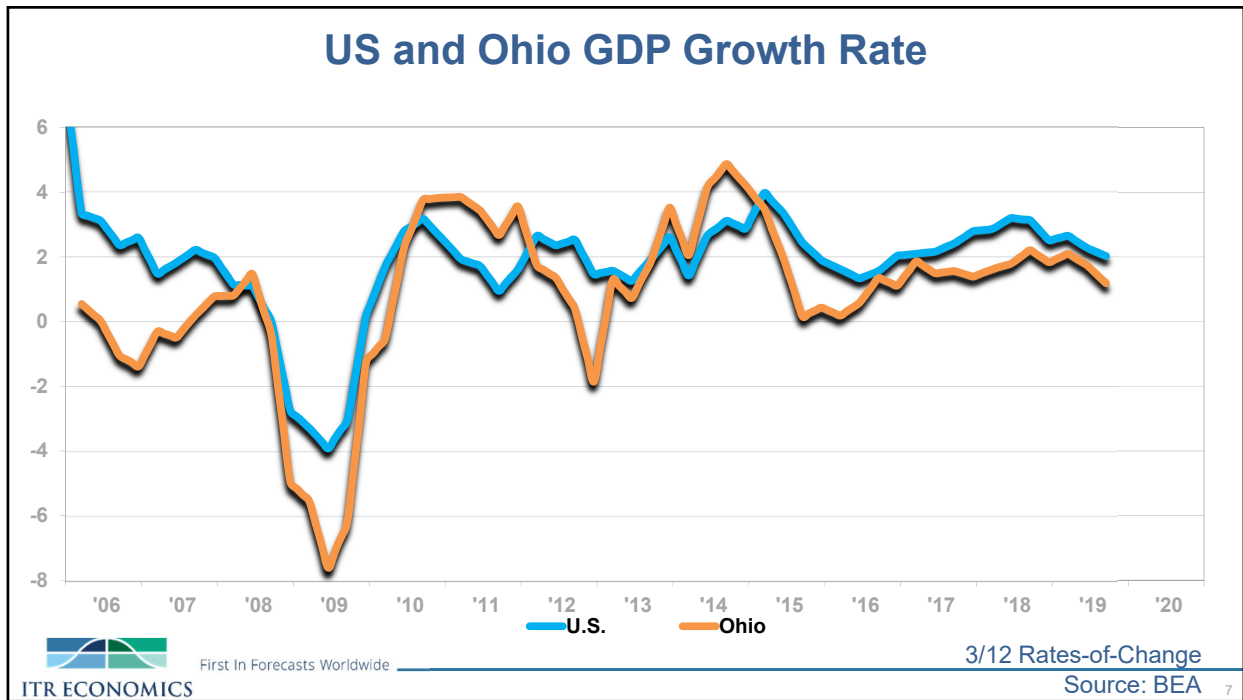
US and Massachusetts GDP Growth Rate



Strong Cyclical Relationship

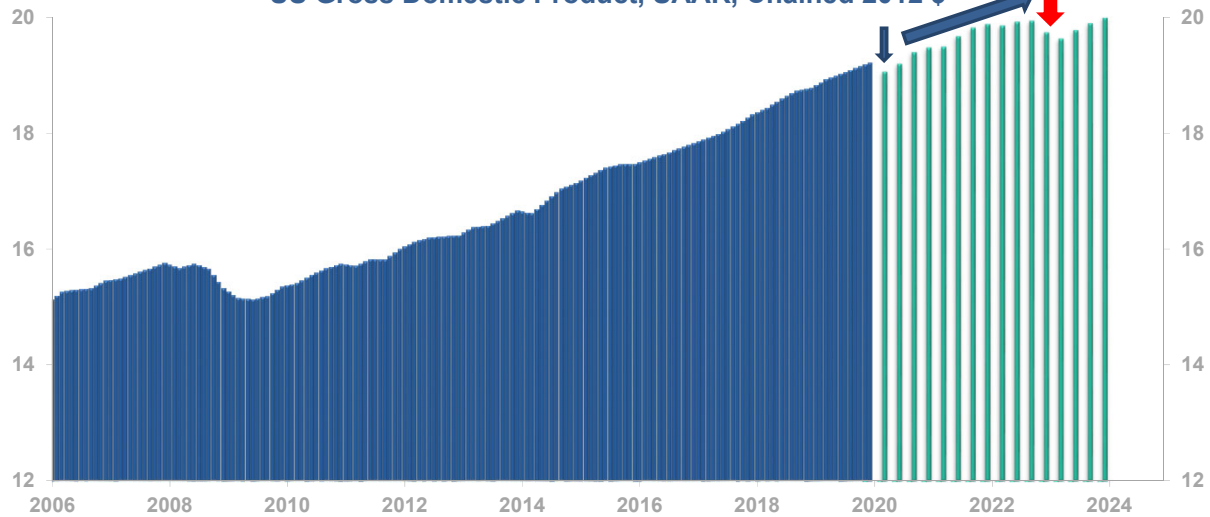
US and Florida GDP Growth Rate





US Economy Stalls in early 2020 and then Accelerates

US Gross Domestic Product, SAAR, Chained 2012 \$



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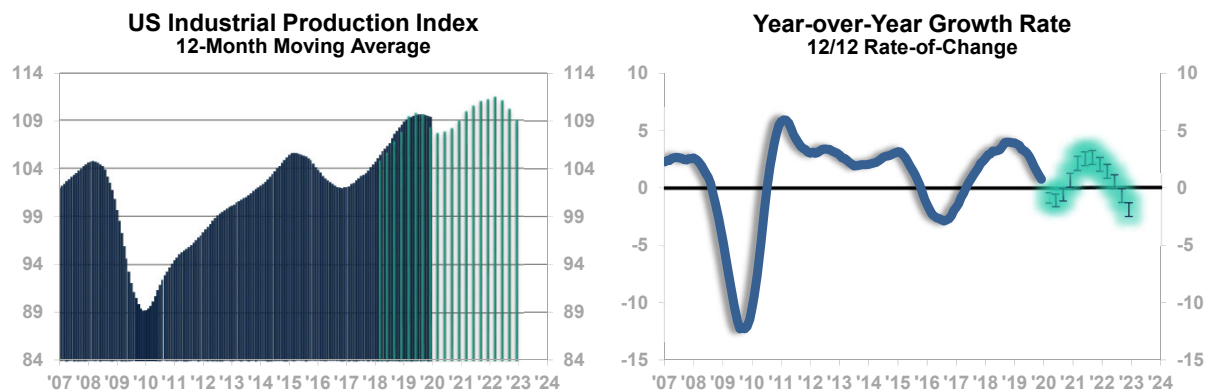
First In Forecasts Worldwide

3-Month Moving Average

Source: BEA

Approaching a Cyclical Low

US Industrial Production Index



- Annual Trend: 109.4
- Phase: C
- Year-over-Year: 0.8%

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Source: FRB

A Powerful Management Tool Rate-of-Change

	Raw	3MMT	3/12	12MMT	12/12
Feb-18	1.5				
Mar-18	1.4				
Apr-18	1.5	4.4			
May-18	1.3	4.4			
Jun-18	1.3	4.2			
Jul-18	1.6	4.1			
Aug-18	1.6	4.2			
Sep-18	1.5	4.5			
Oct-18	1.7	4.7			
Nov-18	1.6	4.8			
Dec-18	1.7	4.8			
Jan-19	1.7	5.0		18.2	
Feb-19	1.7	5.0		18.4	
Mar-19	1.6	5.1		18.6	
Apr-19	1.7	5.0	13.6%	18.8	
May-19	1.5	5.0	13.6%	19.0	
Jun-19	1.5	4.8	14.3%	19.2	
Jul-19	1.9	4.7	14.6%	19.4	1.6%
Aug-19	1.7	4.9	16.7%	19.7	4.8%
Sep-19	1.7	5.1	13.3%	19.8	5.9%
Oct-19	1.9	5.3	12.8%	20.0	8.1%
Nov-19	1.7	5.3	10.4%	20.2	10.4%
Dec-19	1.7	5.3	10.4%	20.3	11.5%
Jan-20	1.7	5.3	6.0%	20.3	11.5%

3/12 Rate-of-Change

$$= \frac{\text{January 2020 3MMT}}{\text{January 2019 3MMT}} \times 100 - 100$$

$$= \frac{5.3}{5.0} \times 100 - 100 = 6.0\%$$

12/12 Rate-of-Change

$$= \frac{\text{January 2020 12MMT}}{\text{January 2019 12MMT}} \times 100 - 100$$

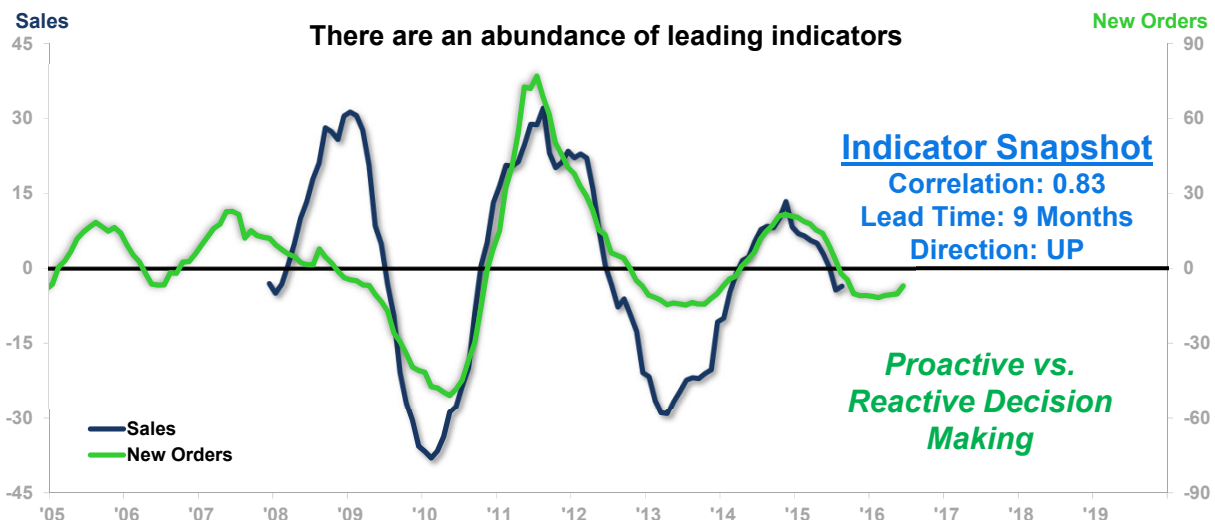
$$= \frac{20.3}{18.2} \times 100 - 100 = 11.5\%$$



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Applying Leading Indicators at the Company Level



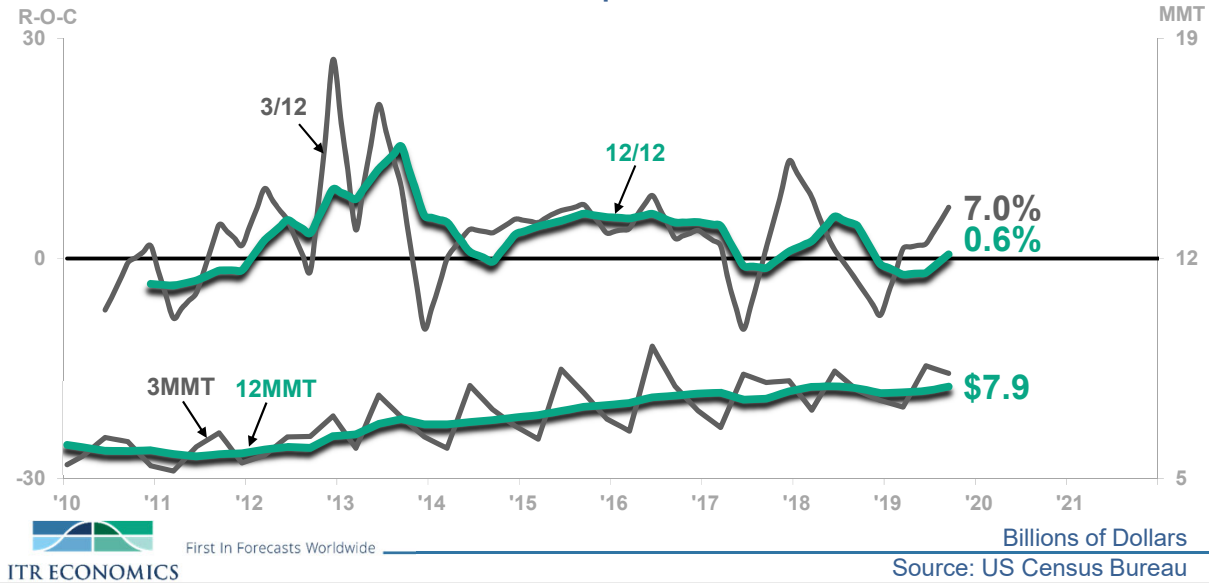
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12/12 Rates-of-Change

More Rise Ahead for Repair and Maintenance Providers

US Personal and Household Goods Repair and Maintenance Services Revenue



Tariff

A tax or duty that a government charges on goods coming into or going out of their country

