



**Peak**  
Performer Webinar Series

**VISTAGE**

## ITR Economics on the journey forward

Presented by Alan Beaulieu

EXCLUSIVE  
WEBINAR  
SERIES

**Peak** | **VISTAGE**  
Performer Webinar Series

Welcome to our latest webinar in our Peak Performer Webinar Series. Exclusive to the Vistage community, this series is designed to cut through the noise and provide the definitive source of thought leadership on the topics that are most relevant to small and midsize businesses.

## Post-COVID Forecast Accuracy When Things Were First Starting to Go Awry...

	Data is Through	Date of Forecast	Duration	Accuracy
US GDP	Dec 2019	Mar 20th	9	98.4%
US Ind. Prod.	Feb 2020	Mar 25th	9	96.5%
Europe Ind. Prod.	Jan 2020	Mar 25th	9	98.7%
Canada Ind. Prod.	Dec 2019	Mar 25th	9	94.9%
China Ind. Prod.	Feb 2020	Mar 29th	9	92.8%
Retail Sales	Jan 2020	Mar 21st	9	98.7%
Housing	Jan 2020	Mar 26th	9	99.6%
Employment	Feb 2020	Mar 28th	9	93.7%

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



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## Washington DC

**Debt disaster?**

**Tax increase**

**Emphasis on Climate Change**

**Relationship with China**

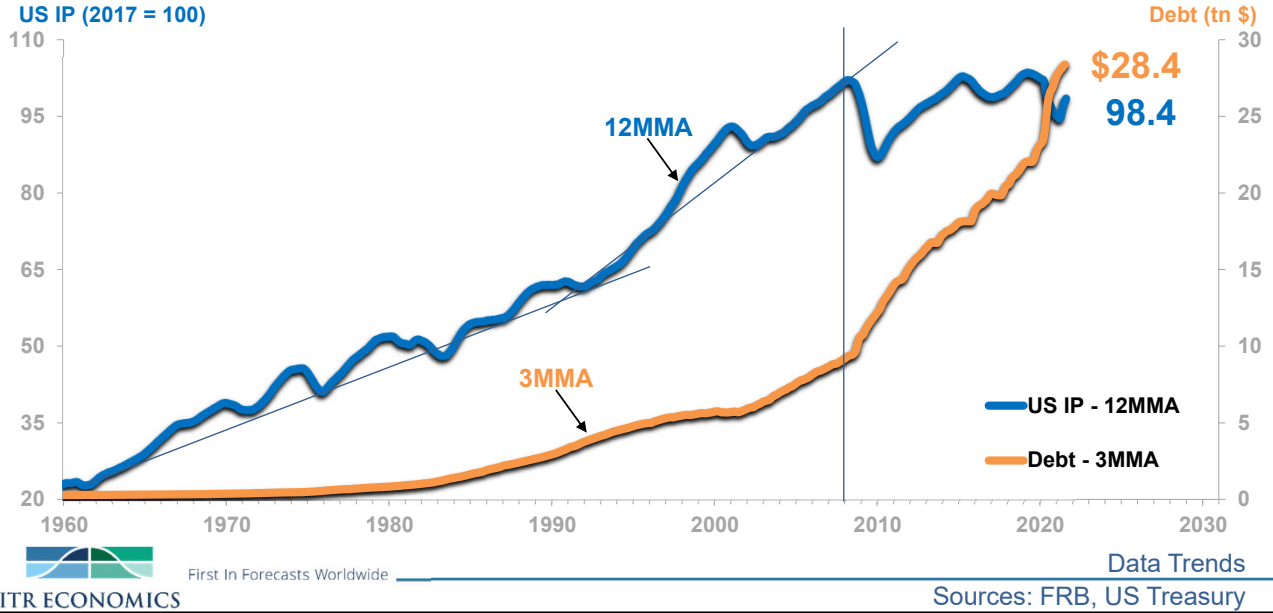


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# Is Increasing Deficit Spending Causal to the Slowdown?

## US Industrial Production Index to US Total Public Debt Outstanding



# FOMC Member Interest Rate Projections



## A Powerful Management Tool Rate-of-Change

	Raw	3MMT	3/12	12MMT	12/12
Jul-19	5.162				
Aug-19	5.202				
Sep-19	5.057	15.4			
Oct-19	5.392	15.7			
Nov-19	4.956	15.4			
Dec-19	5.114	15.5			
Jan-20	4.892	15.0			
Feb-20	4.585	14.6			
Mar-20	4.981	14.5			
Apr-20	4.066	13.6			
May-20	4.198	13.2			
Jun-20	4.873	13.1		58.5	
Jul-20	4.939	14.0		58.3	
Aug-20	4.894	14.7		57.9	
Sep-20	5.084	14.9	-3.3%	58.0	
Oct-20	5.312	15.3	-2.3%	57.9	
Nov-20	5.000	15.4	-0.1%	57.9	
Dec-20	5.414	15.7	1.7%	58.2	-4.3%
Jan-21	4.915	15.3	2.4%	58.3	-4.5%
Feb-21	4.811	15.1	3.8%	58.5	-4.3%
Mar-21	6.080	15.8	9.3%	59.6	-2.2%
Apr-21	5.853	16.7	22.8%	61.4	2.5%
May-21	5.747	17.7	33.5%	62.9	7.2%
Jun-21	6.220	17.8	35.6%	64.3	9.9%

### 3/12 Rate-of-Change

$$= \frac{\text{June 2021 3MMT}}{\text{June 2020 3MMT}} \times 100 - 100$$

$$= \frac{17.8}{13.1} \times 100 - 100 = 35.9\%$$

### 12/12 Rate-of-Change

$$= \frac{\text{June 2021 12MMT}}{\text{June 2020 12MMT}} \times 100 - 100$$

$$= \frac{64.3}{58.5} \times 100 - 100 = 9.9\%$$

\*Calculations may not match due to rounding

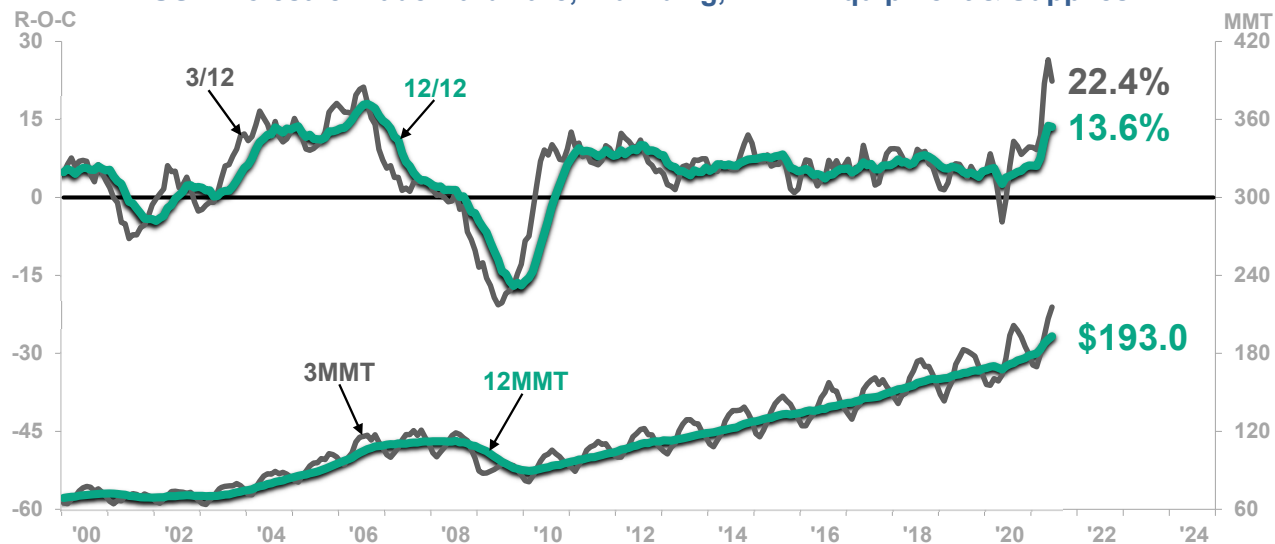


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## Expect a Slower Rate of Rise in 2022

### US Wholesale Trade Hardware, Plumbing, HVAC Equipment & Supplies



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Billions of Dollars

Source: US Census Bureau



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**Macroeconomic  
Trends**



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## U.S. Economic Leading Indicators ~ Slowing Ascent in 2022

Indicator	Trend	Macro Indication
ITR Retail Sales Leading Indicator	Rise	Positive through next four quarters...
ITR Financial Leading Indicator	Decline	Deceleration probable for 2022
JPMorgan Global PMI	Decline	Deceleration probable for 2022
OECD Leading Indicator	Decline	Deceleration probable for 2022
G7 Leading Indicator	Decline	Deceleration probable for 2022
Purchasing Managers Index (PMI)	Decline	Deceleration probable for 2022
ITR Leading Indicator	Decline	Deceleration probable for 2022
Wilshire Total Market Cap	Decline	Deceleration probable for 2022
US Business Confidence Index	Decline	Deceleration probable for 2022
Single-Family Housing Starts	Rise	Positive through next three quarters...
Total Industry Capacity Utilization	Decline	Deceleration probable for 2022
US Exports, Goods – World	Rise	Positive through next quarter...



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Sources: ITR Economics, Institute for Supply Management, OECD, Yahoo Finance, US Census Bureau, FRB

## Decelerating *Rise* In 2022

### Non-U.S. Economic Leading Indicators

Indicator	Trend	Comments
Australia Leading Indicator	Decline	Slowing rise probable for 2022...
Brazil Leading Indicator	Decline	Slowing rise probable for 2022...
Canada Leading Indicator	Decline	Slowing rise probable for 2022...
Eurozone Leading Indicator	Decline	Slowing rise probable for 2022...
Japan Leading Indicator	Decline	Slowing rise probable for 2022...
Mexico Leading Indicator	Decline	Slowing rise probable for 2022...
Major Five Asia Leading Indicator	Decline	Slowing rise probable for 2022...



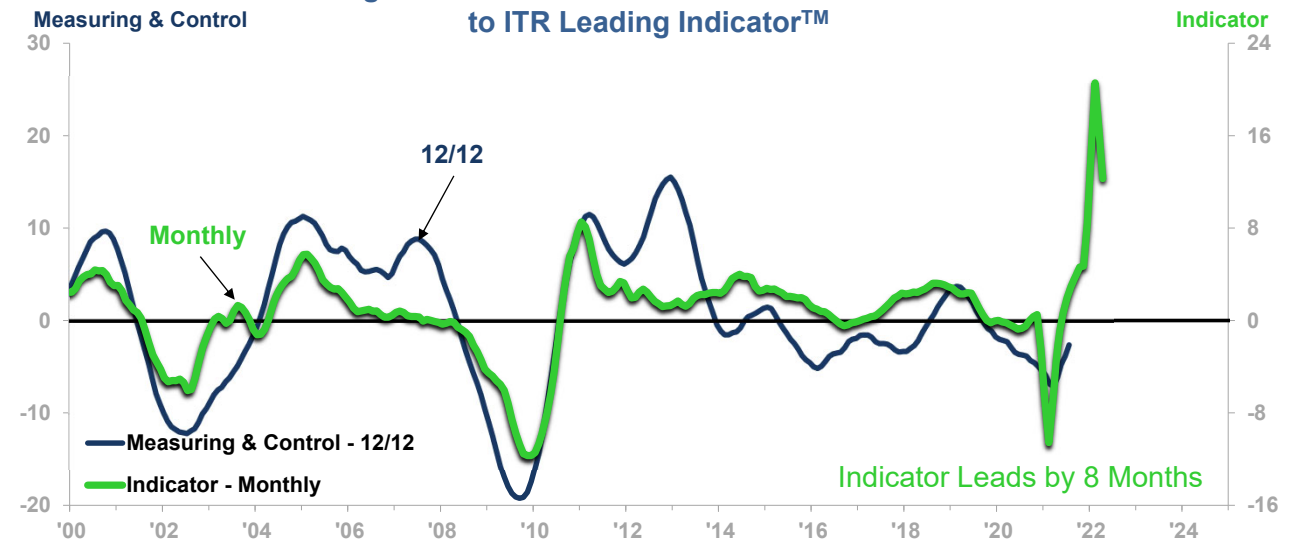
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Sources: OECD with 1/12 rates-of-change by ITR Economics

## Expect Deceleration in 2022

### US Measuring and Control Instruments and Parts Production Index to ITR Leading Indicator™



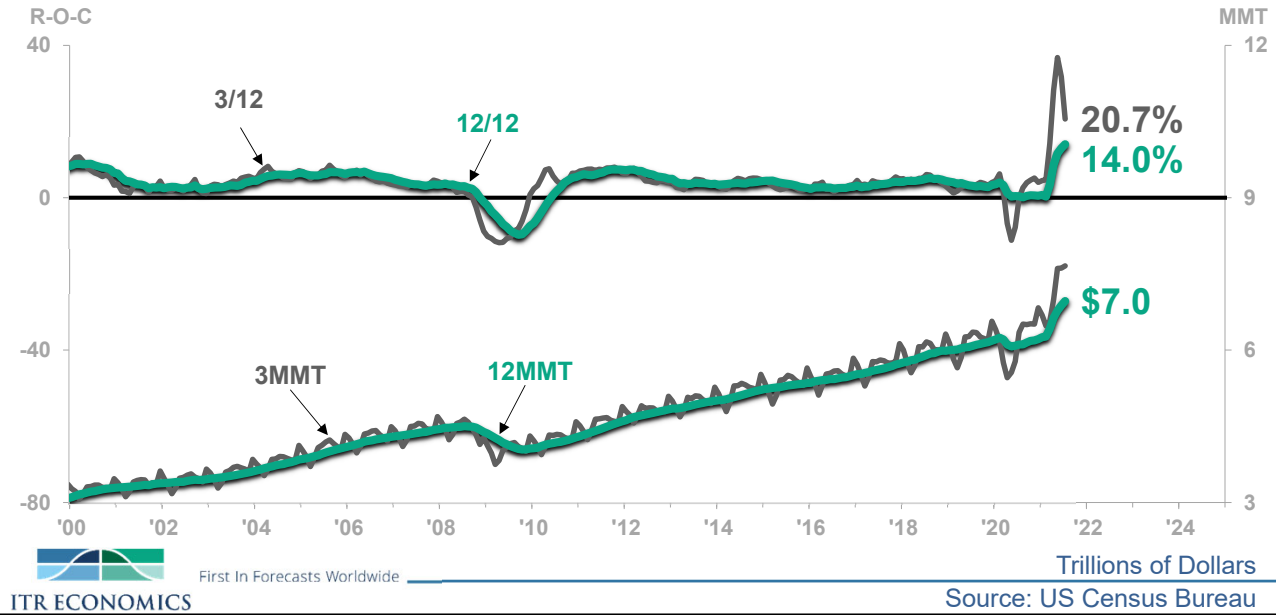
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Sources: FRB, ITR Economics

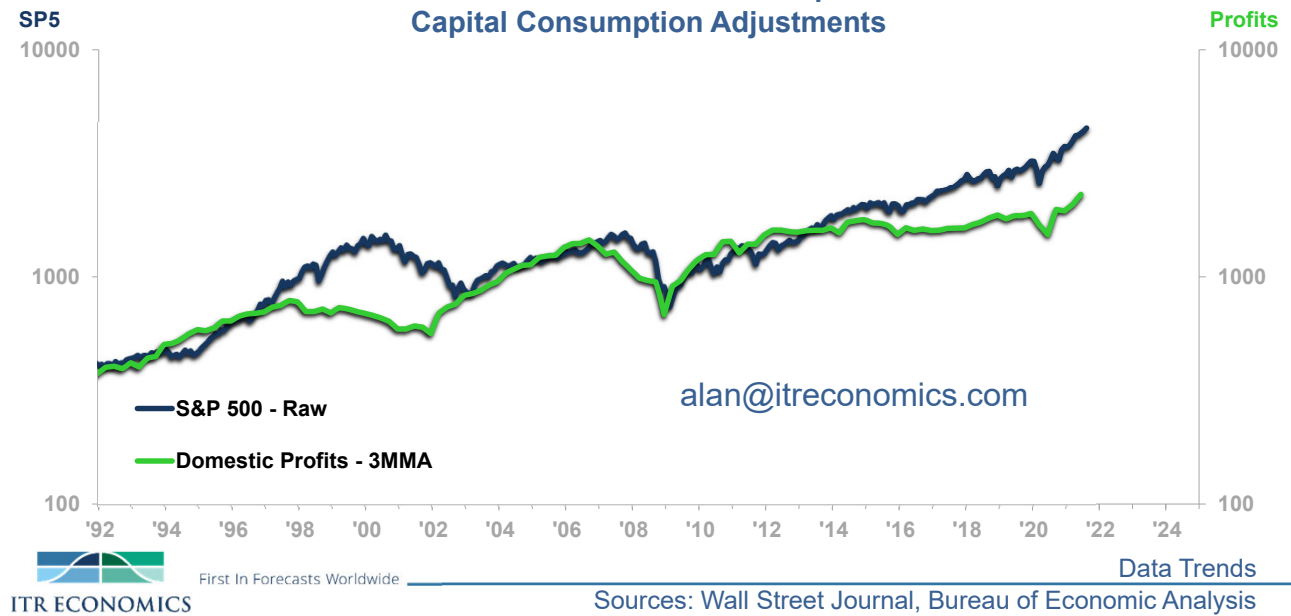
## Stimulus-Driven Ascent Will Dissipate