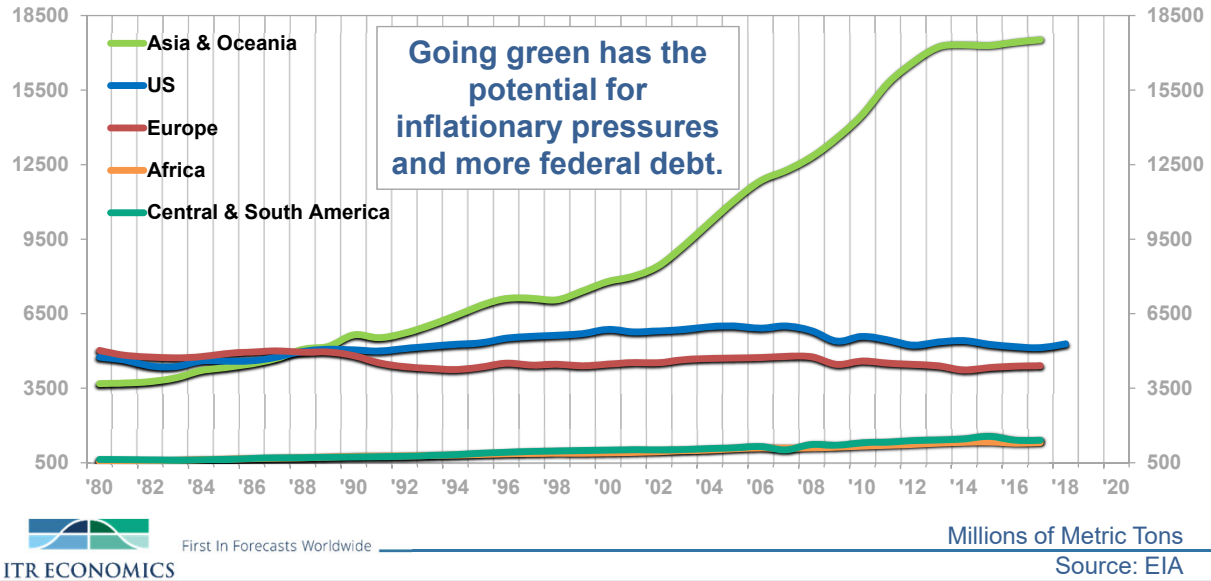


Tariffs and Other Issues



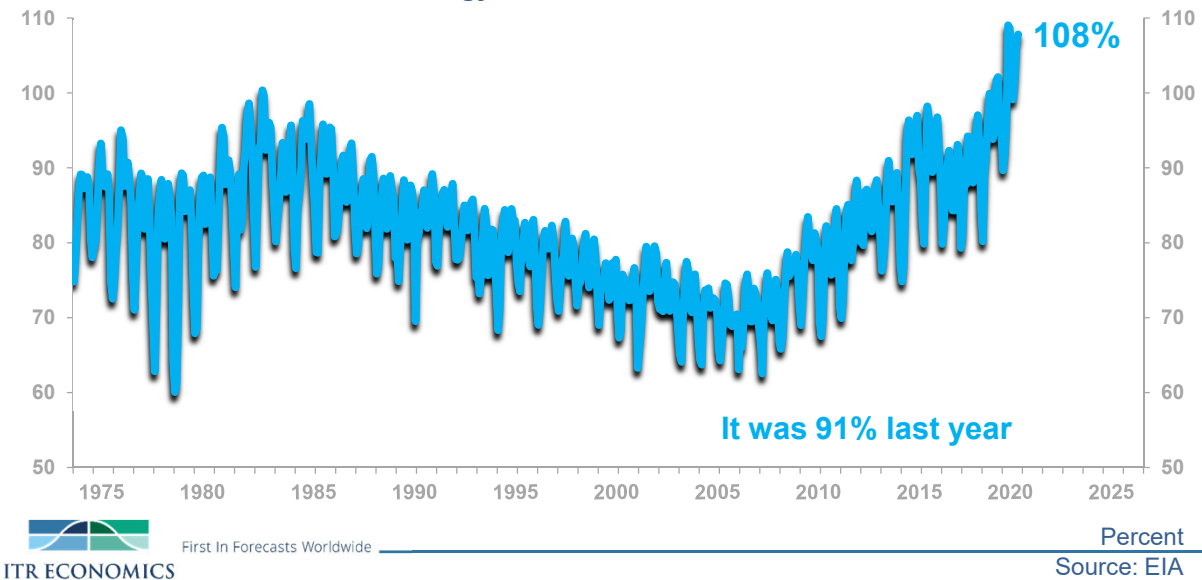
Things Are Getting Better

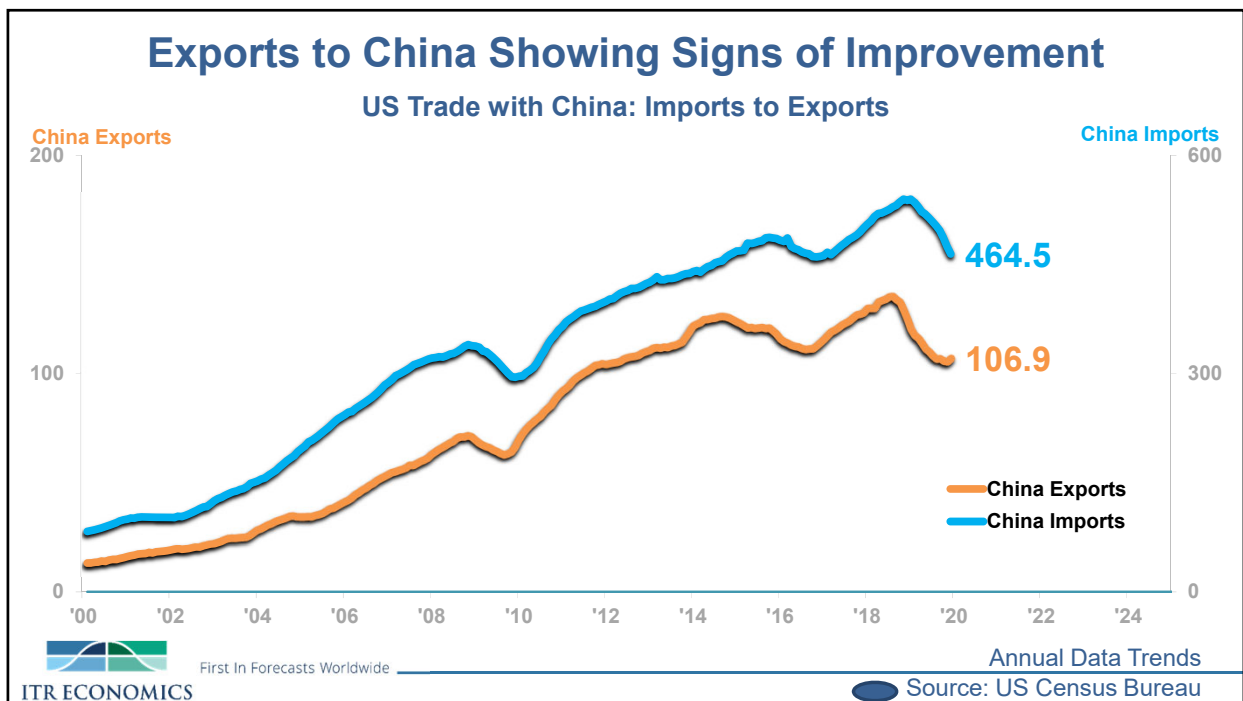
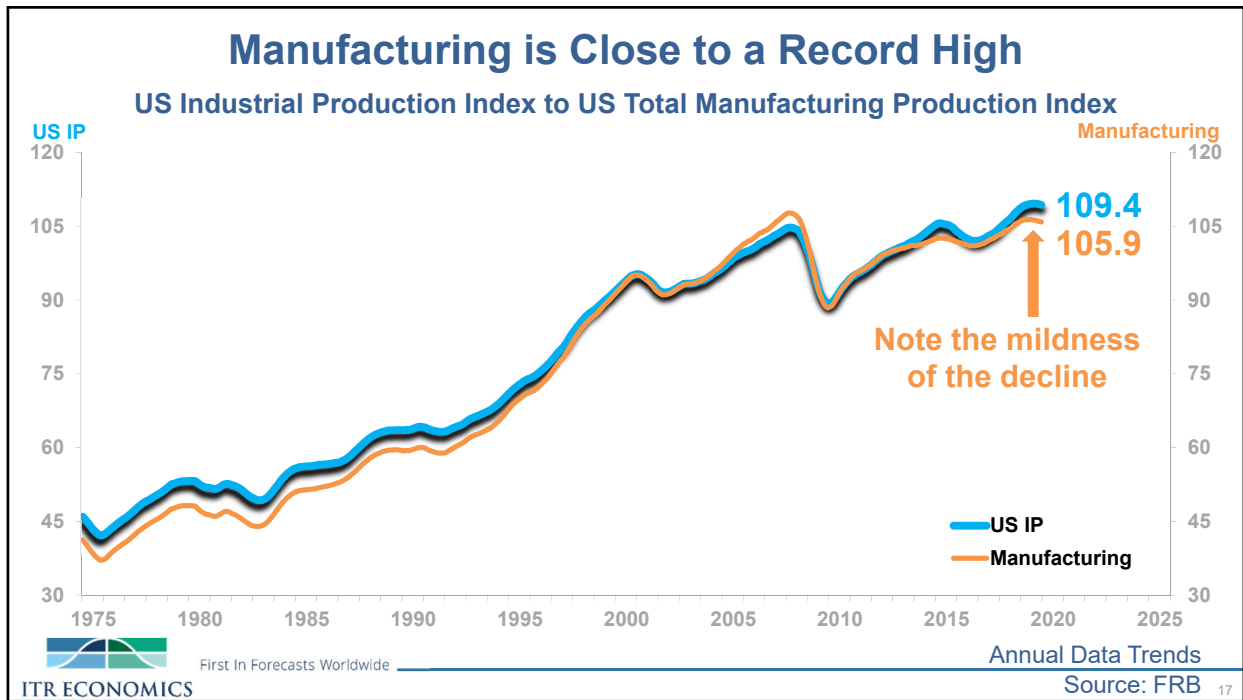
World Carbon Dioxide Emissions

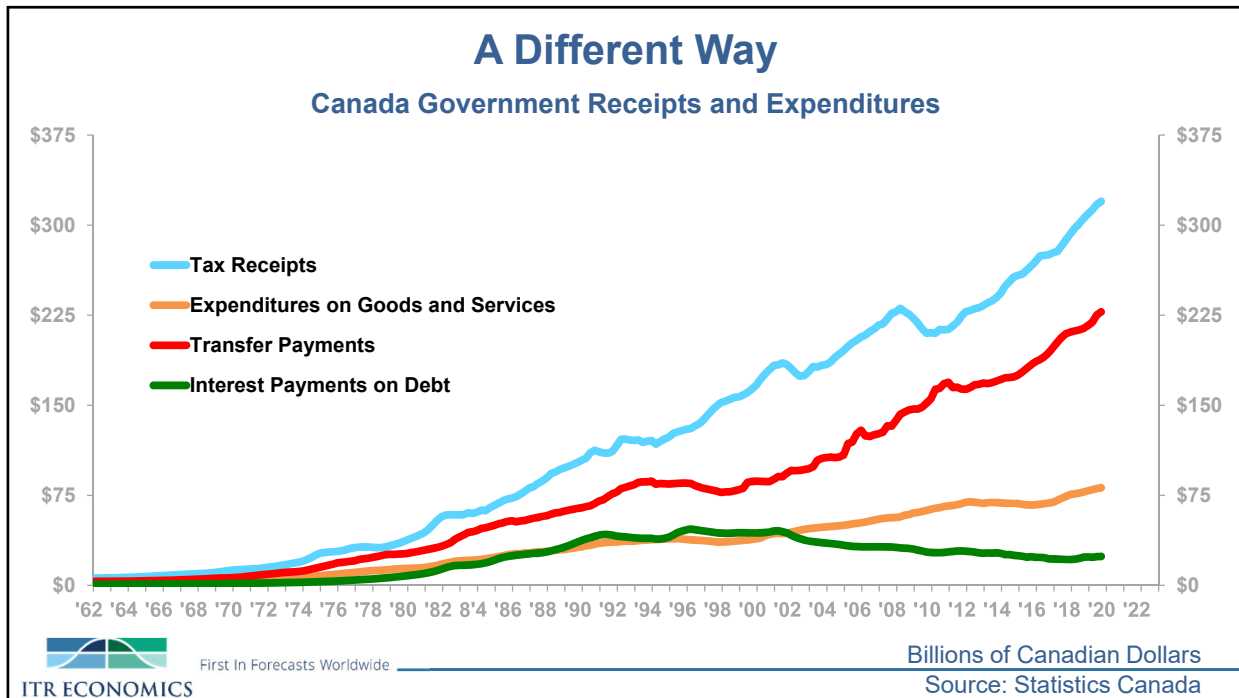
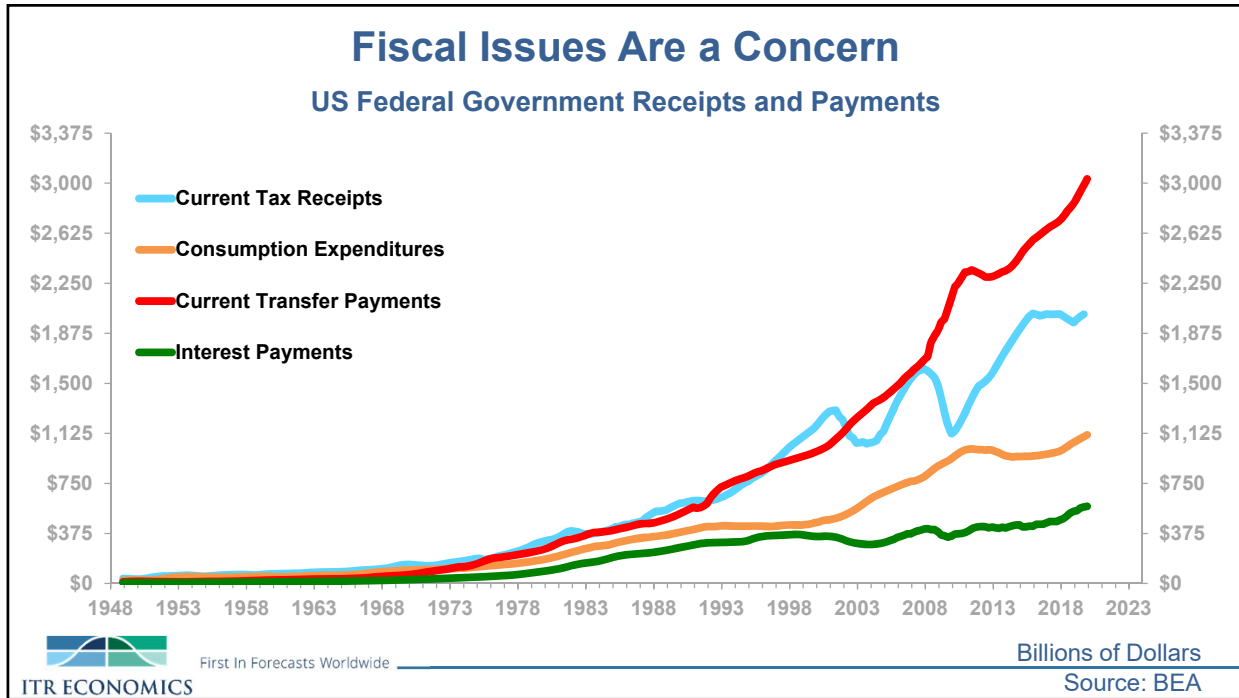


An Energy Independent Nation

Percent of Energy Consumed from Domestic Sources





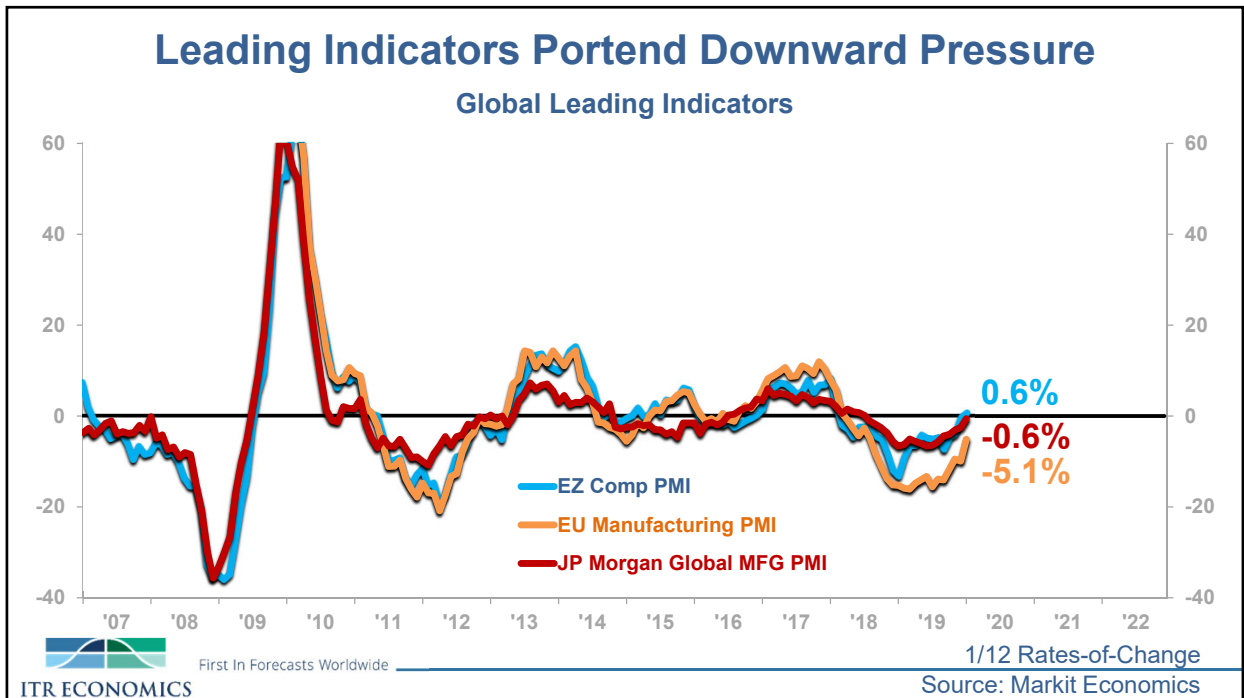


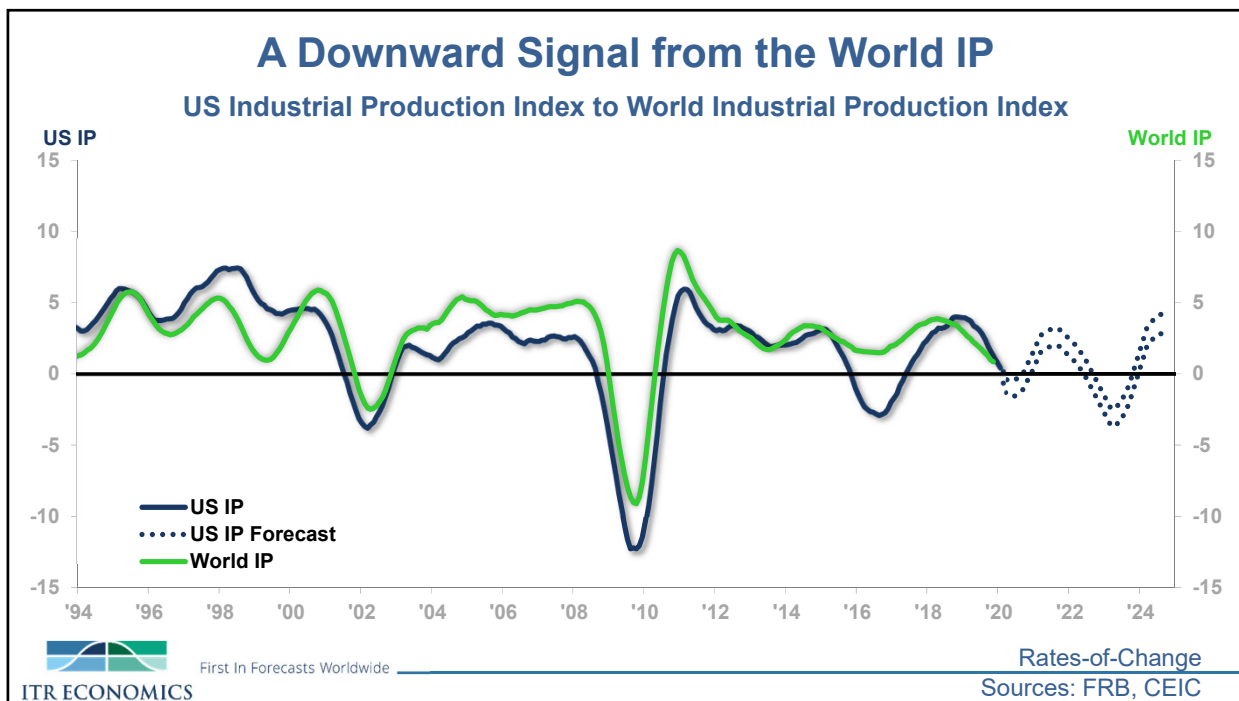
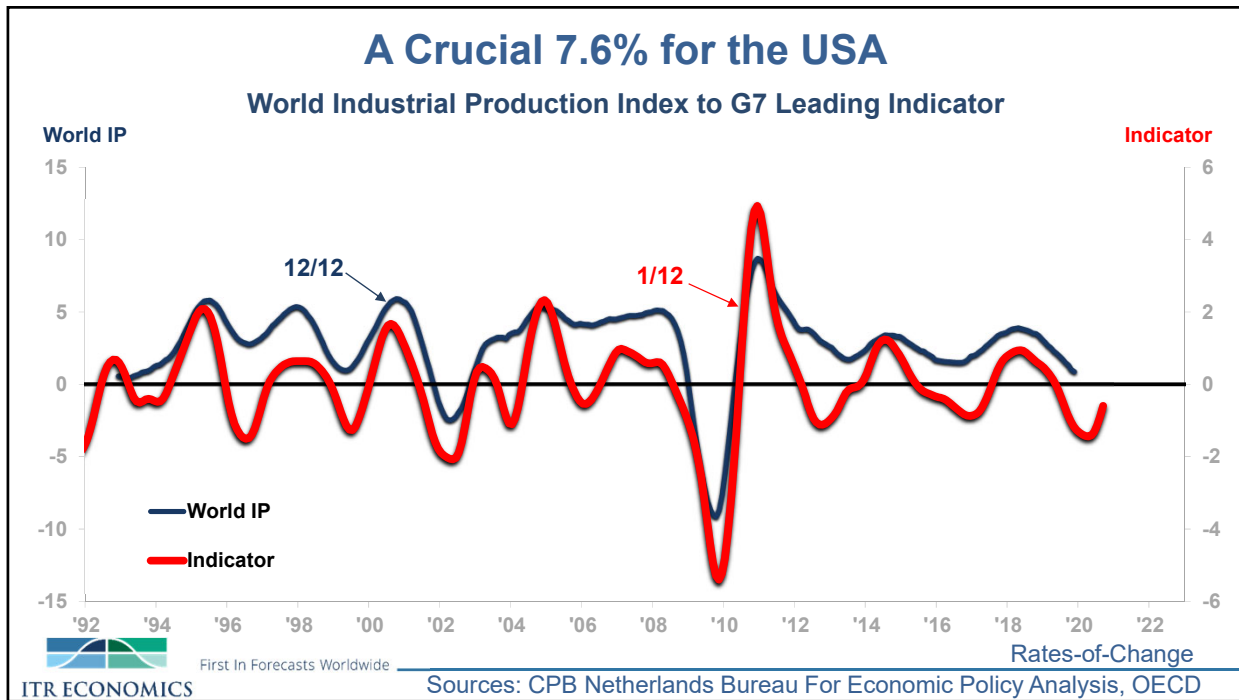




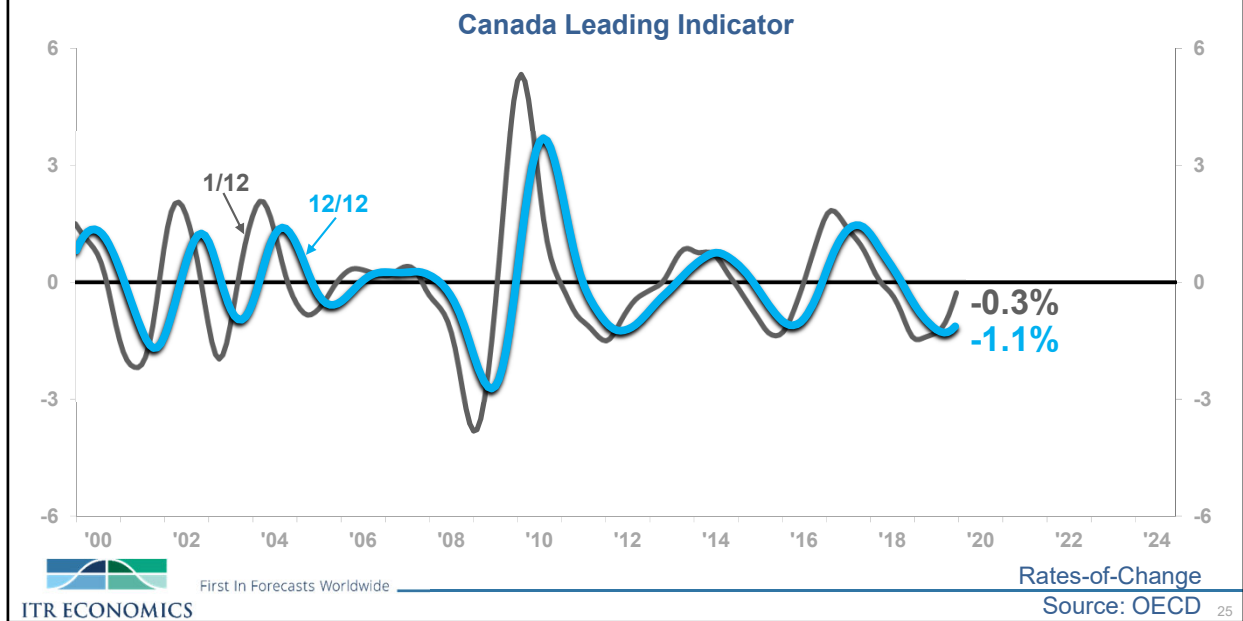
Global Partners



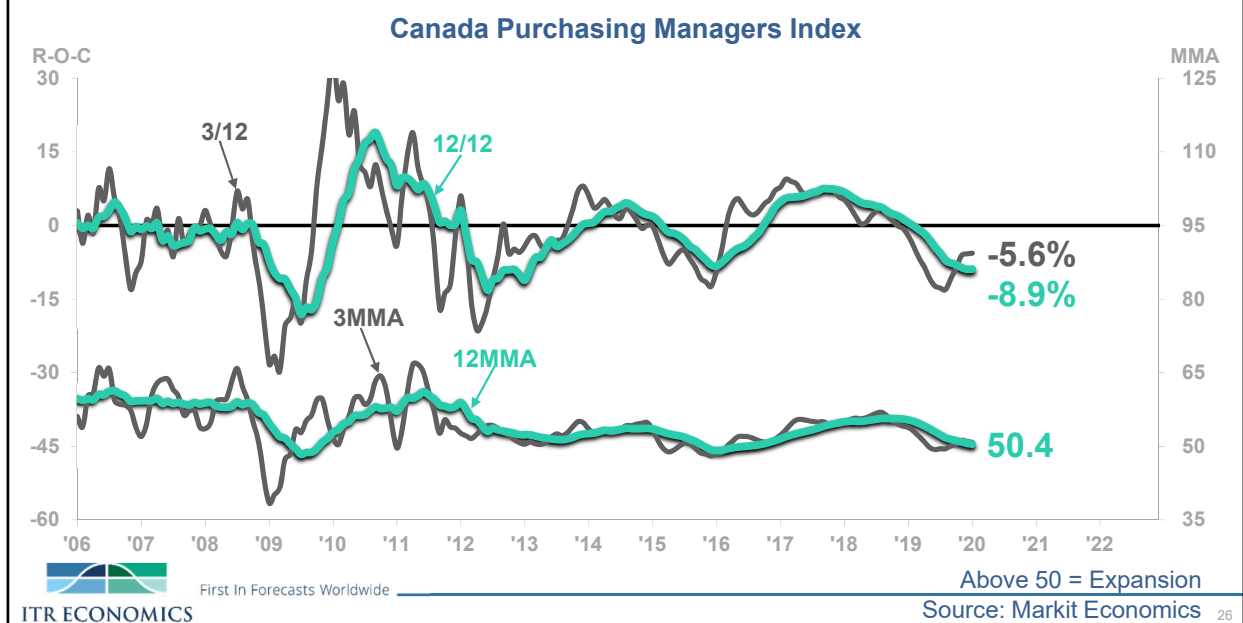


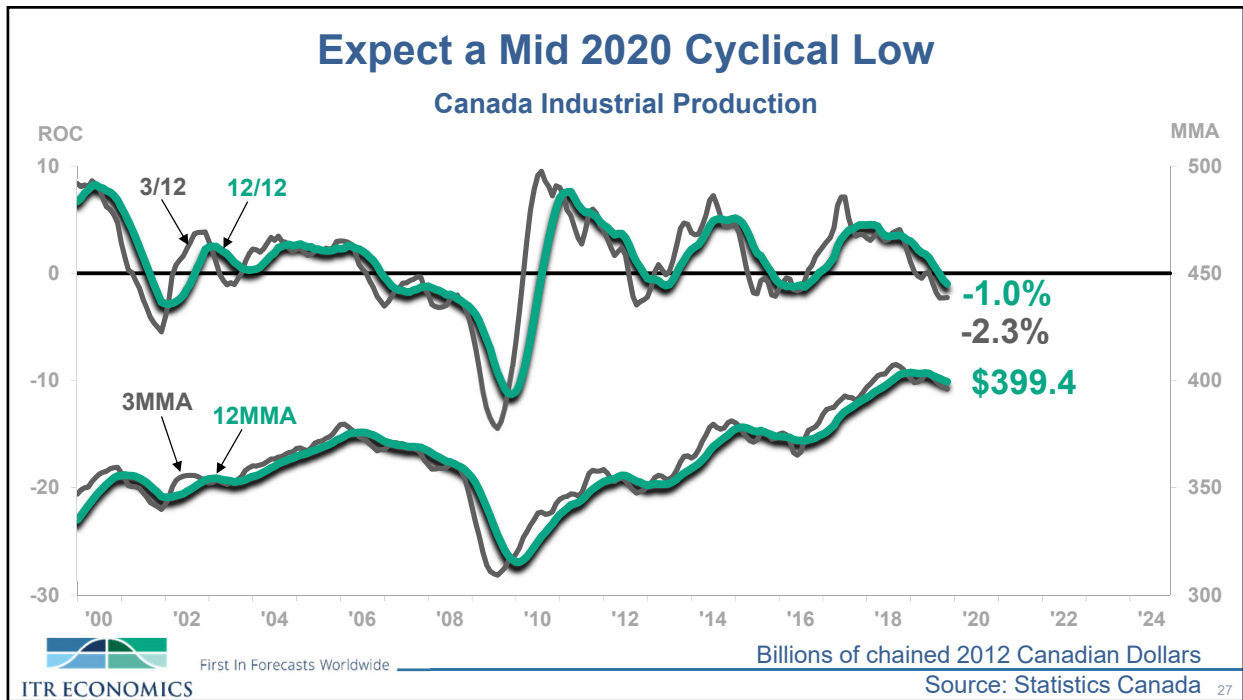


Canada Leading Indicator Bodes Well for OPEESA



Good News for Canada Manufacturing









OPEESA
POWERING DISTRIBUTOR SUCCESS

Leading Indicators System Approach



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U.S. Economic Leading Indicators

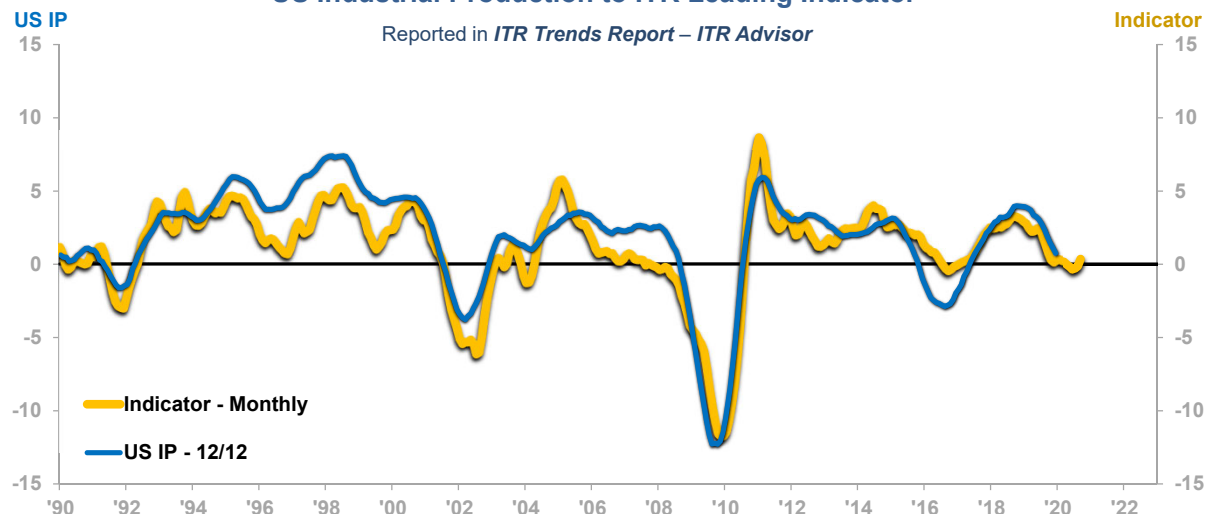
Indicator	Trend	Comments	Lead Time months,
ITR Consumer Activity Leading Indicator	Rise	Potential April 2019 low	14
ITR Financial Leading Indicator	Rise	Potential August 2019 low	14
JPMorgan Global PMI	Rise	Jan 2019 1/12 r-o-c low	12
OECD Leading Indicator	Rise	August 2019 1/12 low	10
G7 Leading Indicator	Rise	Tentative August 2019 Low	10
Purchasing Managers Index (PMI)	Rise	Tentative September 2019 1/12 low	9
ITR Leading Indicator	Rise	Tentative October 2019 low	8
Wilshire Total Market Cap	Rise	Probable Feb 2019 low	8
US Leading Indicator	Decline	1/12 still in decline	8
Single-Family Housing Starts	Rise	12/12 up. Aug 2019 low. Positive Checking Pts.	8
Total Industry Capacity Utilization	Decline	1/12 still in decline	6
US Exports – World	Rise	Tentative Jun 2019 3/12 low	4