### US Total Retail Sales



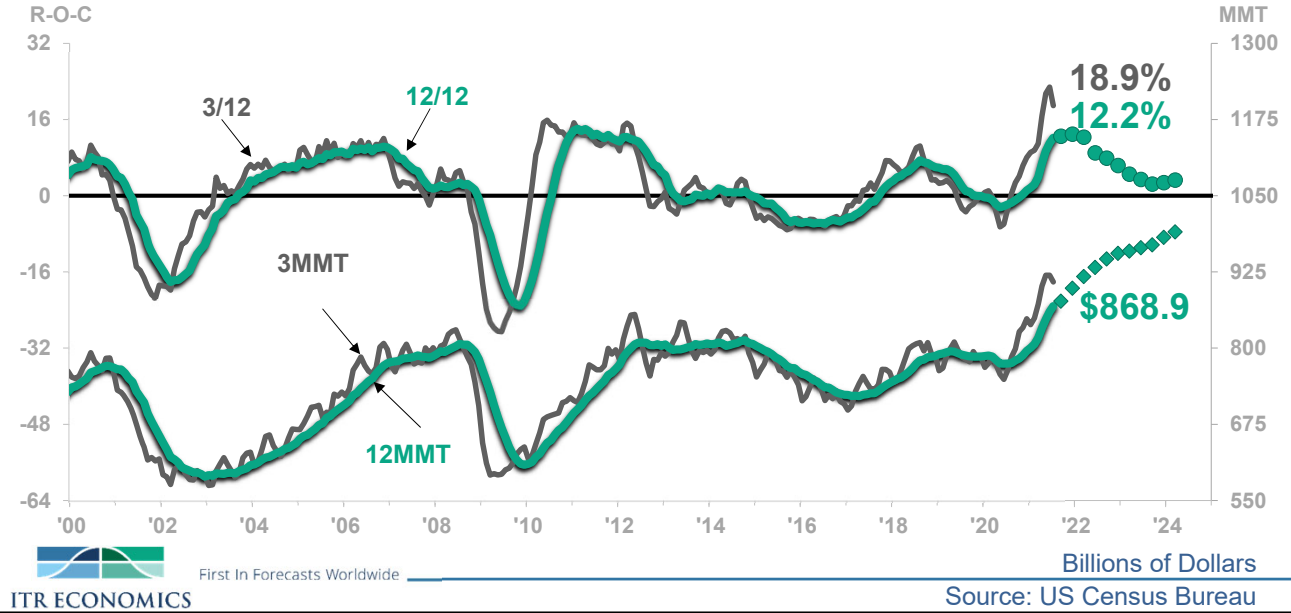
## Increasingly Risk Laden

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



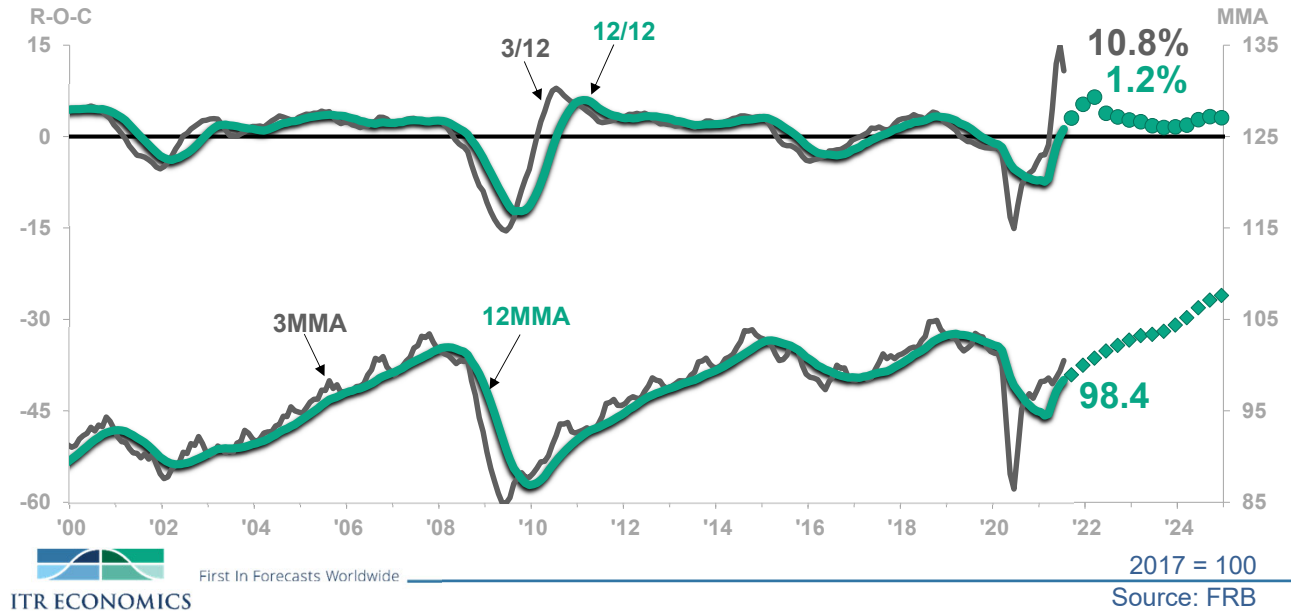
## Record High New Orders Through 2023

### US Nondefense Capital Goods New Orders (excluding aircraft)



## Rise Through 2023

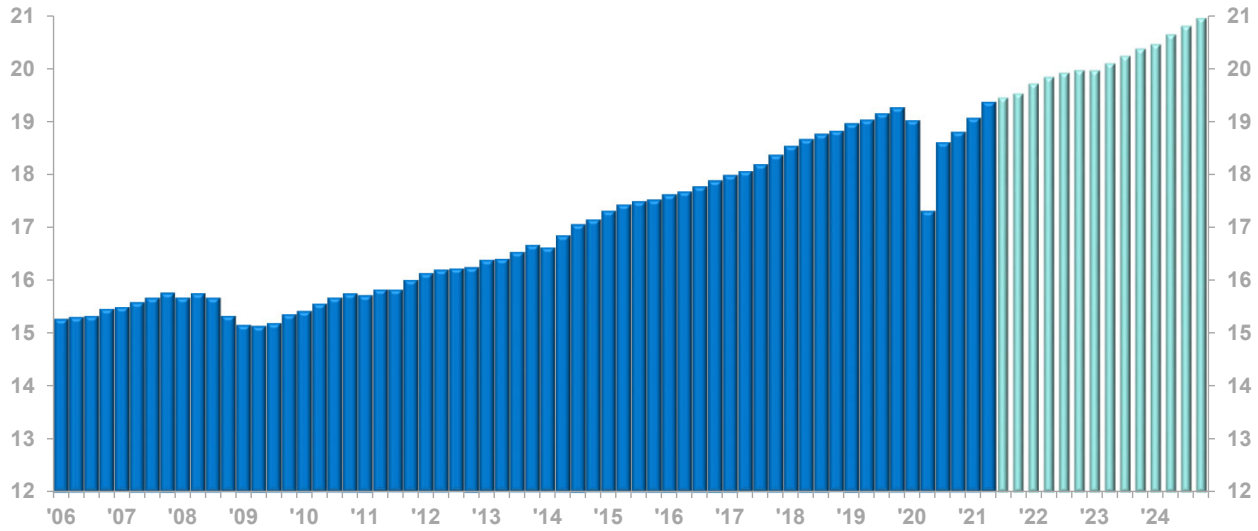
### US Industrial Production Index





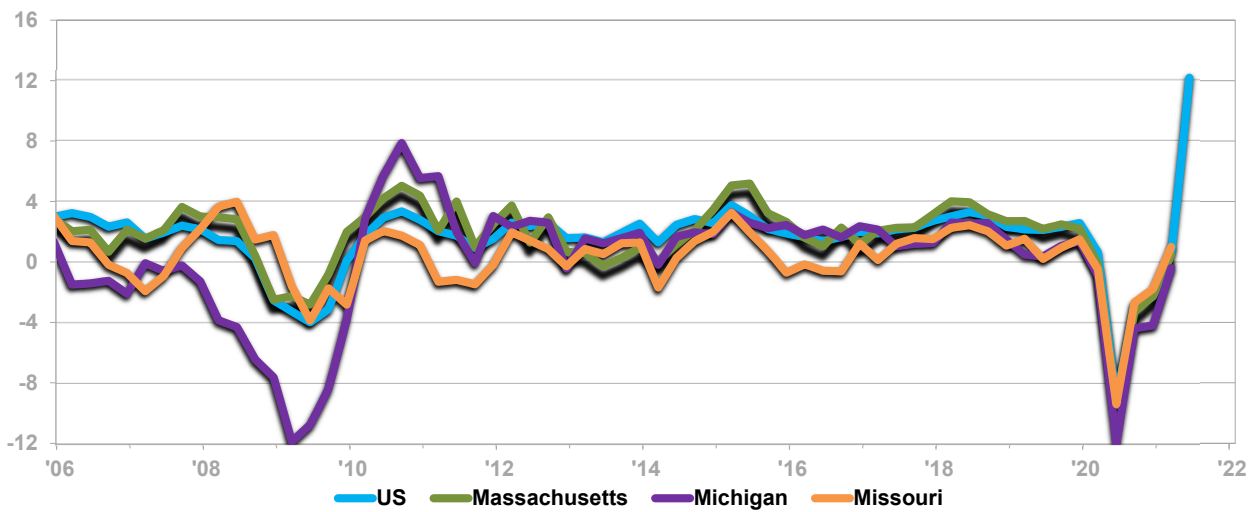
## Growth Through 2024

US Gross Domestic Product, SAAR, Chained 2012 \$



## State Improvement Through 2022

US and Massachusetts, Michigan, and Missouri GDP Growth Rate



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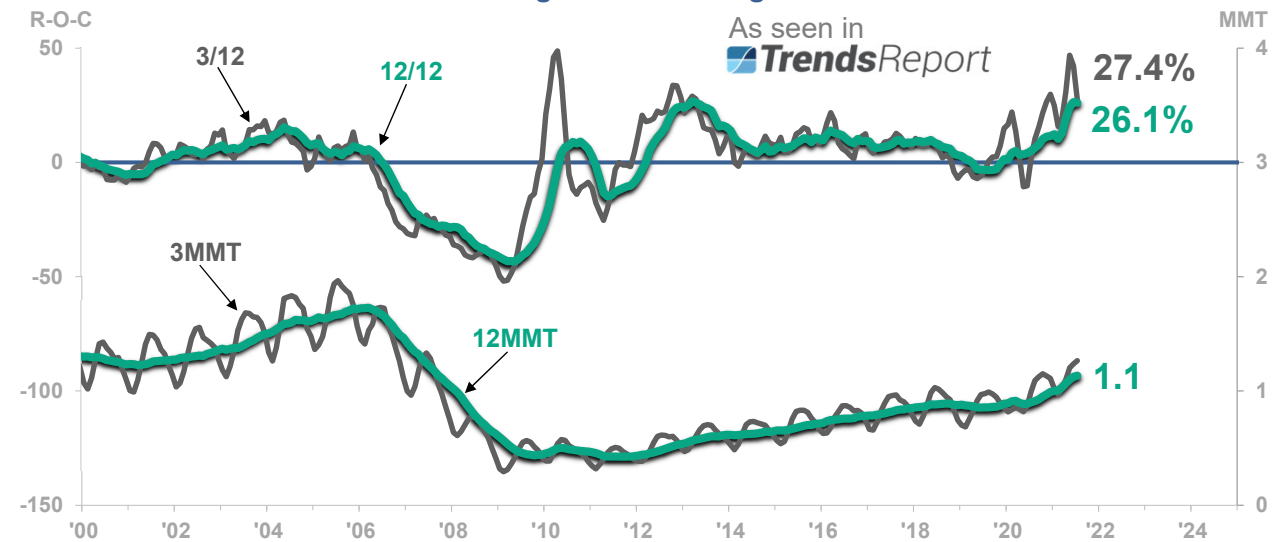
# Some Markets



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## Expect Decelerating Rise in 2022

### US Single Unit Housing Starts



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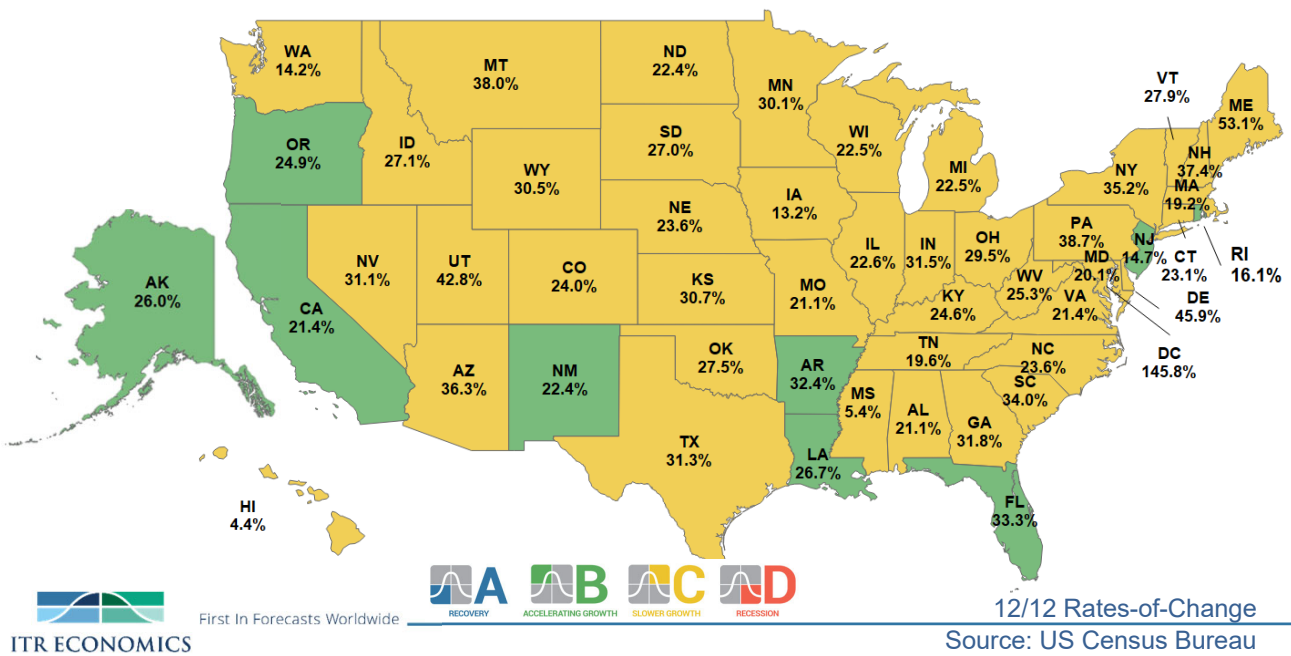
Source: US Census Bureau

# Mortgages Point to Decelerating Rise in 2022

US Single-Unit Housing Starts to US Conventional Mortgage Rate (30-yr)