ITR ECONOMICS Sources: ITR Economics, Institute for Supply Management, OECD, Yahoo Finance, The Conference Board, US Census Bureau, FRB 29

ITR's Leading Indicator™ Says Problems Ahead

US Industrial Production to ITR Leading Indicator™

Reported in *ITR Trends Report – ITR Advisor*



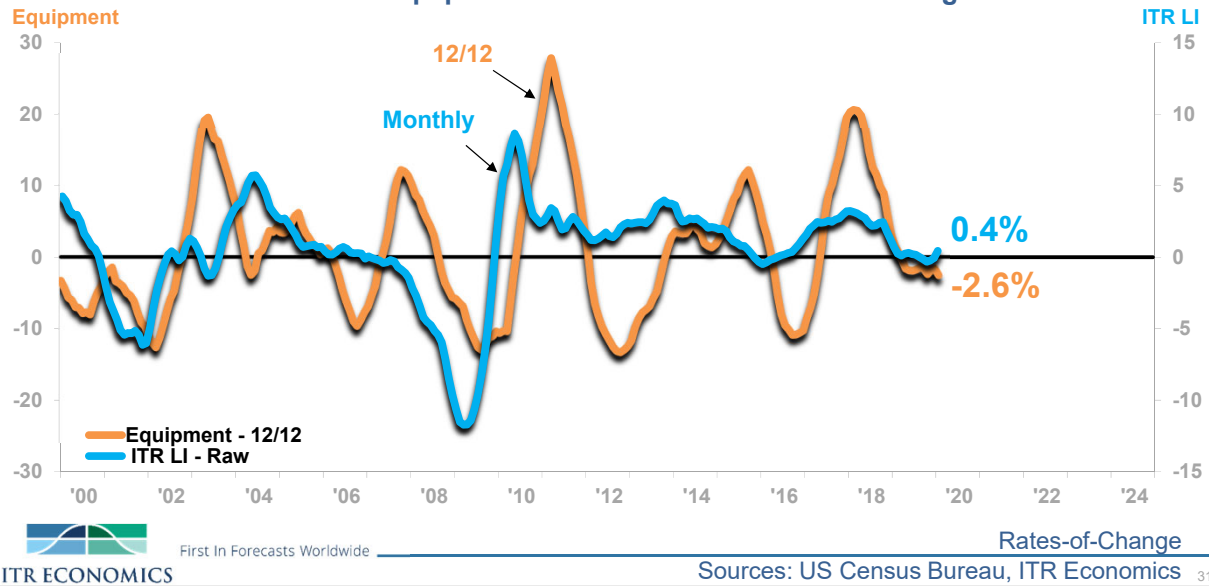
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USIP – 12/12 Indicator - Monthly
Sources: FRB, ITR Economics

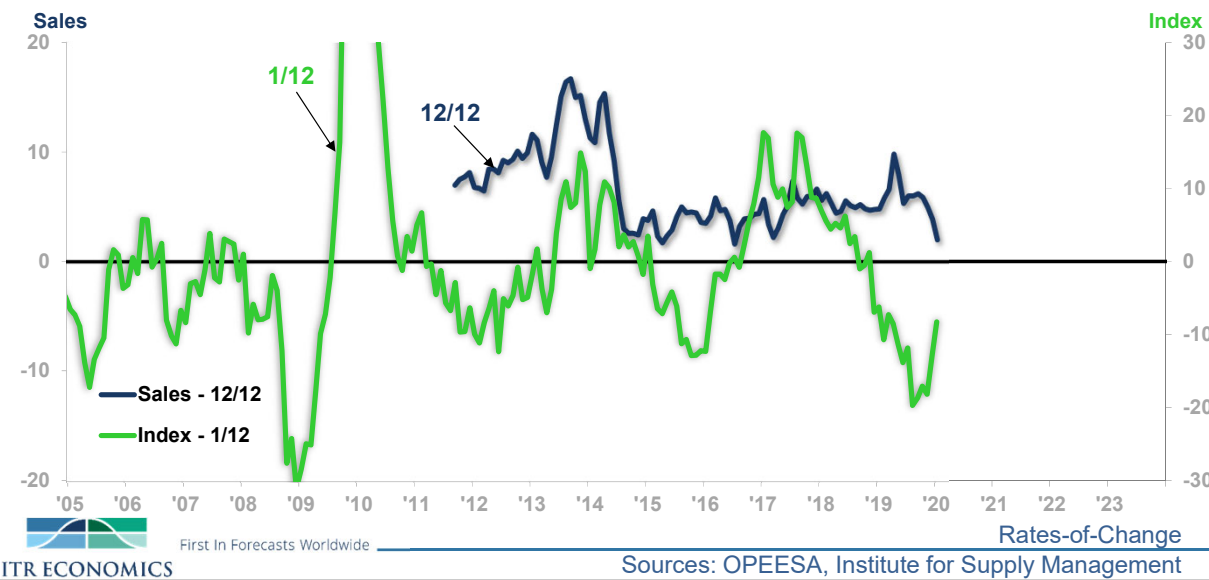
A Solid Indication of Cyclical Rise in 2020

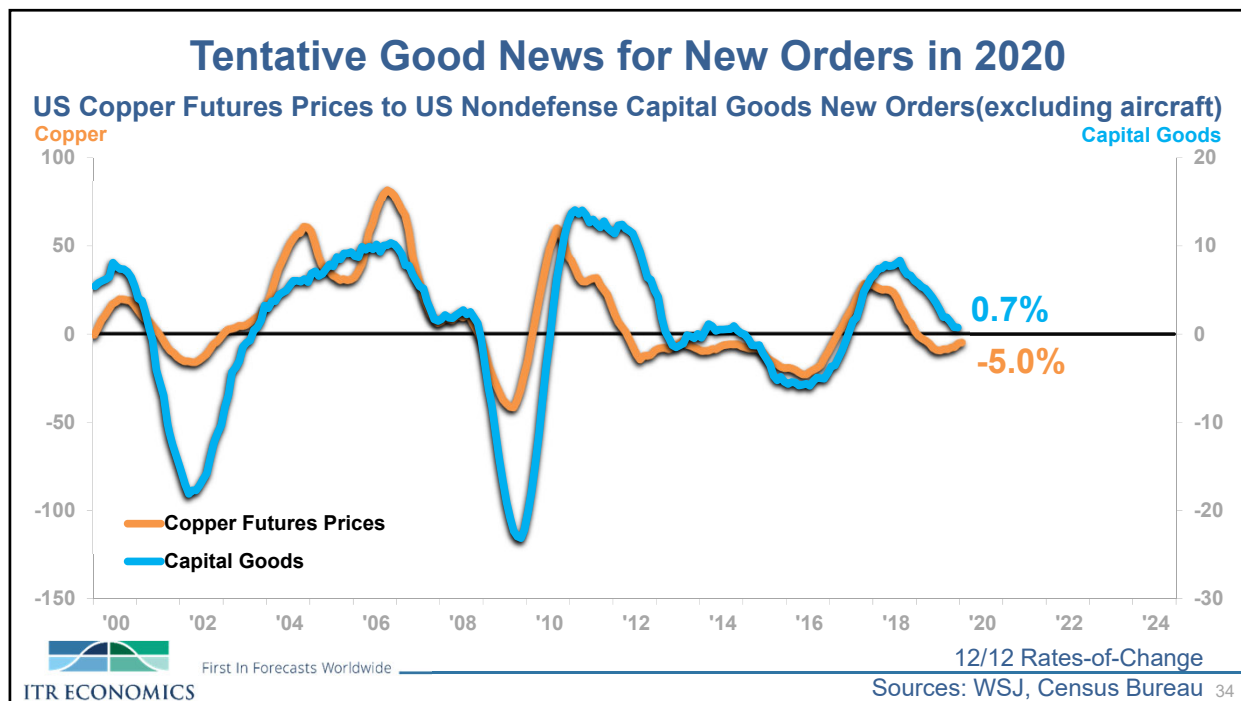
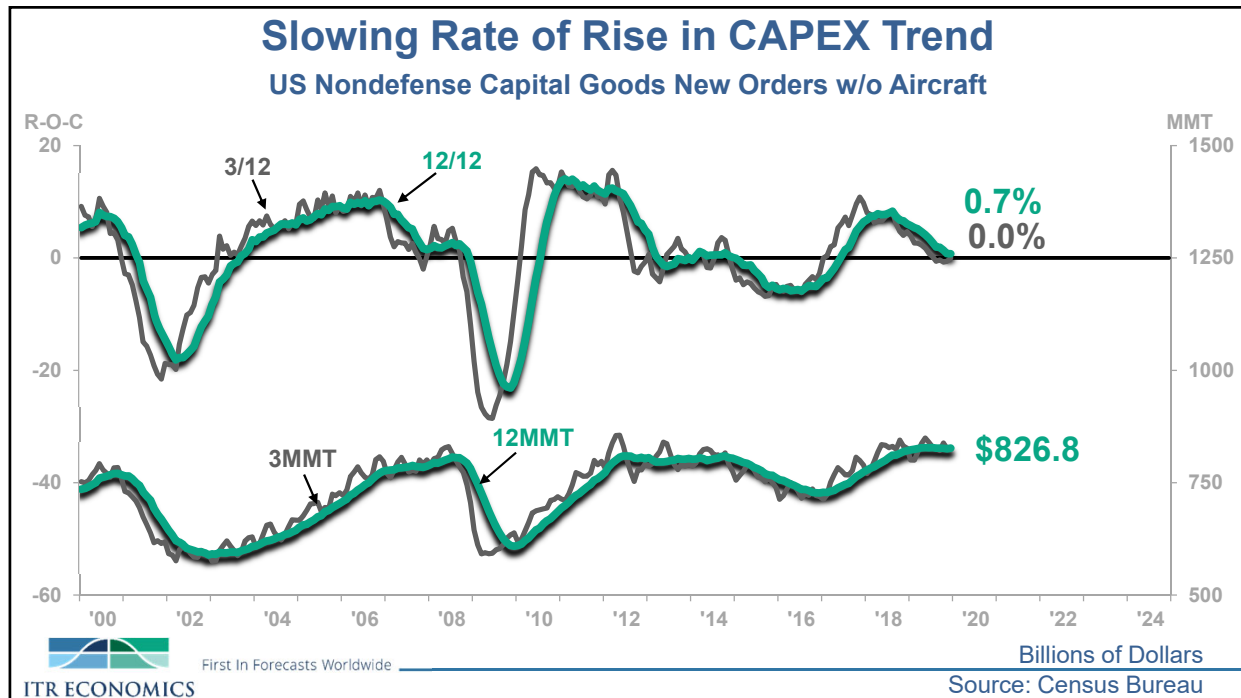
US Lawn & Garden Equipment Production Index to ITR Leading Indicator

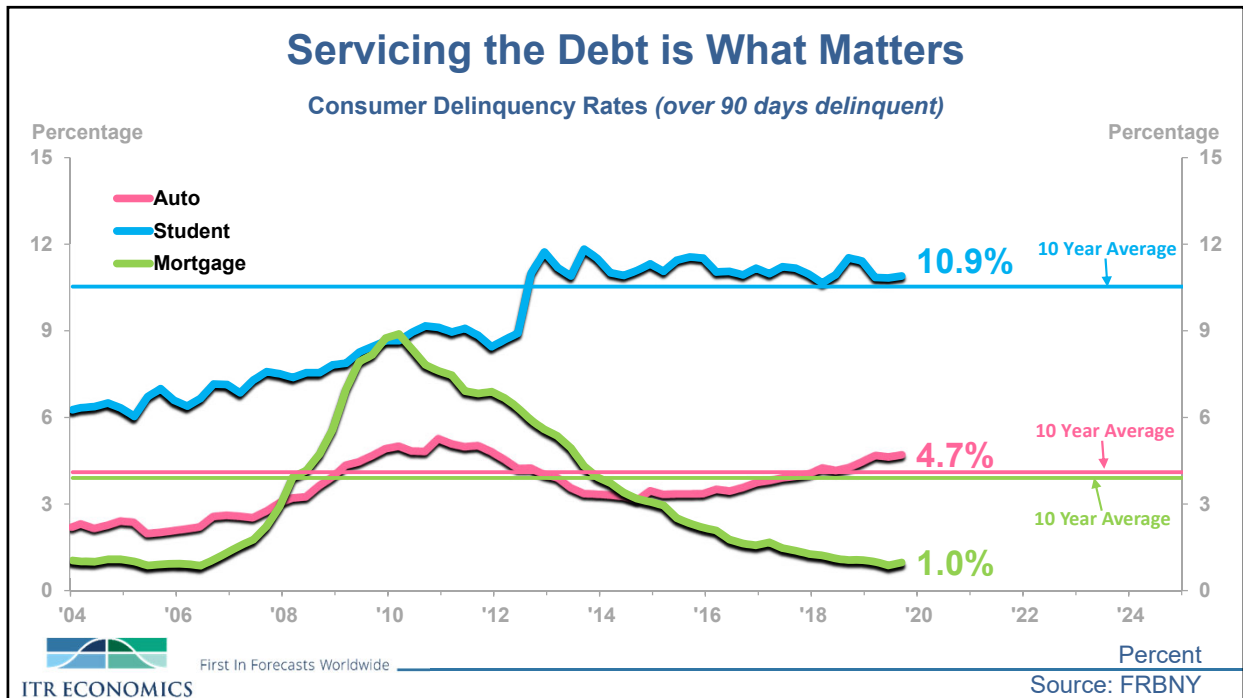


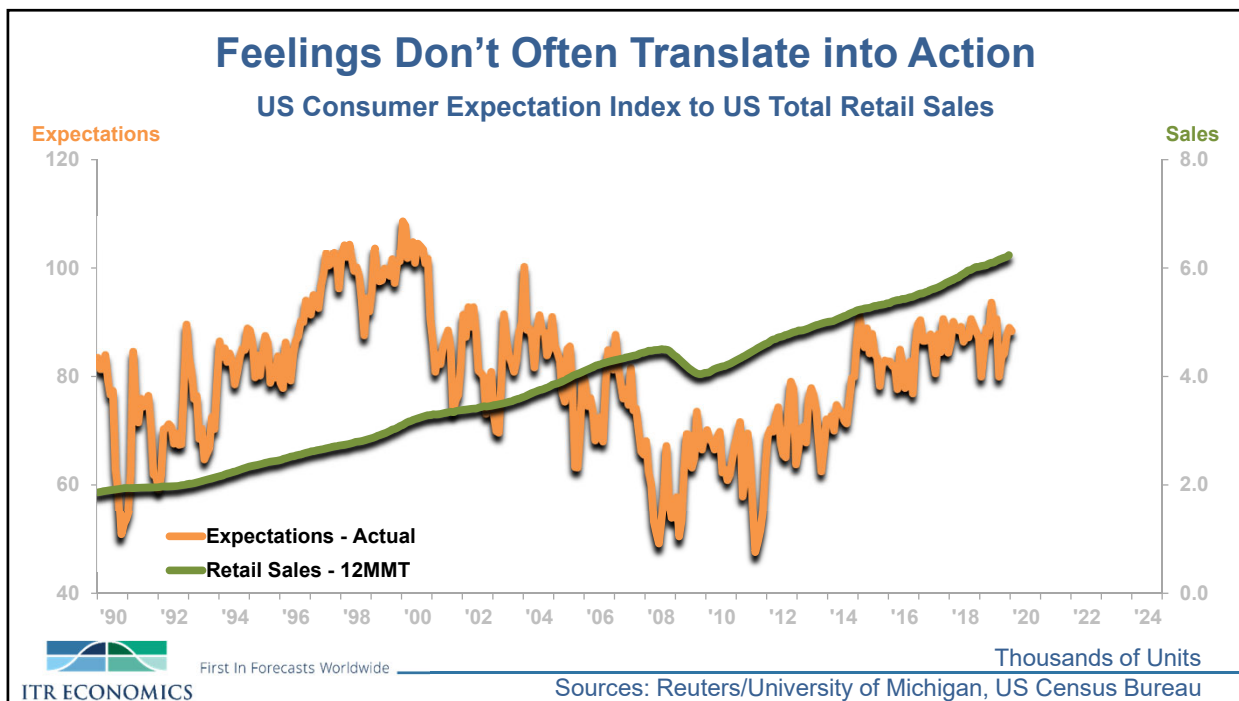
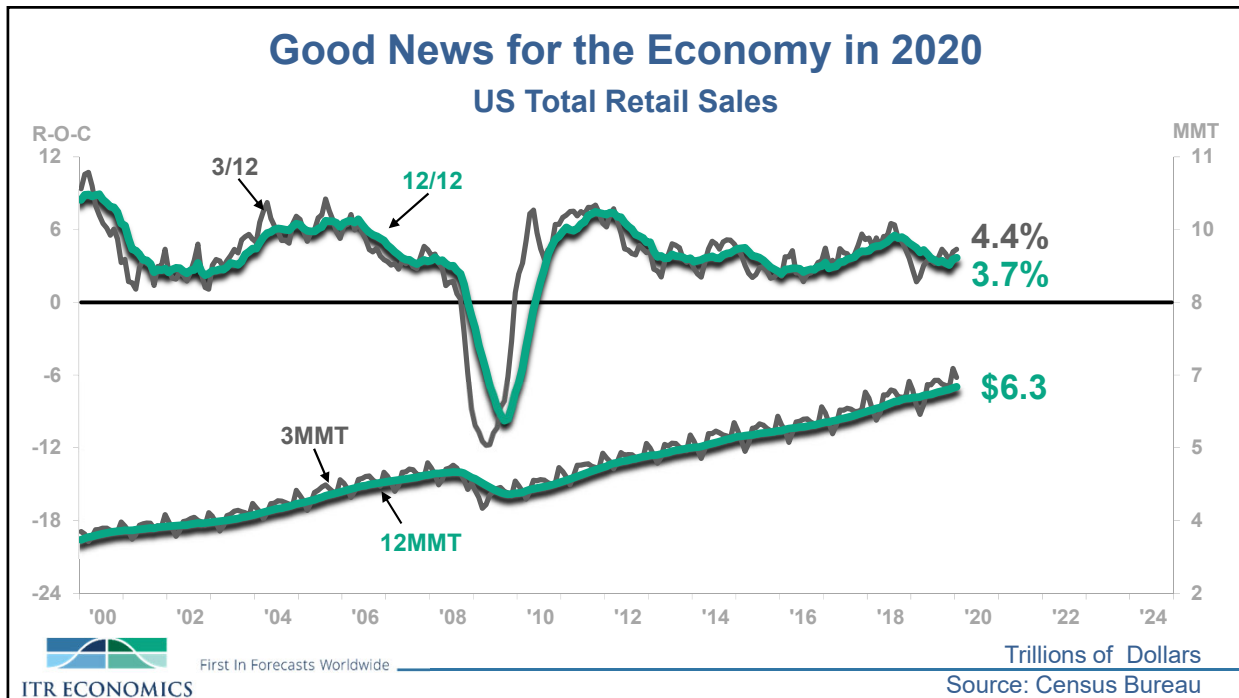
A Positive Signal for OPEESA in 2H20

OPEESA to US Purchasing Managers Index



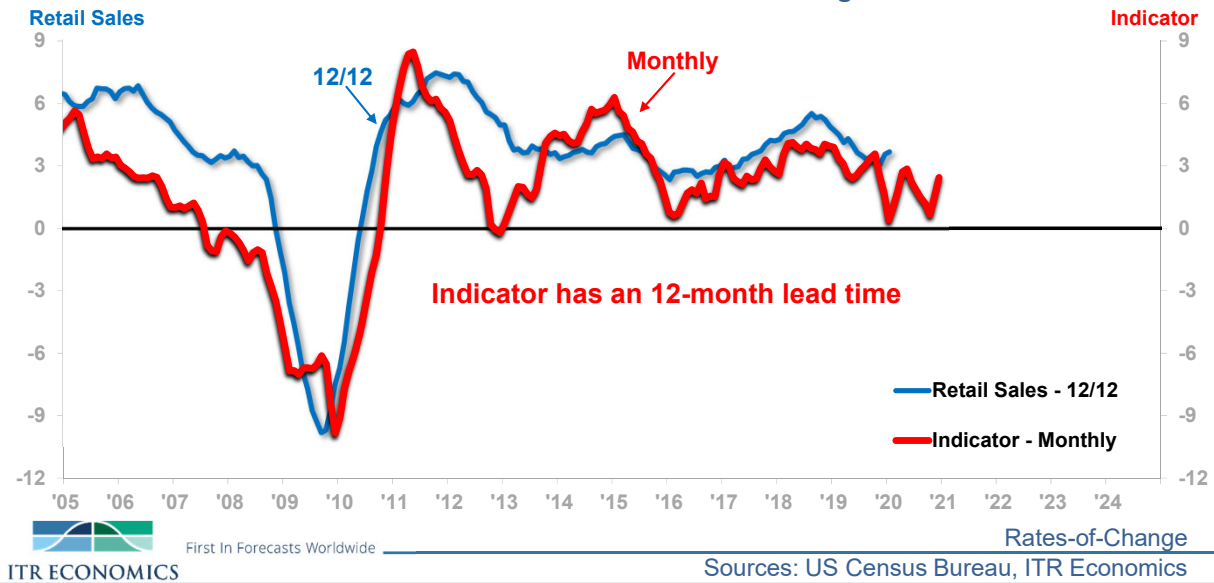






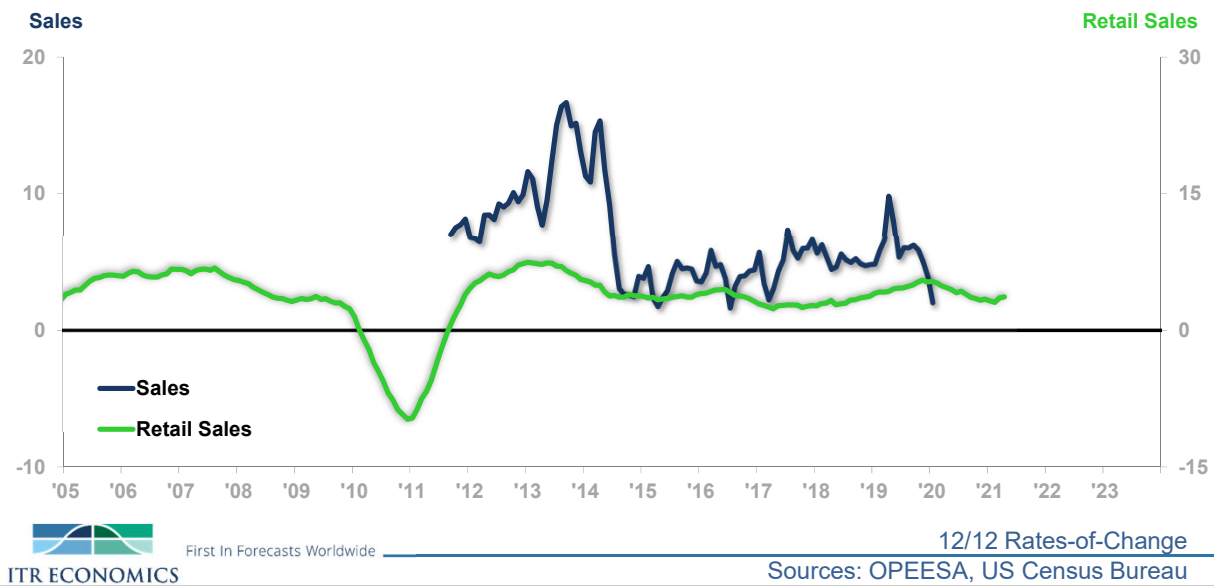
Decelerating Rise in Retail Sales in 2H20

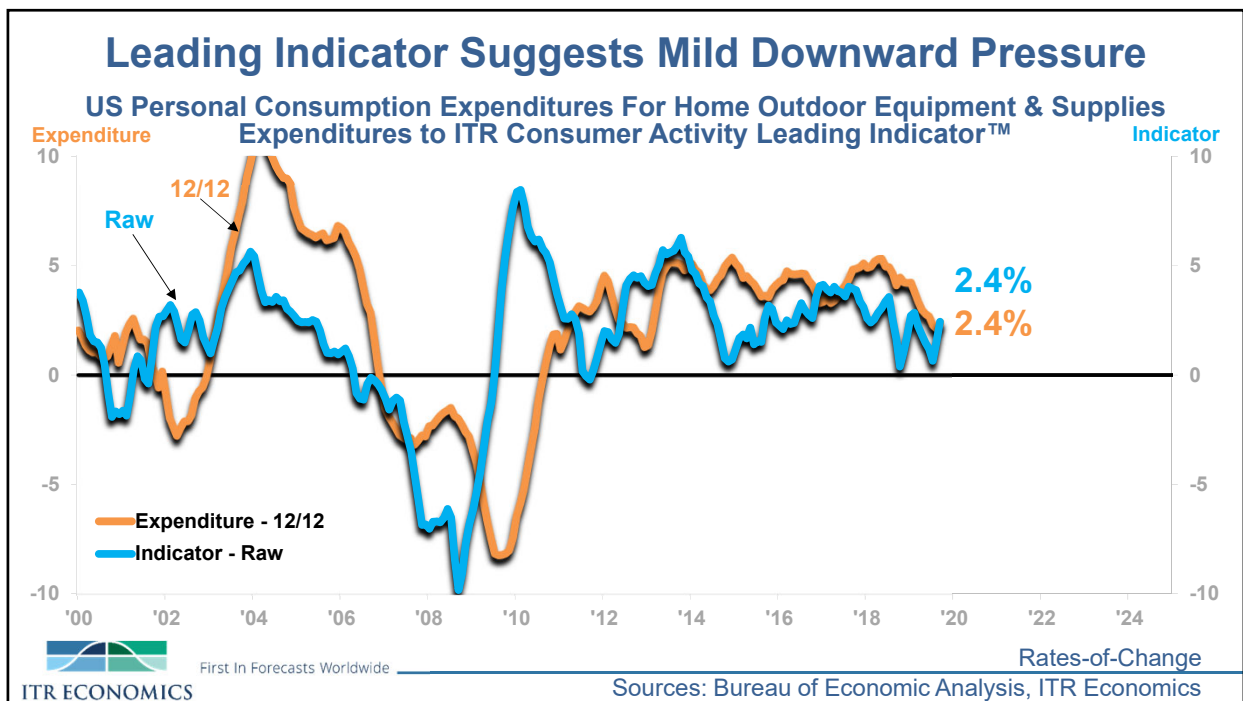
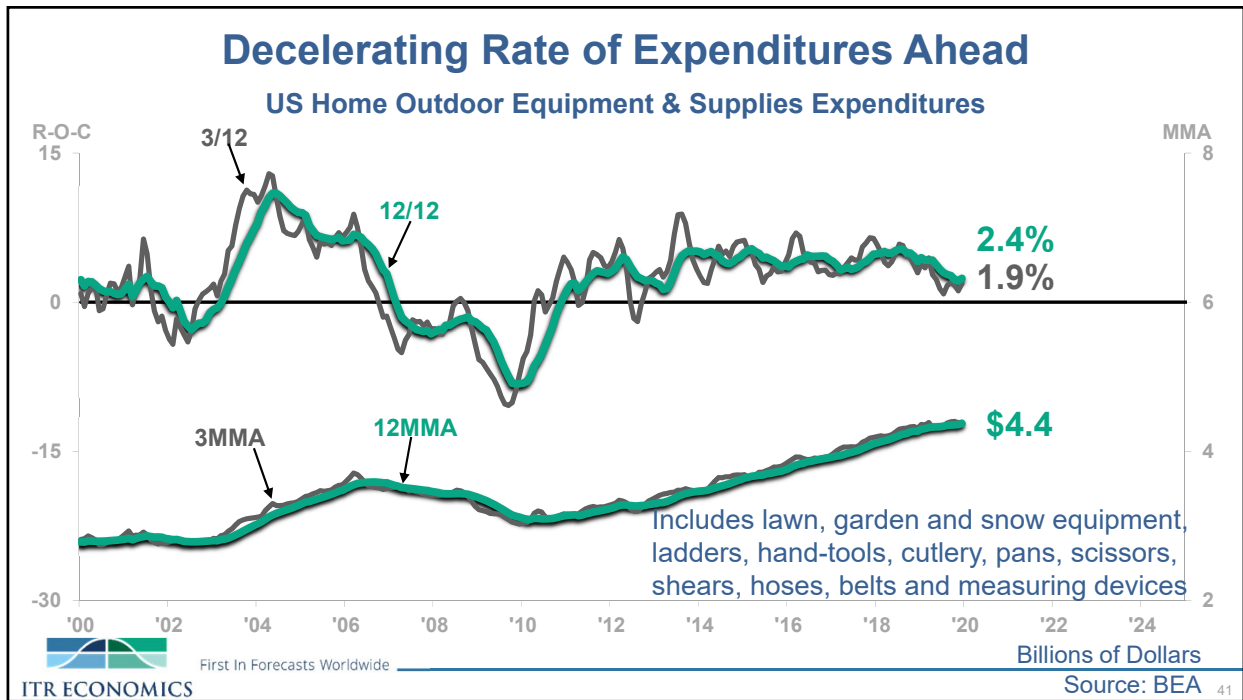
US Total Retail Sales to ITR Retail Sales Leading Indicator™