# State Single Family Permits



### US Remodeling Market Index

	2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
<b>Current Conditions Index</b>	58.0	77.1	85.6	85.2	89.1	91.1
The current market for large remodeling projects (\$50,000 or more) in the area where you operate.	53.0	70.0	80.3	78.3	85.2	90.0
The current market for moderately-sized remodeling projects (at least \$20,000 but less than \$50,000) in the area where you operate.	59.3	78.1	86.1	87.8	90.2	91.2
The current market for small remodeling projects (under \$20,000) in the area where you operate.	61.8	83.2	90.5	89.5	91.9	91.9



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Above 50 = Expansion

Source: NAHB

### Multi-Family Rising Trend Through 2022

#### US Multi-Unit Housing Starts

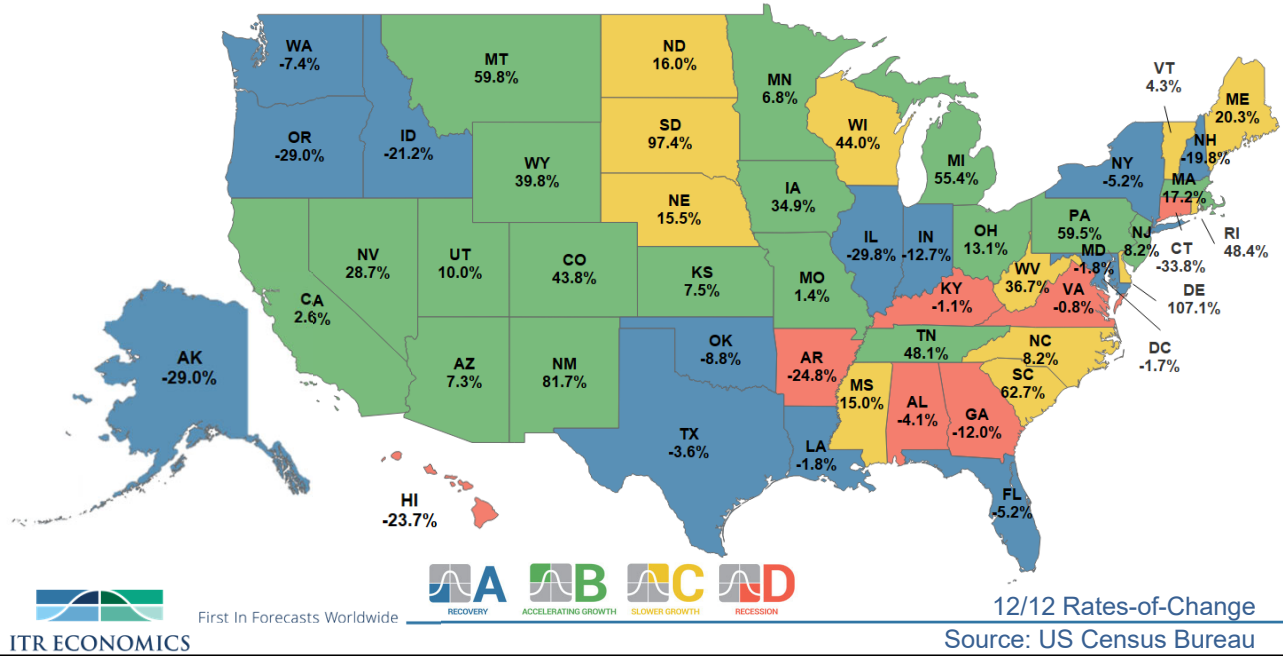


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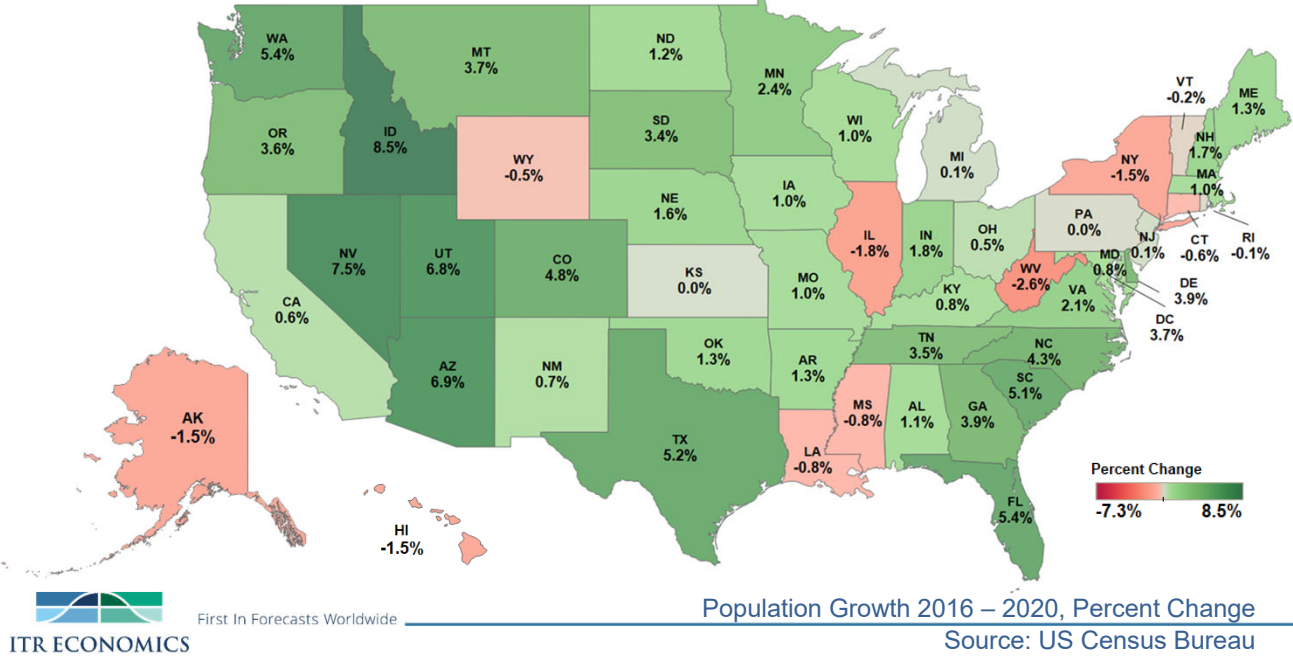
Thousands of Units

Source: US Census Bureau

## State Multi Family Permits

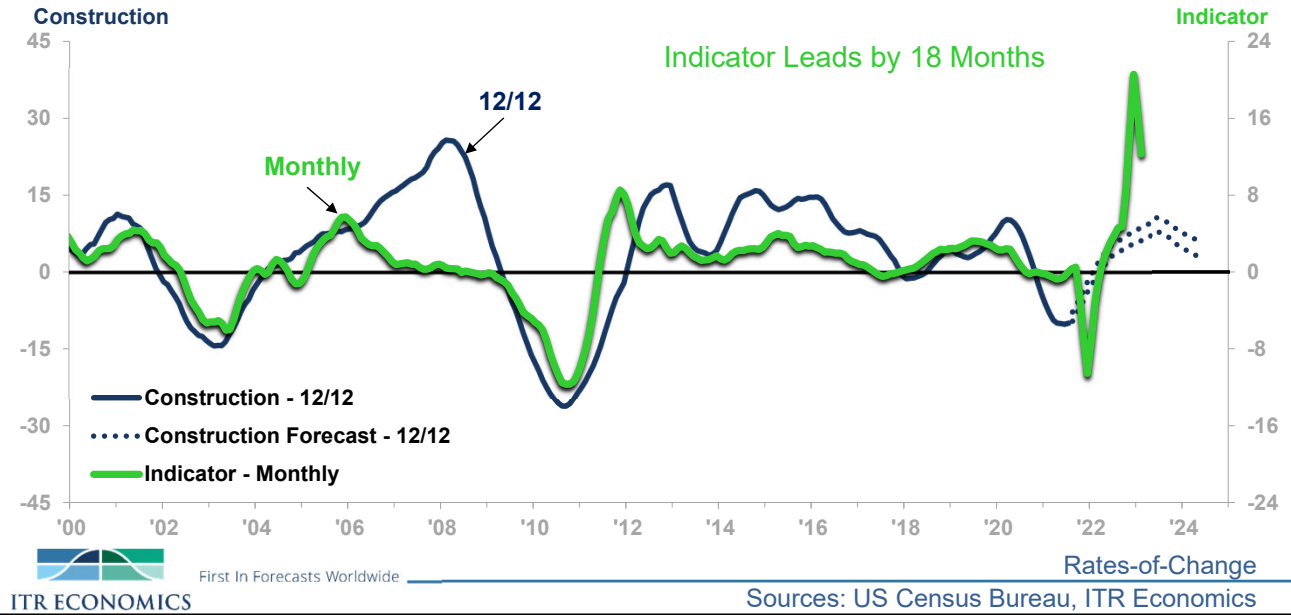


## State Population Growth 2016 to 2020



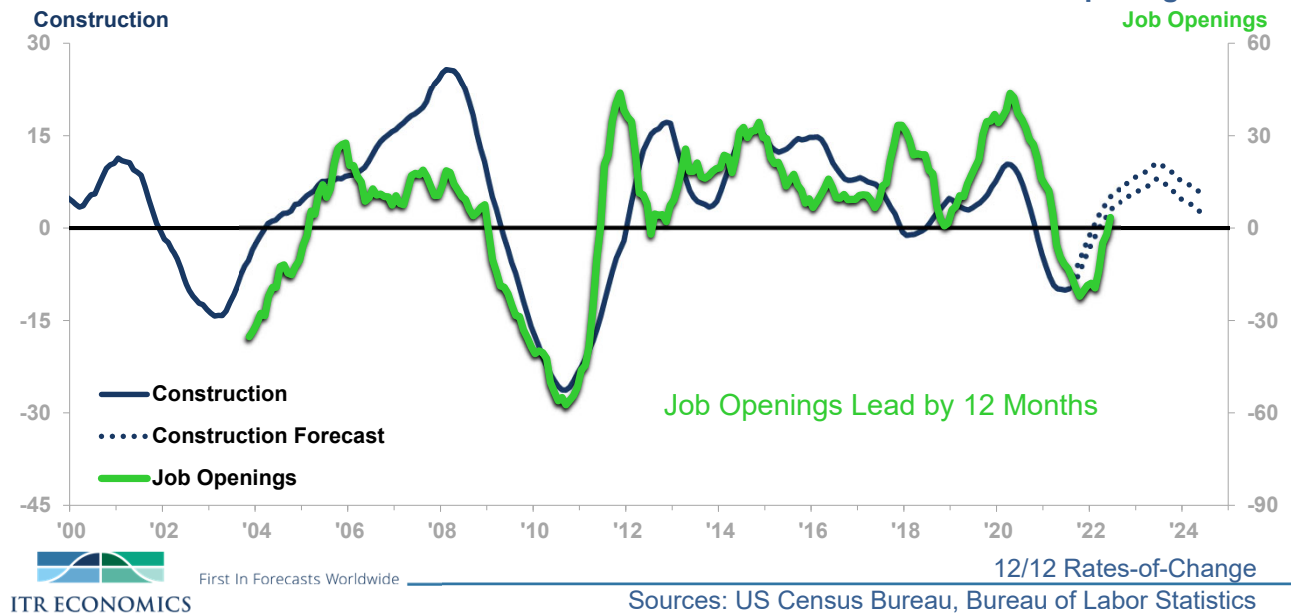
# ITR Indicator Points to Recovery in Construction in 2022