Consumers are Signaling Slower Growth in 2020

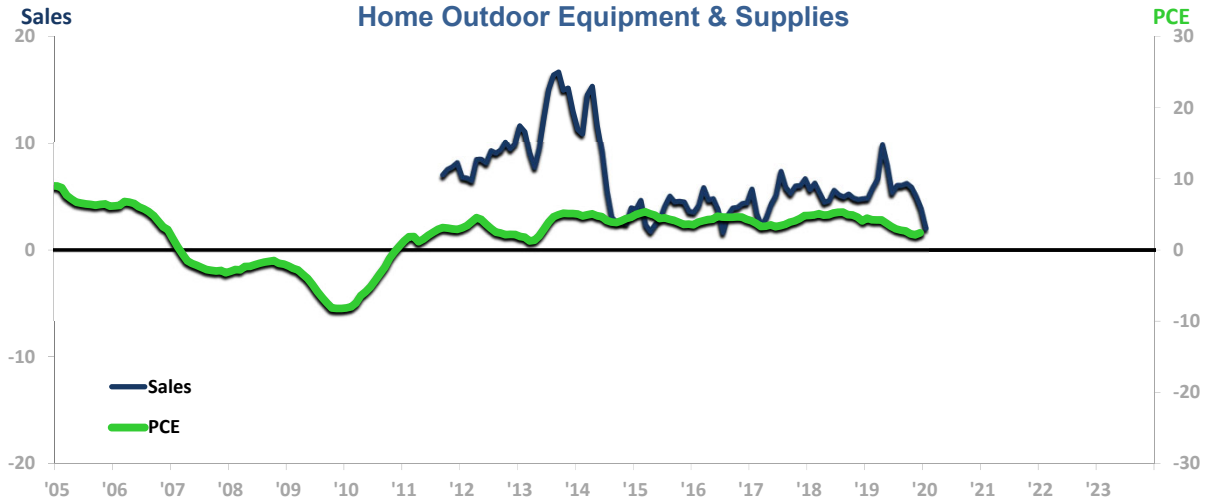
OPEESA to US Total Retail Sales





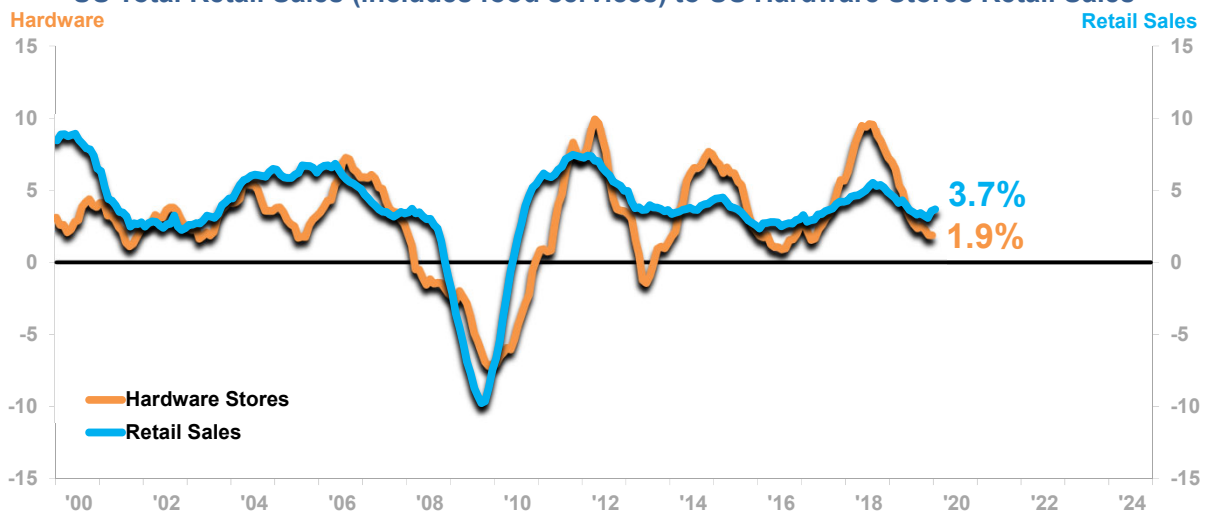
Expenditures Outlook Suggest Slowing Growth for OPEESA

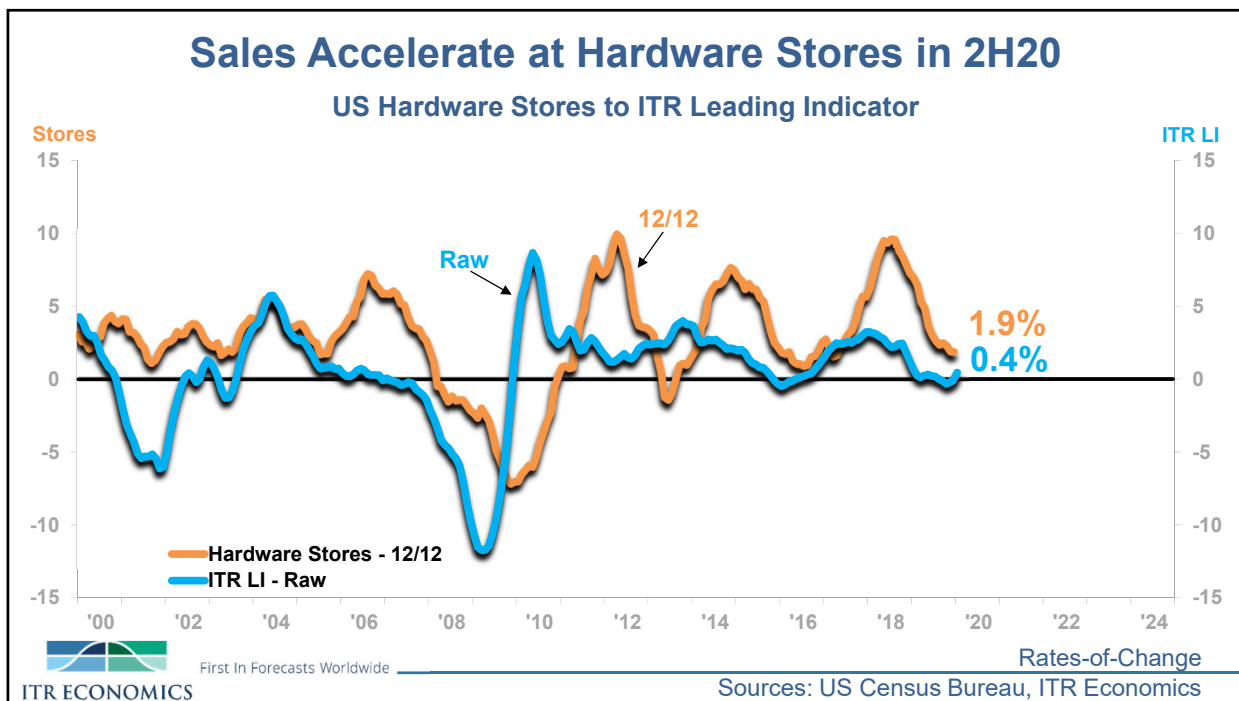
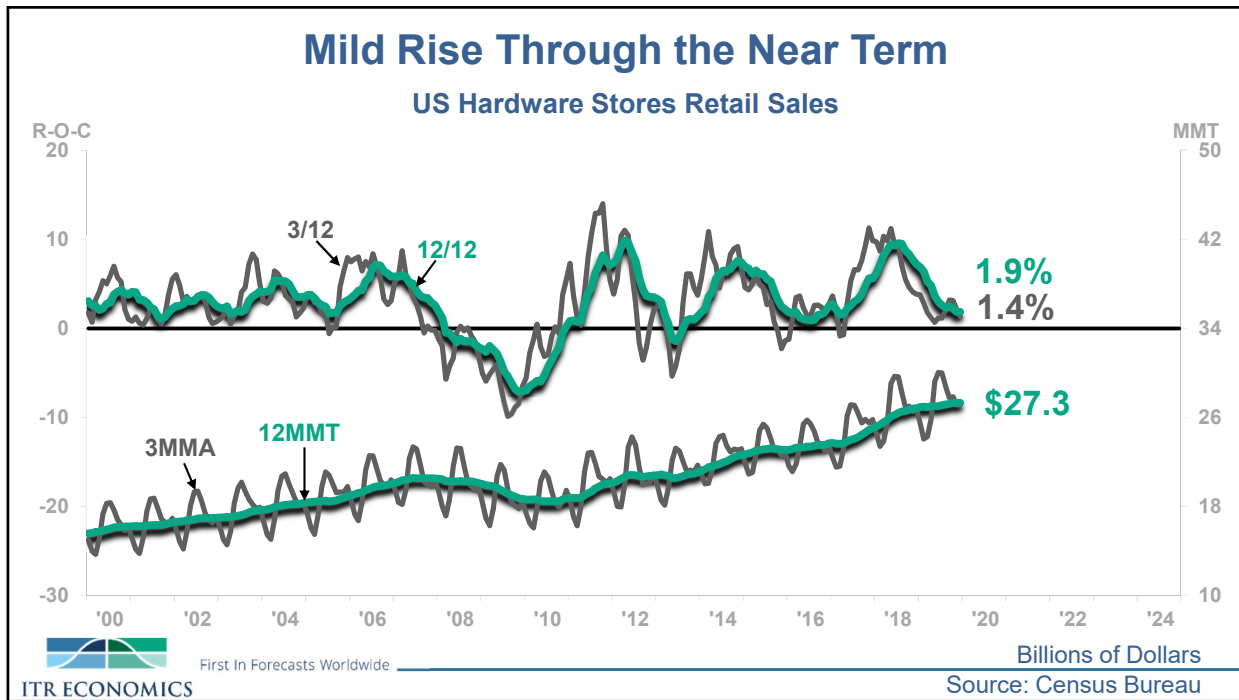
OPEESA to US Personal Consumption Expenditures for Home Outdoor Equipment & Supplies



Retail Sales 12/12 Rise Is Not Expected to Last

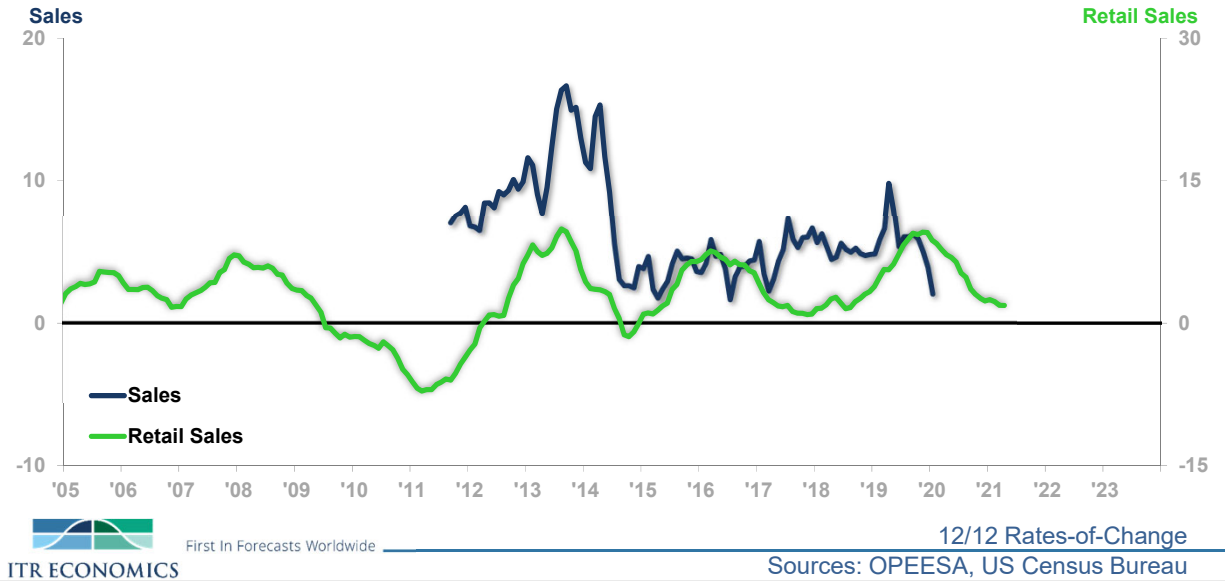
US Total Retail Sales (includes food services) to US Hardware Stores Retail Sales





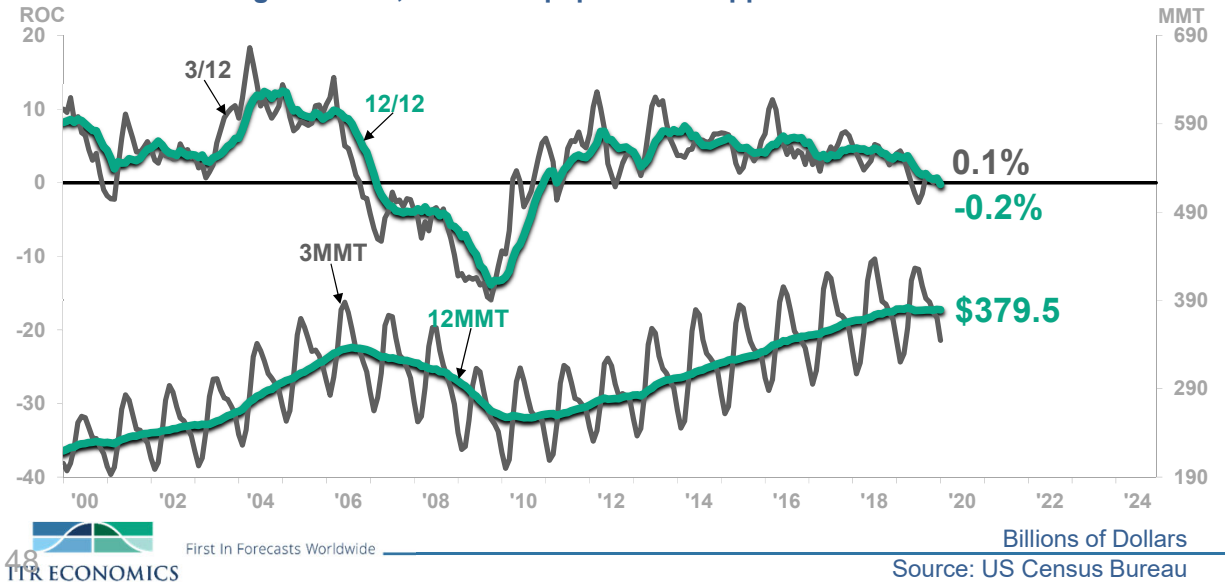
Decelerating Rise for OPEESA in 2020

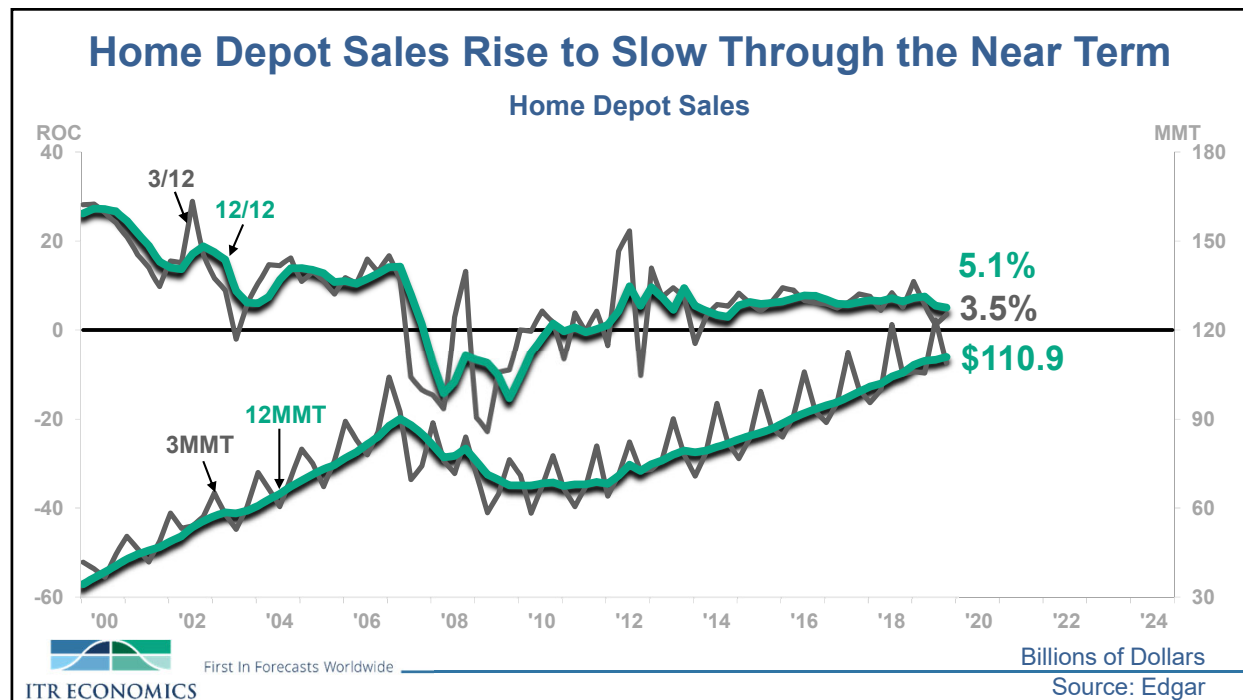
OPEESA to US Hardware Stores Retail Sales



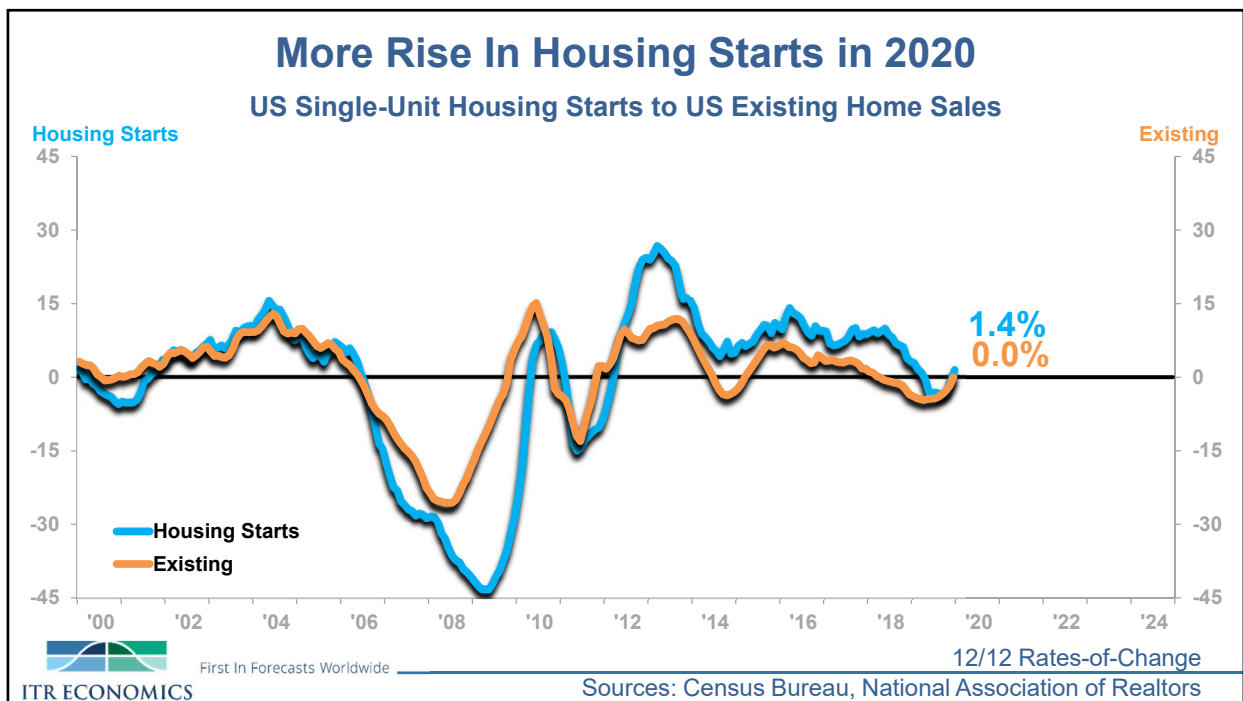
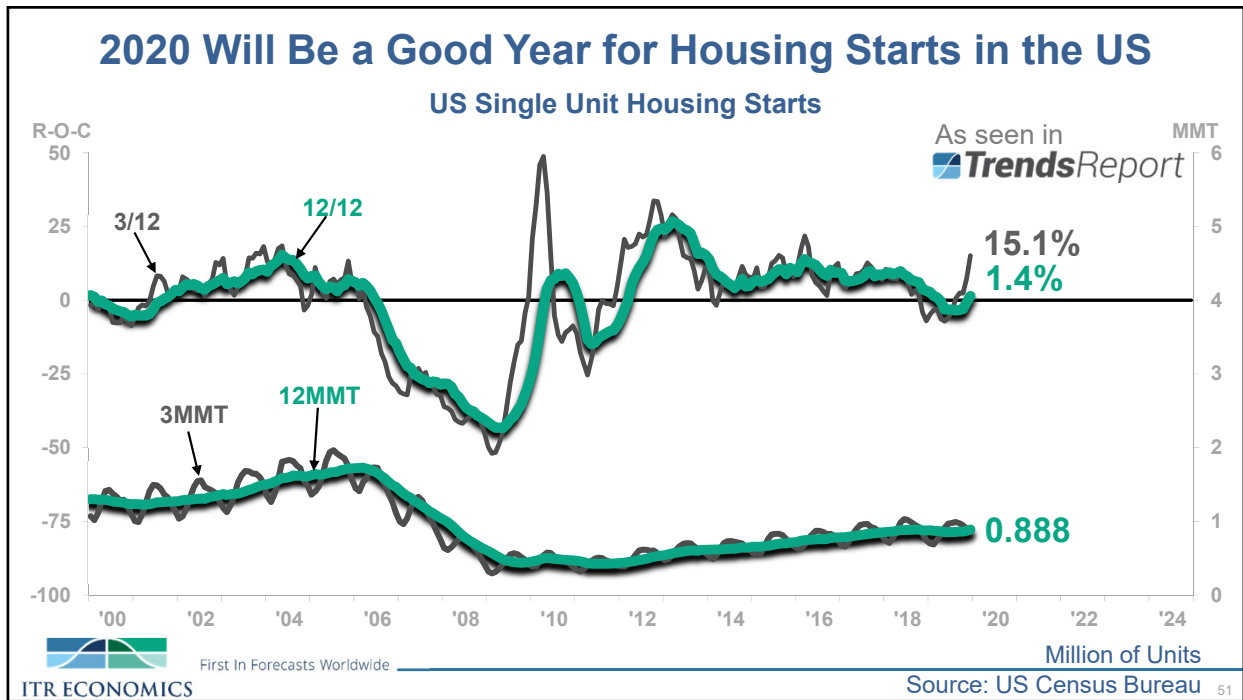
Expect Sales to Be Flat Through the Near Term

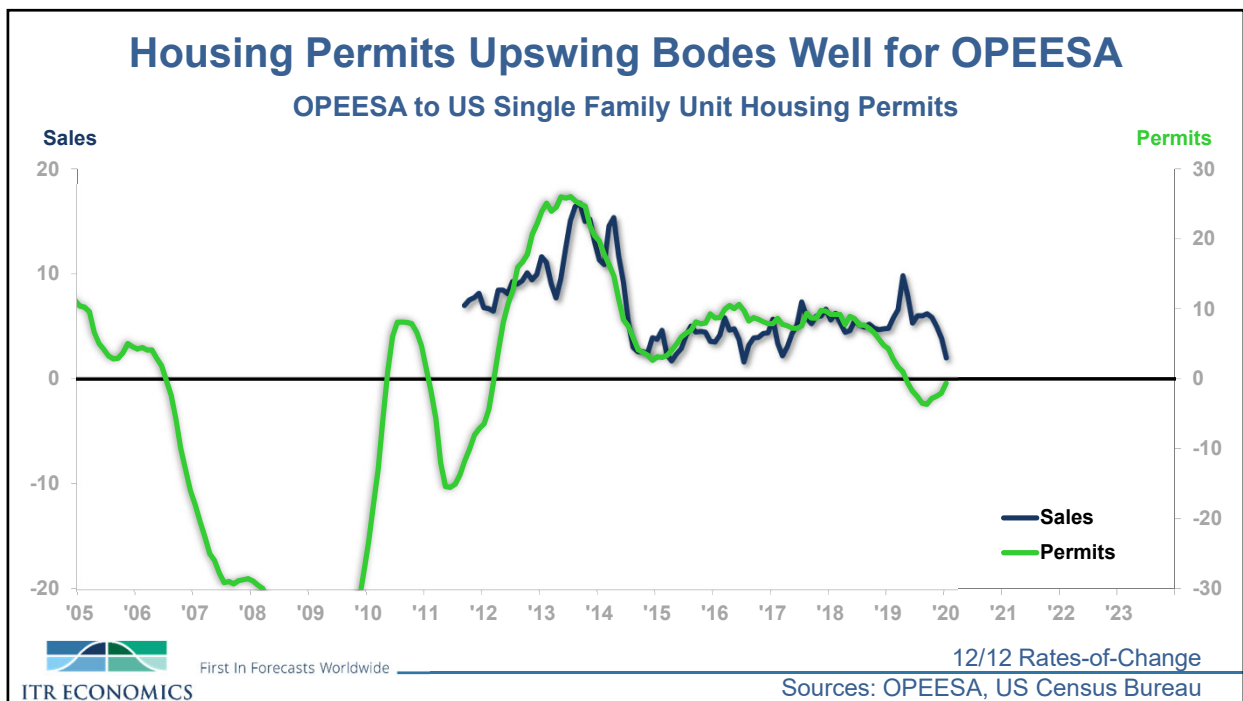
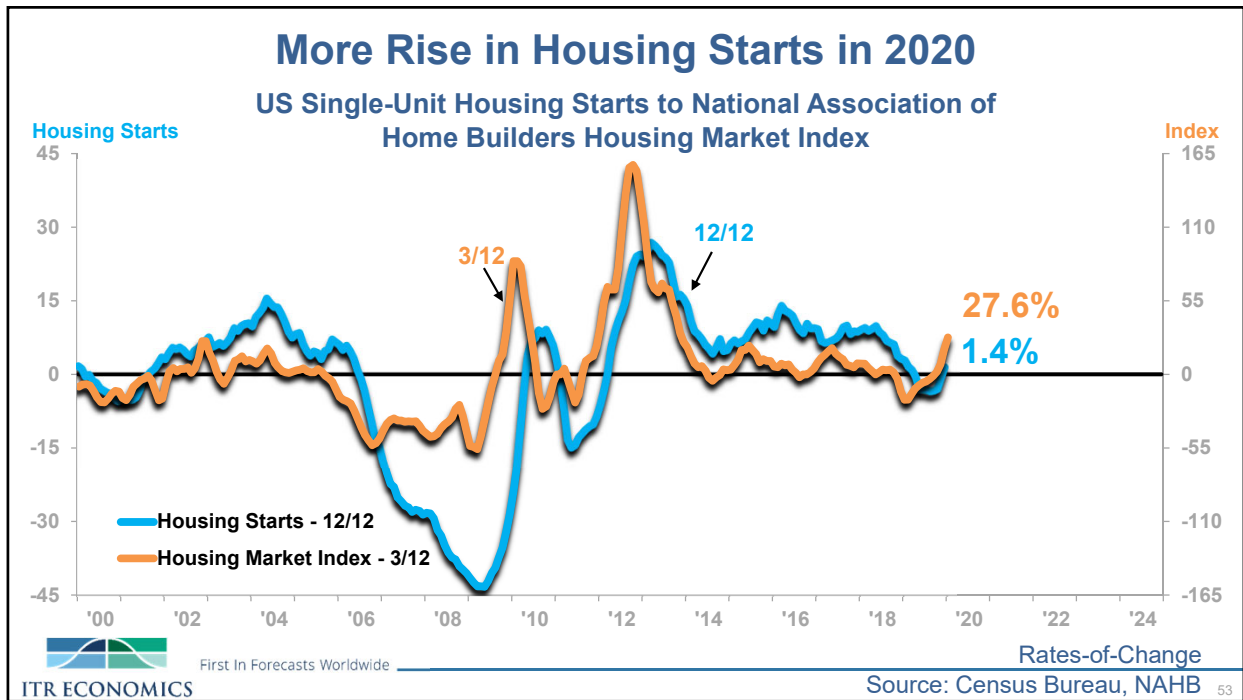
Building Materials, Garden Equipment & Supplies Stores Retail Sales





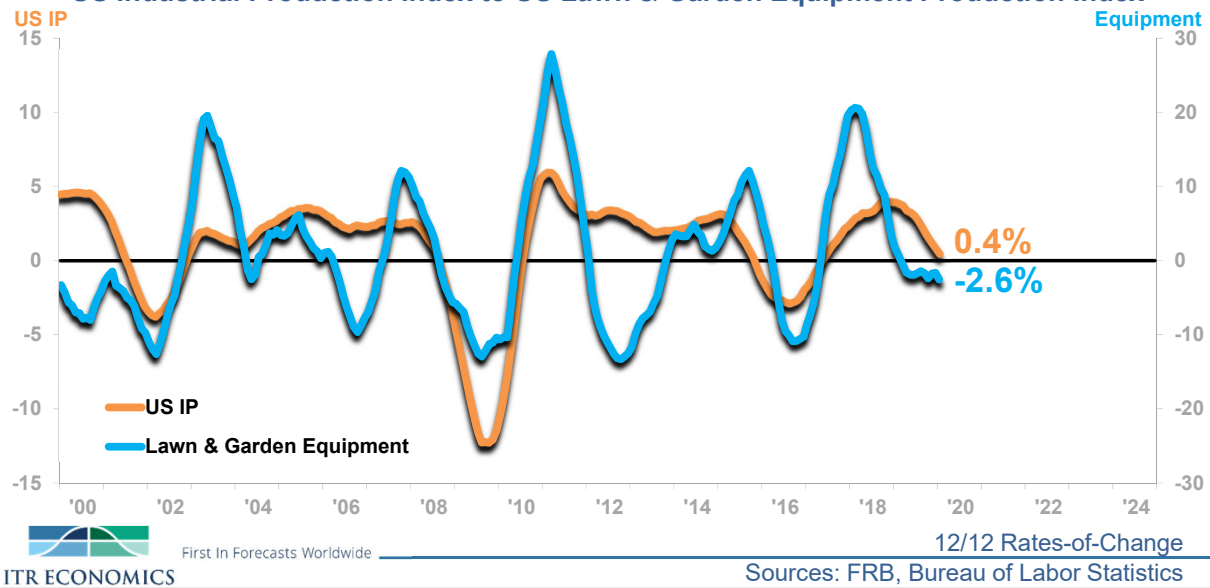
Other Indicators for OPEESA





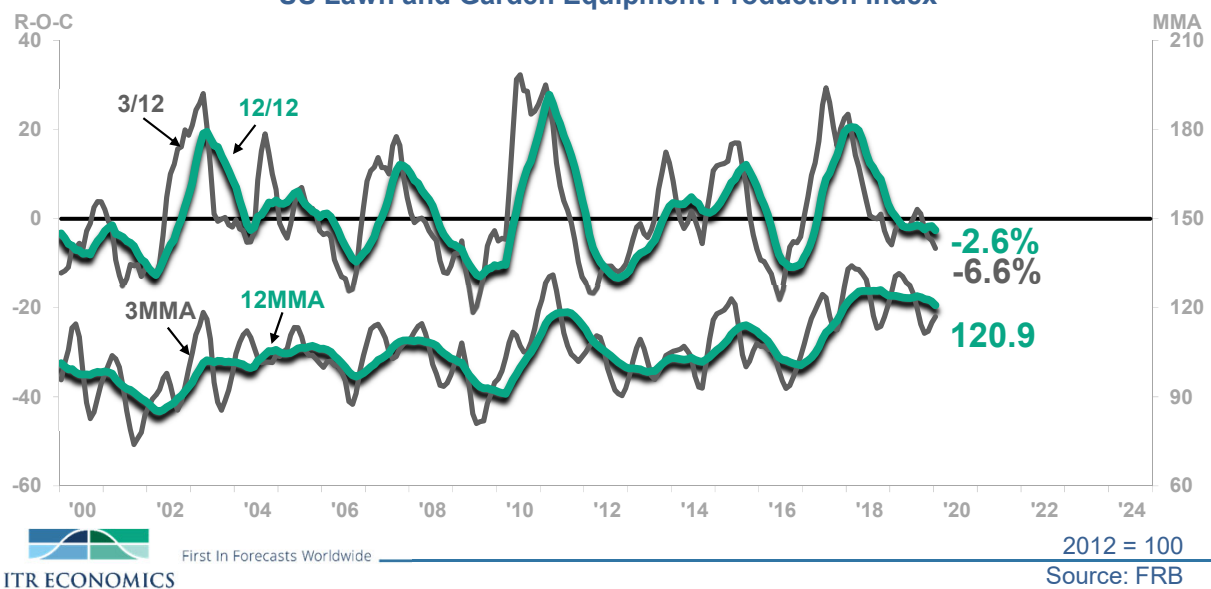
Macro Input Says The Industry Troughs Around Mid 2020