## US Private Nonresidential Construction to ITR Leading Indicator™



# Indication of Construction Recovery in 2022

## US Private Nonresidential Construction to US Total Construction Job Openings



## Recovery in 2022 and Beyond

### US Construction Segments

	12/12	Phase	3/12	Phase	12MM	Notes
Private Office	-11.4%	A	-7.6%	A	↓	Mild recovery in 2022
Private Commercial	-4.2%	A	1.8%	B	↓	Mild recovery in 2022
Education	-9.3%	D	-12.5%	D	↓	Recovery in 2022
Multi-Tenant Retail	-24.1%	A	-5.8%	A	↓	Recovery in 2022
Private Nonresidential	-9.8%	A	-4.2%	A	↓	Recovery in 2022



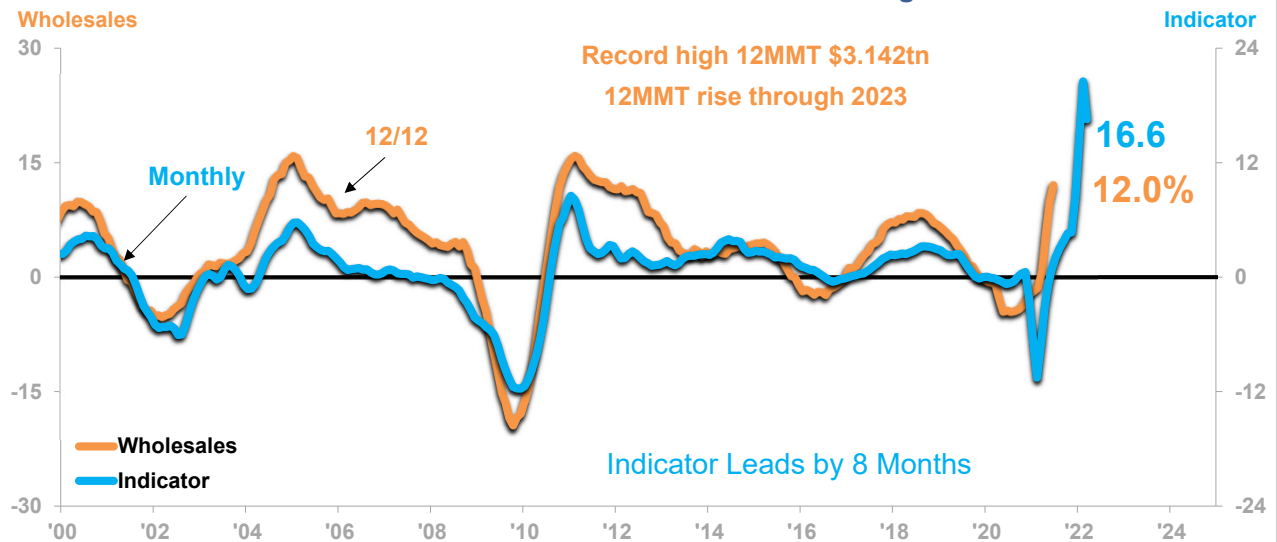
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Source: US Census Bureau

## Indication of Decelerating Rise in 2022

### US Wholesale Trade of Durable Goods to ITR Leading Indicator™



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Rates-of-Change

Sources: US Census Bureau, ITR Economics

## US Industry Segments

	12/12	Phase	3/12	Phase	Notes
Manufacturing (excl. Motor Vehicles)	2.0%	B	11.2%	C	Steepest 4Q 3MMA rise since 1997. First monthly Jan rise since 1990
Oil and Gas Extraction	-7.2%	A	7.3%	B	Normal rate of rise in the 3MMA
Food	1.1%	B	4.8%	C	Steepest 4Q 3MMA rise in 22 years Mildest Jan decline since 1971
Aerospace Products & Parts	1.6%	B	23.5%	C	Steepest 3MMA rise in 45 years
Chemical and Chemical Products	1.8%	B	10.2%	B	First Jan monthly rise since 2016
Pharmaceuticals	4.8%	B	14.9%	B	Steepest Jan rise since 2003
Motor Vehicle Parts	10.1%	B	20.1%	C	12MMA is moving higher
Aircraft Products & Parts	0.3%	B	24.7%	C	12MMA rise through 2022
US Automobile	-1.0%	D	9.8%	C	Steepest 4Q 3MMA fall since 2008
Consumer Nondurable New Orders	-0.5%	A	23.3%	B	Steeper than median 4Q 3MMA rise
Medical Equipment & Supplies	4.9%	B	15.3%	C	12MMA rise soon, then up through 2022



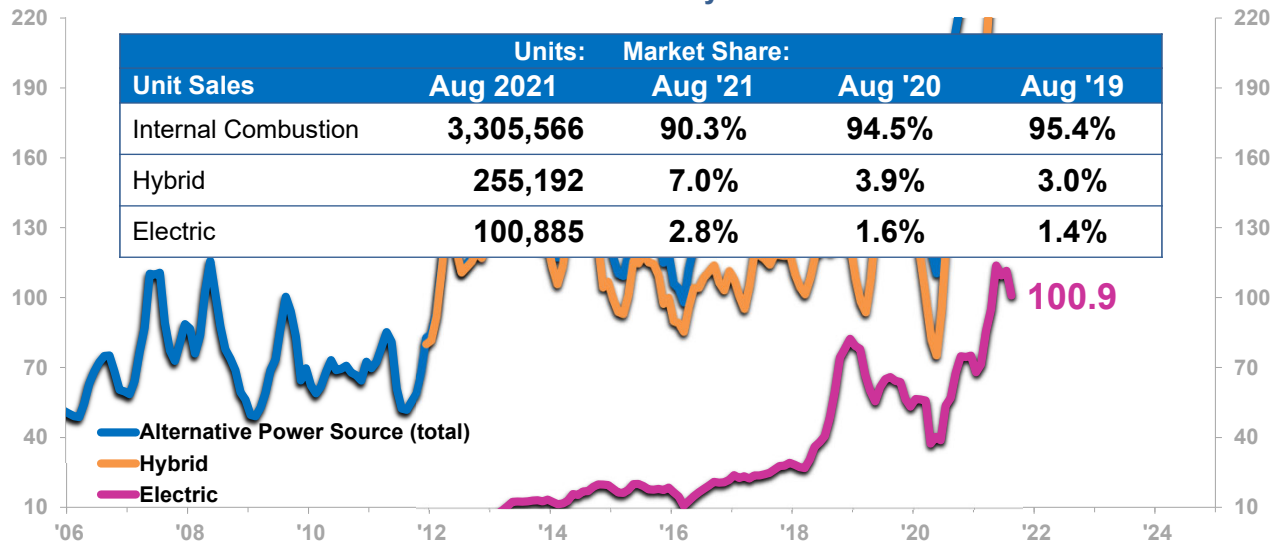
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Source: FRB, US Census Bureau

## Gaining Ground – Slowly for Now

### US Vehicle Retail Sales by Power Source



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3MMT Thousands of Units

Source: WardsAuto



## Revenue Rise Through 2022

### US Services Revenue

	3/12	Phase	Notes
Insurance Carriers	6.6%	<b>B</b>	Rise through 2022
Legal Services	7.3%	<b>B</b>	Rise through 2022
Computer System Design	-3.6%	<b>D</b>	Rise through 2022
Management, Scientific, & Technical Consulting	1.0%	<b>B</b>	Rise through 2022
Real Estate	3.8%	<b>B</b>	Rise through 2022
Educational	-1.5%	<b>A</b>	Rise through 2022
Agencies, Brokerages and Other Insurance	5.0%	<b>C</b>	Rise through 2022



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Source: US Census Bureau

# VISTAGE

## *Prices, Supply Chain and Inflation*

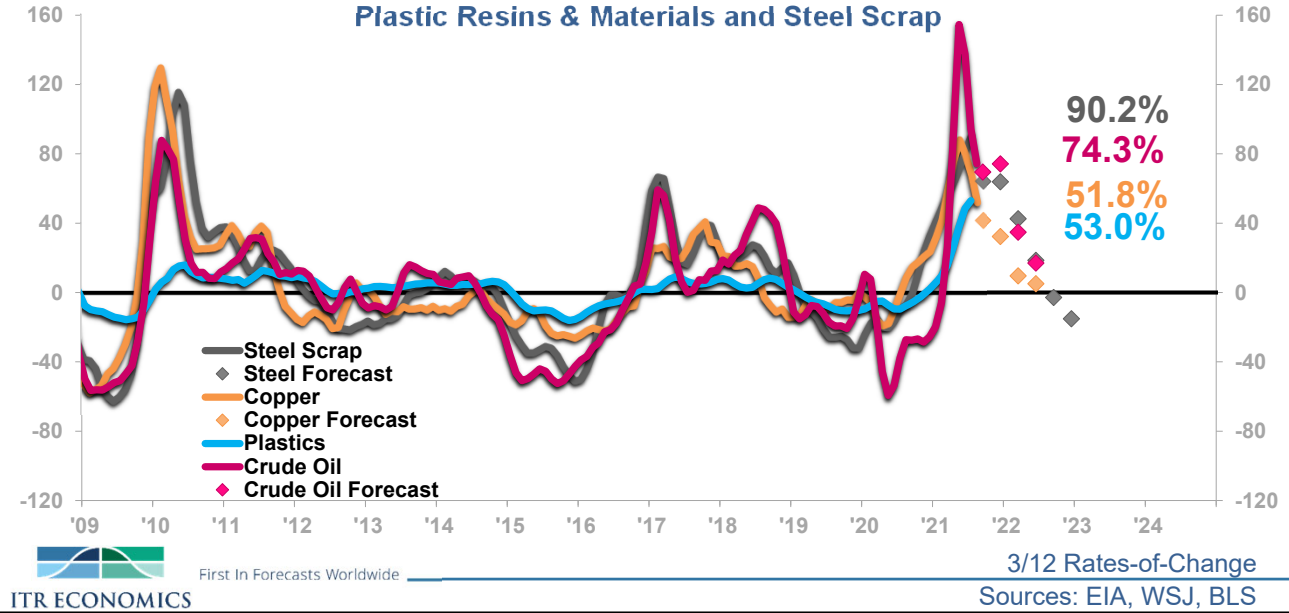


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## Price Pressures Ease in 2022

Commodity Prices for Crude Oil and Copper to Producer Price Indexes for Plastic Resins & Materials and Steel Scrap



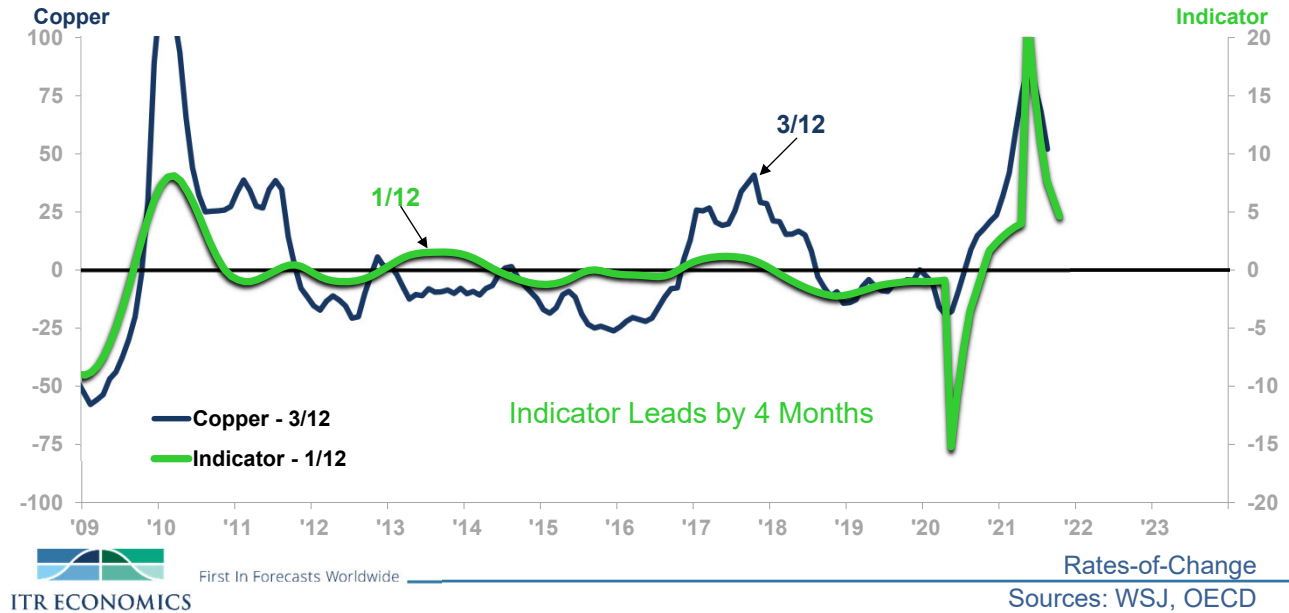
## A Leading Indicator Worth Watching

US Copper Futures Prices to JP Morgan Global Manufacturing Purchasing Managers Index



## Signaling 3/12 Decline in Copper Prices

US Copper Futures Prices to China Leading Indicator



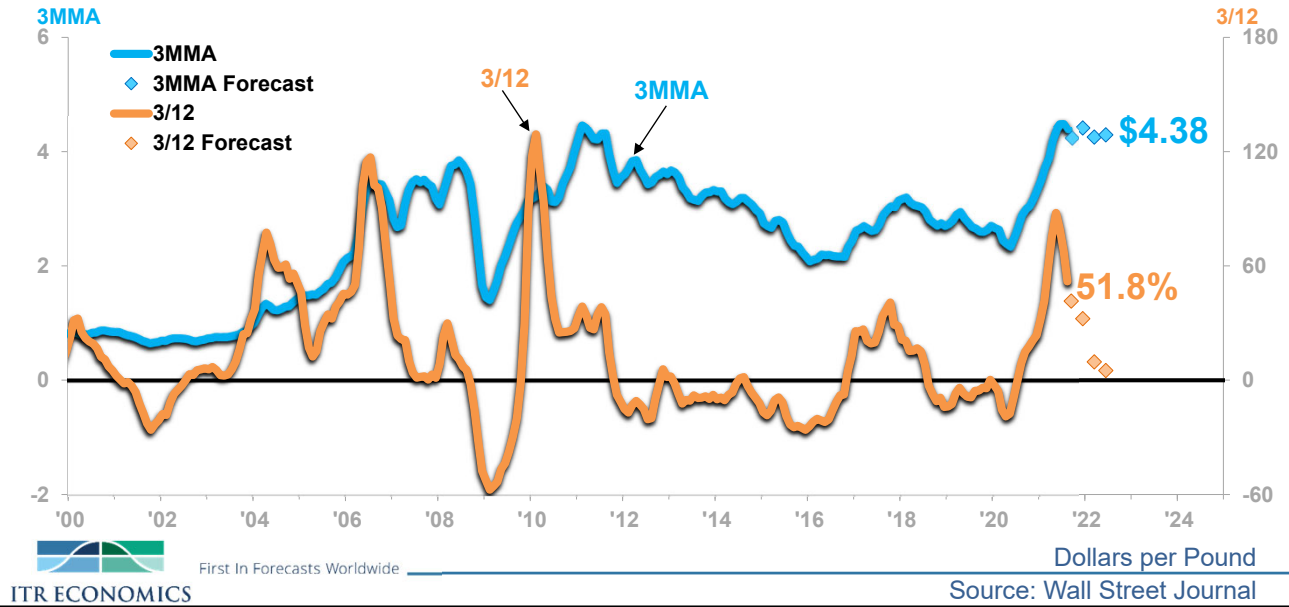
## An Early Signal of Near-Term Copper Prices 3/12 Decline

US Copper Futures Prices to China Purchasing Managers Index for Manufacturing



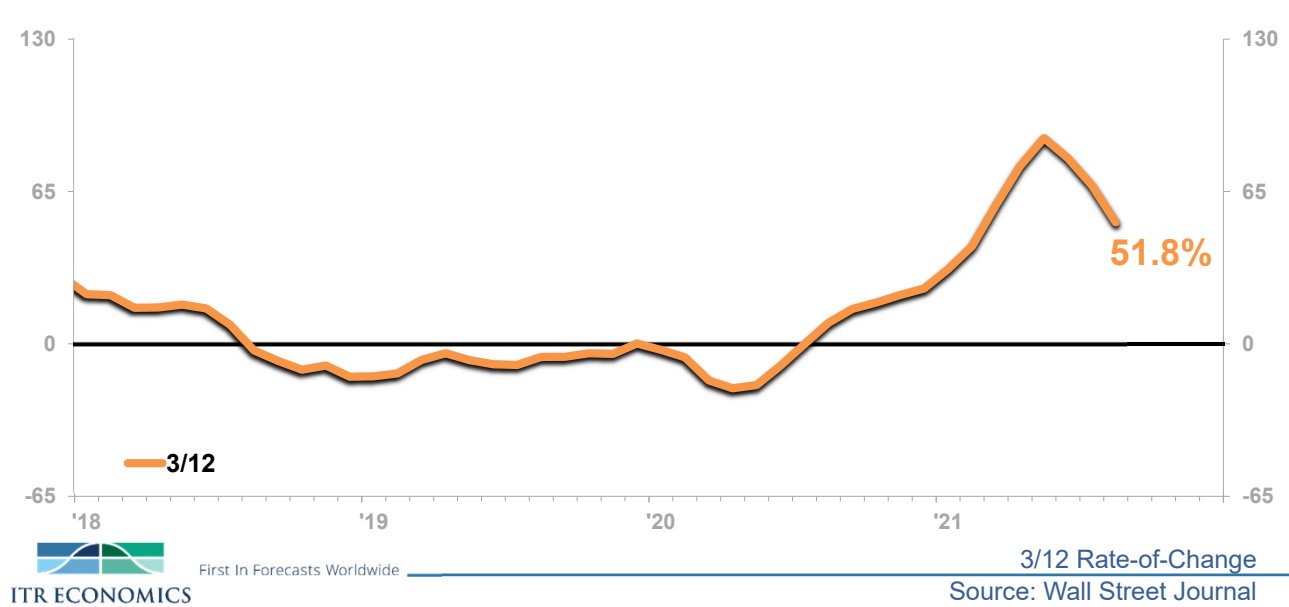
## 3MMA Rise Slows and Levels Out Through Mid-2022