US Industrial Production Index to US Lawn & Garden Equipment Production Index



Expect More Decline Through At Least the Near Term

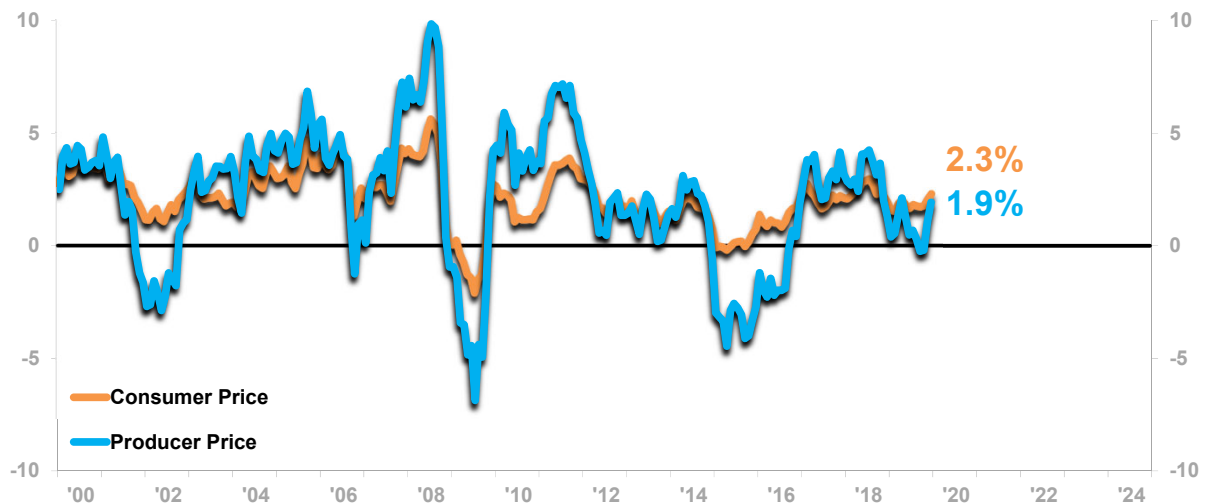
US Lawn and Garden Equipment Production Index



Financial Markets

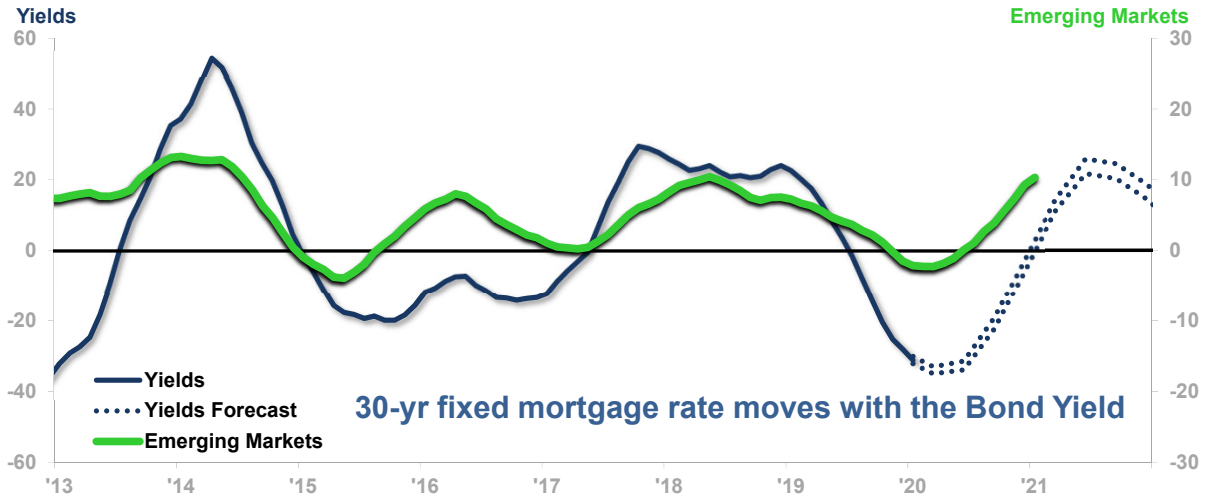
Uptick in Inflationary Pressures

US Consumer Price Index to US Producer Price Index



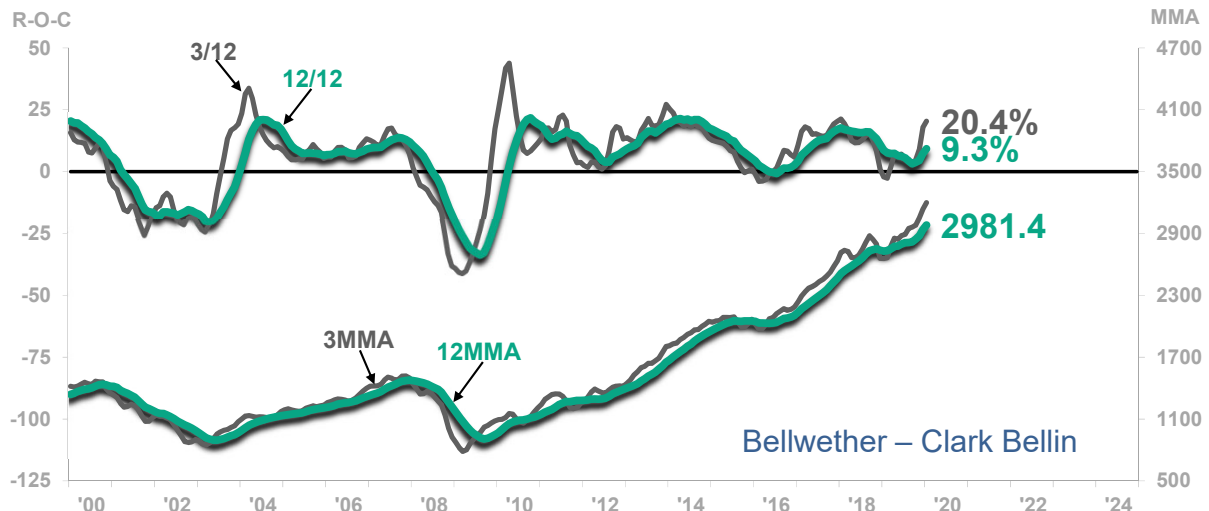
Expect Higher Interest Rates in 2021

US Government Long-Term Bond Yields to Emerging Markets Bond ETF



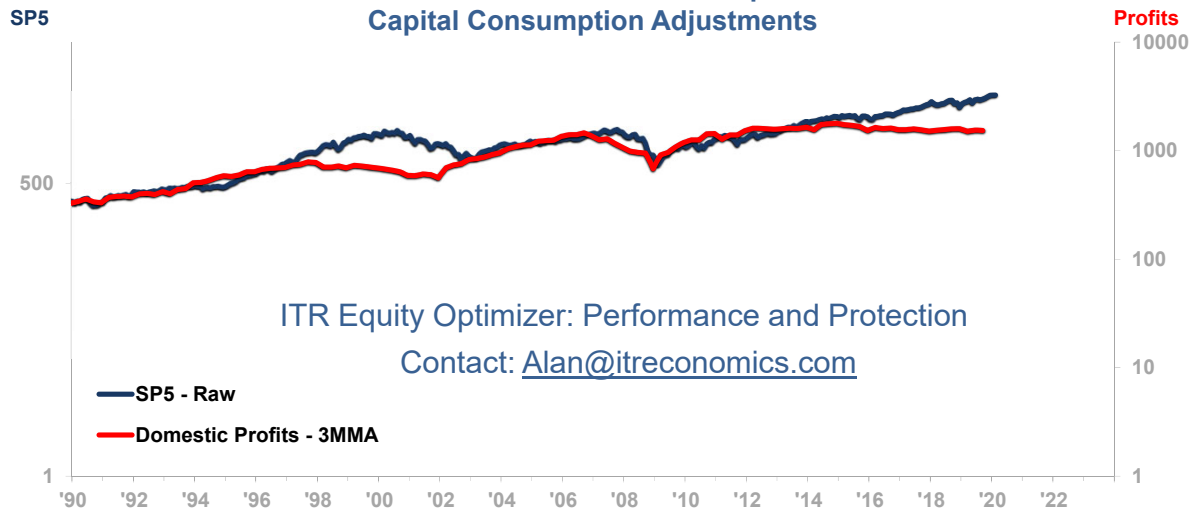
Cyclical Pressure Remains Bullish

US Stock Prices Index



Rise Ahead & Potential for Major Problems 2021-2022

US Stock Prices Index to US Domestic Corporate Profits with
Capital Consumption Adjustments



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Data Trend

Source: Wall Street Journal, Bureau of Economic Analysis

1. Demographics

2. Health Care Costs

3. Entitlements

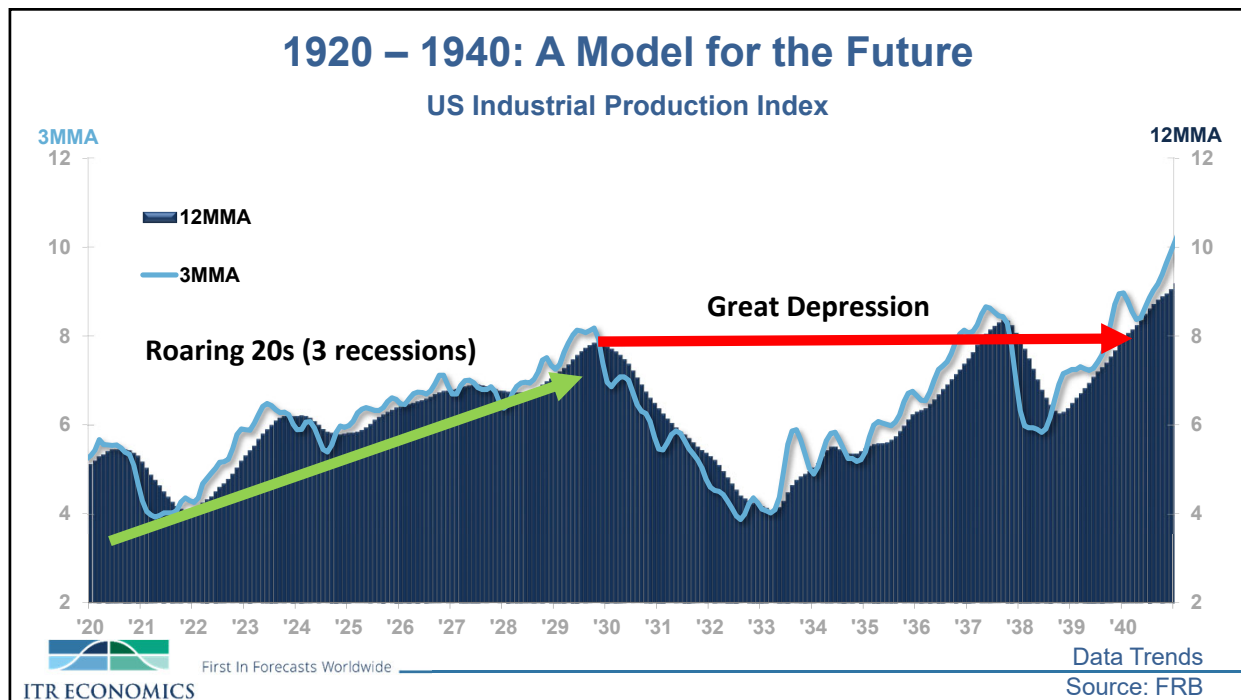
4. Inflation

5. US National Debt

2020-2040

Prosperity in the Age of Decline





The Road Ahead

It is important to know where you are relative to the general economic trend

2020 Mid-20 low point in the business cycle, growth in 2H20

2021 Growth

2022-23 Backside of the Business Cycle




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Any Questions?



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SPEAKER PROFILE

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Dr. Alan Beaulieu

With a reputation as an accurate, straightforward economist, Alan has been delivering award-winning workshops and economic analysis seminars in countries across the world to thousands of business owners and executives for the last 25 years.

He is co-author of *Prosperity in the Age of Decline*, a powerful look at how to make the most of the US and global trends over the next 20 years. Alan also coauthored *Make Your Move*, a practical and insightful guide on increasing profits through business cycle changes, and noted by one reviewer as "simple, yet awesome."



ABOUT ALAN

Alan has been providing workshops and economic analysis seminars to countries and literally thousands of business owners and executives for the last 25 years. He is considered one of the country's most informed economists.

As the chief economist for numerous US and European trade associations, it has been remarked that Alan's "insight into our business, a track record of accurate forecasting, and unparalleled knowledge of global markets has earned him the respect and appreciation of key business leaders in our industry."

Pronouncements from ITR Economics™ and/or Alan have appeared in/on: the Wall Street Journal, New York Times, USA Today, Knight Ridder News Services, Business Week, Associated Press, The Washington Times, CBS Radio, CNN Radio, Sirius talk radio, KABC, NPR affiliate WLRN and numerous other outlets.

ABOUT ITR ECONOMICS

Founded in 1948, ITR Economics is the oldest, privately-held, continuously operating economic research & consulting firm in the United States. With a long-term 94.7% accuracy rating, ITR Economics has forecast major economic events, such as the 2008 recession, well in advance and provides reliable industry and company forecasts tailored to client's needs. ITR Economics also offers economic webinars, subscription periodicals, consultative reports, and data collection services.



Click here to check out videos of Alan Beaulieu!

TESTIMONIALS

"The lessons and strategies you shared as part of the Strategies for a Tough Economy panel were of enormous value to the more than 700 entrepreneurs and small business partners in attendance." - [Mark Herlyn, Vice President, Advertising New York Times](#)

"Many thanks for your excellent presentation at HMA's recent National Conference & Expo. As always, the information was extremely well-received, on point, and hit home to everyone in this room. And the 'subtle' humor is always an extra bonus!" - [Linda Jovanovich, Executive Vice President, Hardwood Manufacturers Association](#)

"ITR gives us unique intelligence and insight that has helped us win during a severe recession and now win in a growing economy. Alan, you do a great job of presenting the information with a style that is engaging and fun for our audience." - [Reggie Dupré, CEO, Dupré Logistics, LLC](#)

"Thank you for your wit, charm and levity in your presentation. I always thought economists were boring, but glad to see I was wrong." [Rich Canote, Principal, Canote Group](#)

BOOKING INFORMATION

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“

”

ITR's insight and ability to relate global and US leading and lagging indicators to our industry was astounding and quite informative. I highly recommend ITR to anyone interested in sound knowledge of future economic conditions.

- Jim Rohr, Co-Chairman, National Shipbuilding and Research Program

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Join the thousands of businesses doing just that with ITR's forecasting tools, ranging from monthly subscriptions to onsite consultations on industry trends that have a direct impact on your business.

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- Understand events impacting business activity
- Resource allocation
- Marketing initiatives
- Sales forecasting
- Benchmark internal success
- Budget setting
- Improve internal forecasting accuracy and ability

Driving practical and profitable business decisions.

Our mission is to drive practical, profitable business decisions and strengthen your company through strategic use of industry trends. Thousands of business leaders from around the world are turning to ITR's subscriptions, consultative programs, and onsite speaking engagements to increase their foresight to what is to come for their businesses.

ITR Economics forecast accuracy is 94.7%.

Our unmatched forecast accuracy rating of 94.7% at four quarters out since 1985 enables us to help business executives make strategic decisions with confidence. Our team of expert economists are ready to coach your team on using economic foresight to truly maximize your profitability. We will work directly with you to customize a program to meet your specific planning needs.