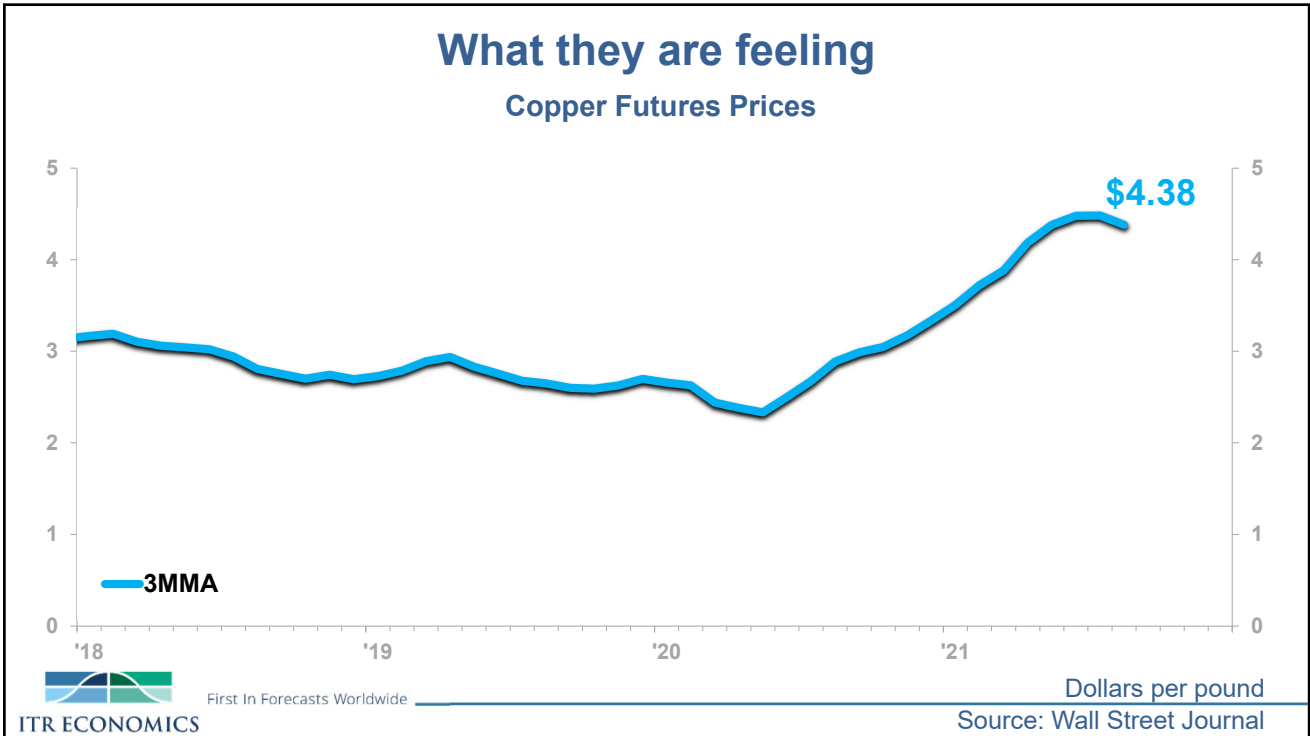
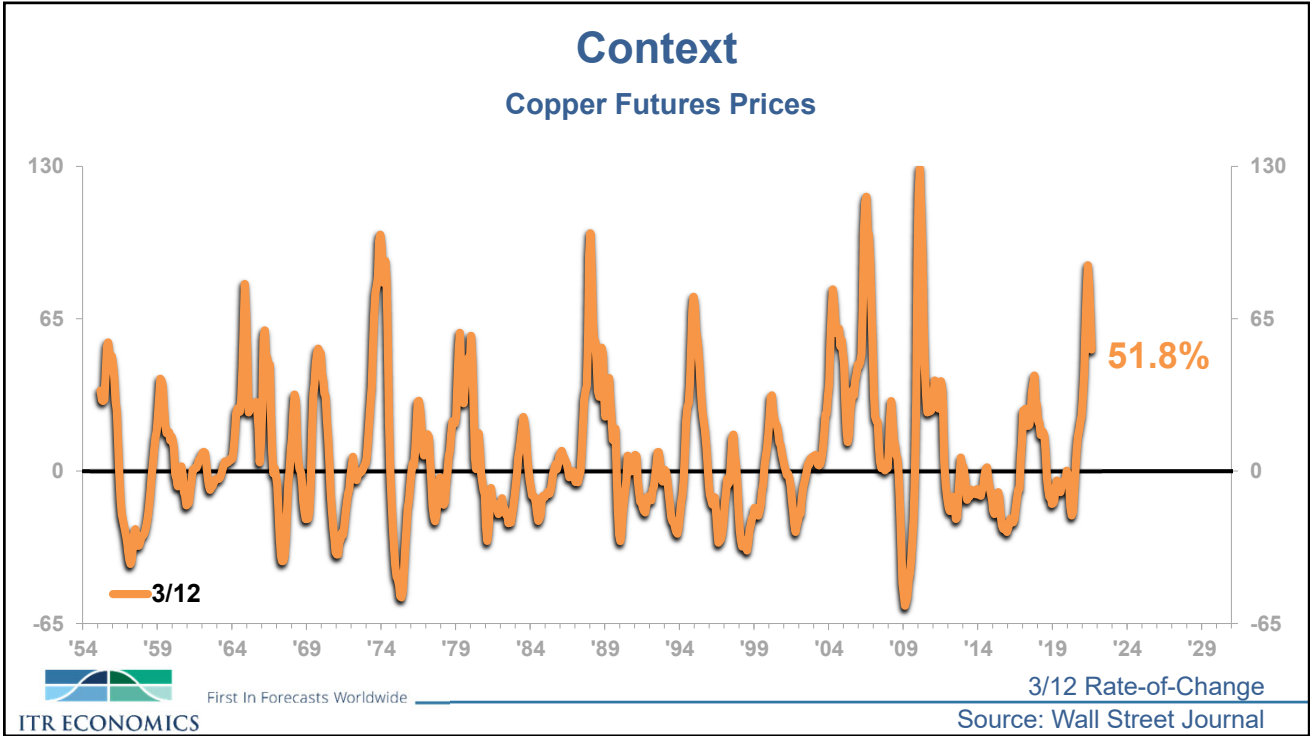
### Copper Futures Prices



## What They Read and Feel

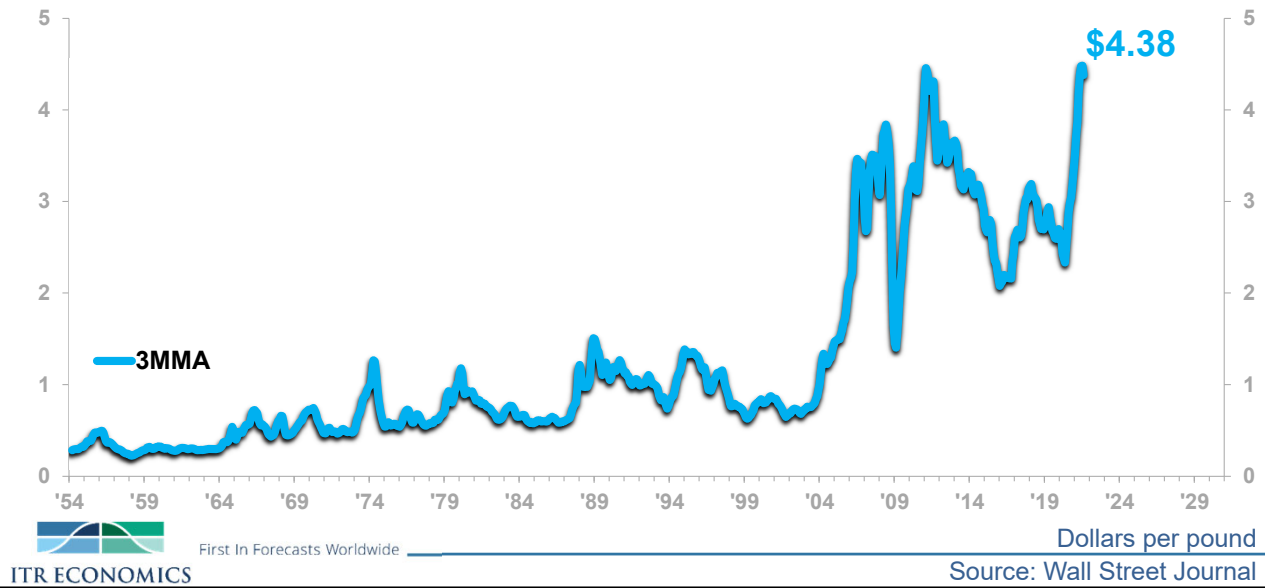
### Copper Futures Prices





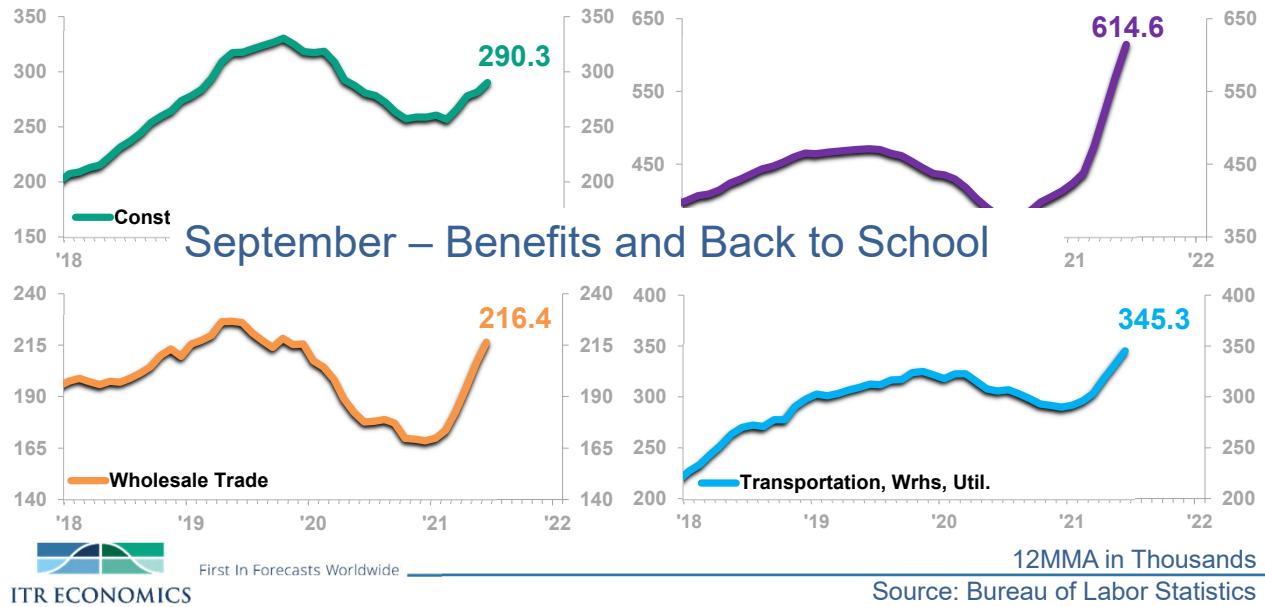
## In Context – Age and Experience Count Here

### Copper Futures Prices

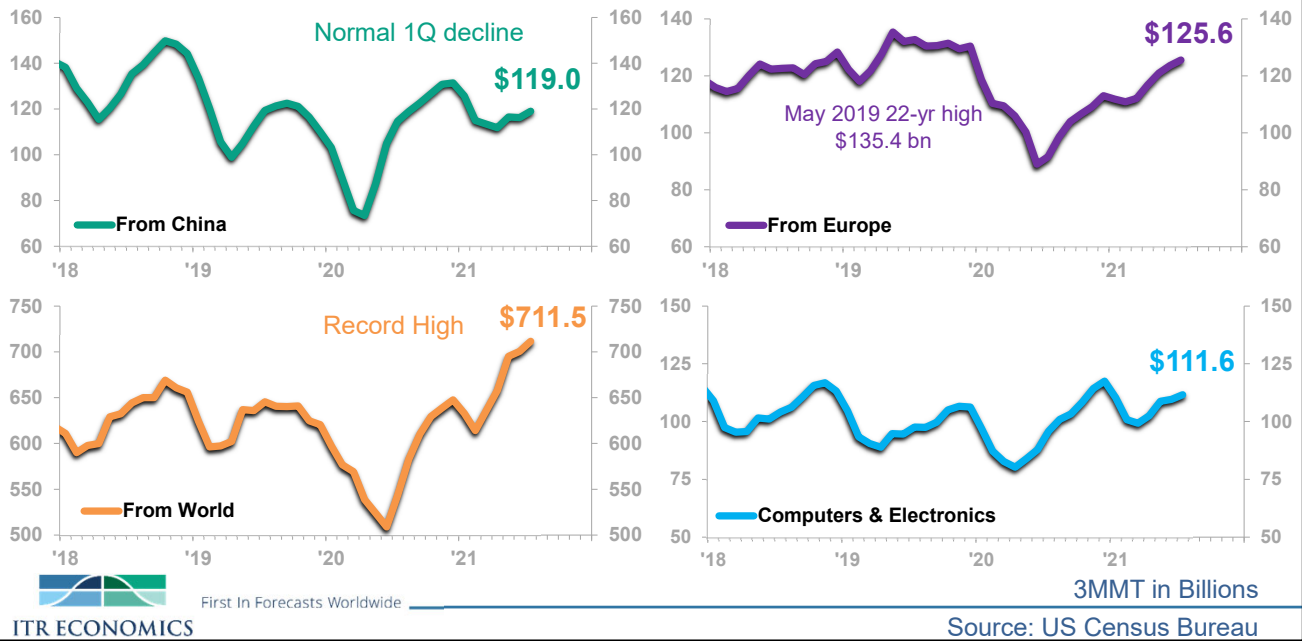


## Labor Troubles Will Not End Anytime Soon

### US Job Openings by Industry

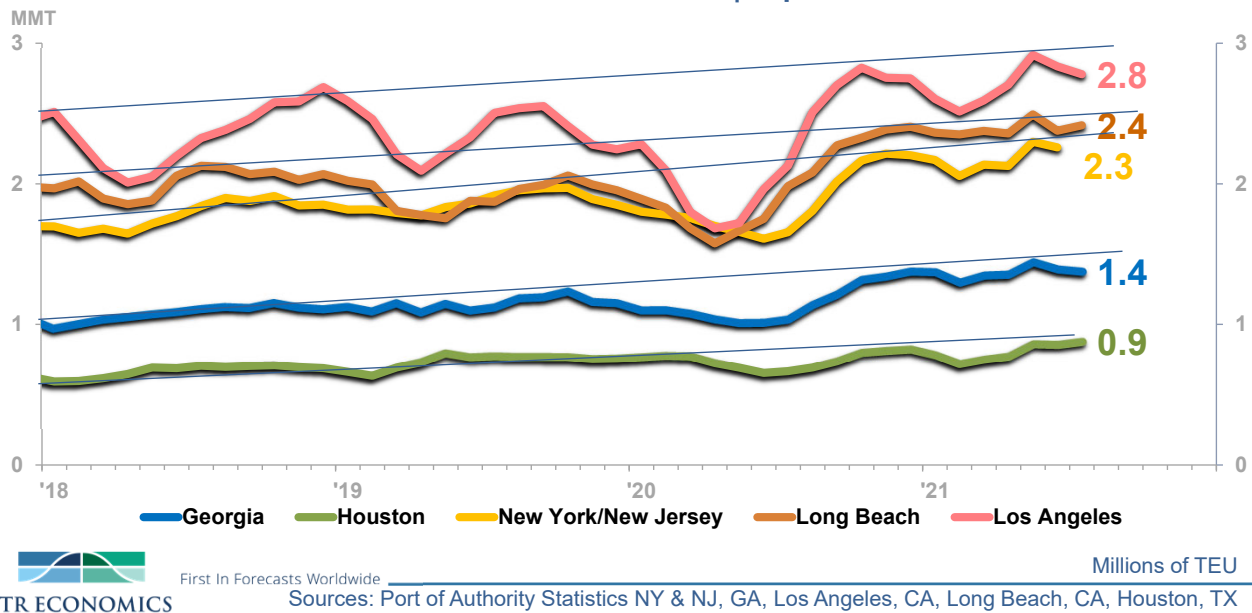


## Imports Into the US



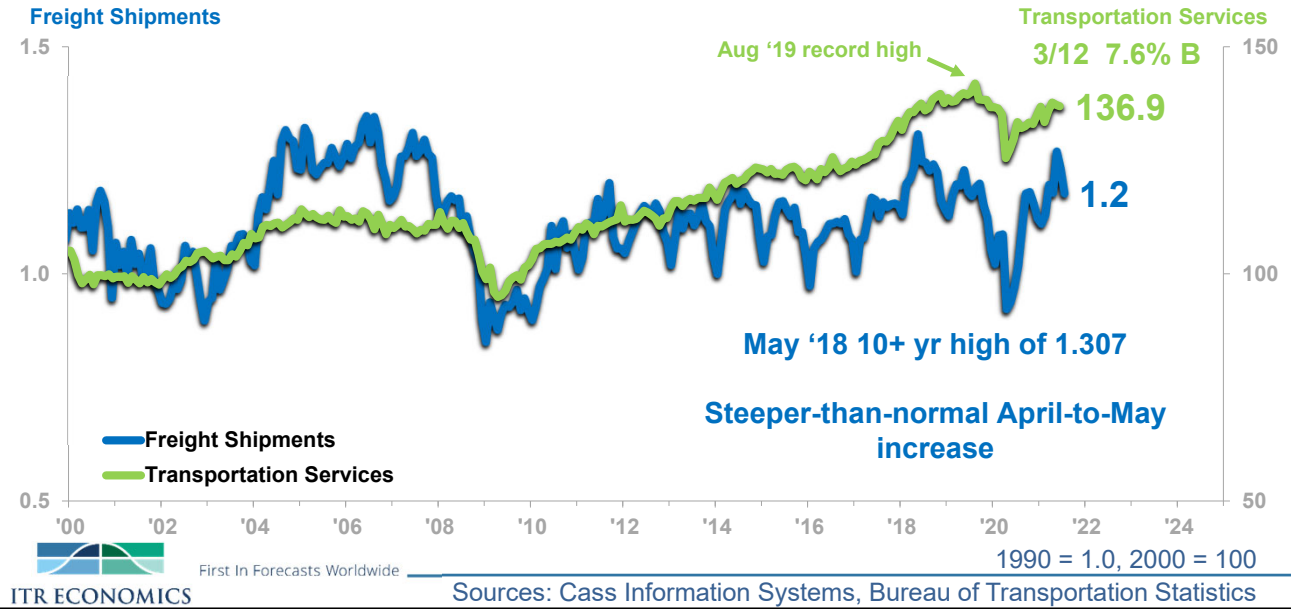
## Overwhelming Demand

### Total Intermodal Container Traffic | Top Five US Ports



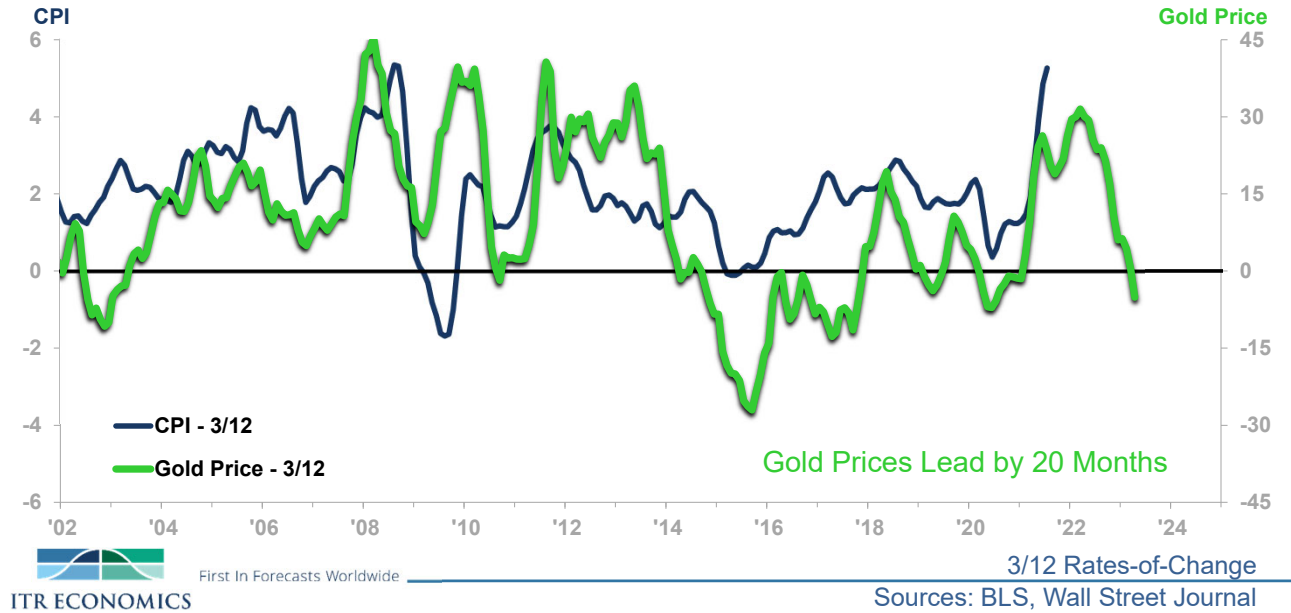
## Increasing Volumes of Freight

Cass Freight Shipments Index to US Transportation Services Freight Index



## Gold Cycle: An Indication of Transience

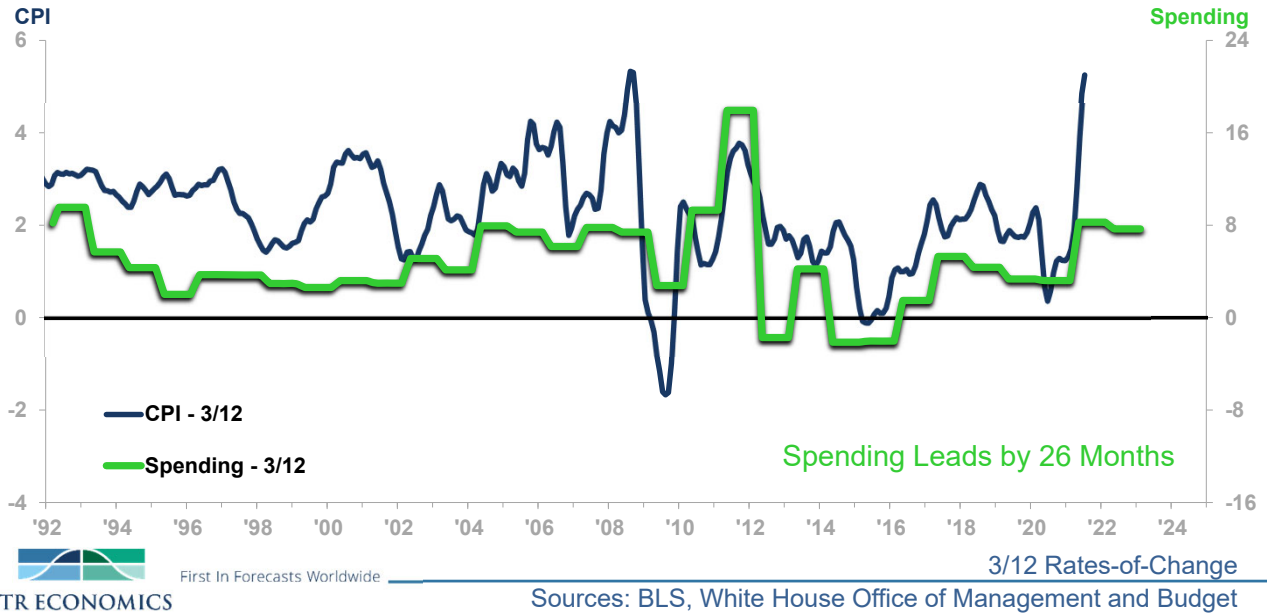
US Consumer Price Index to US Gold Commodity Prices





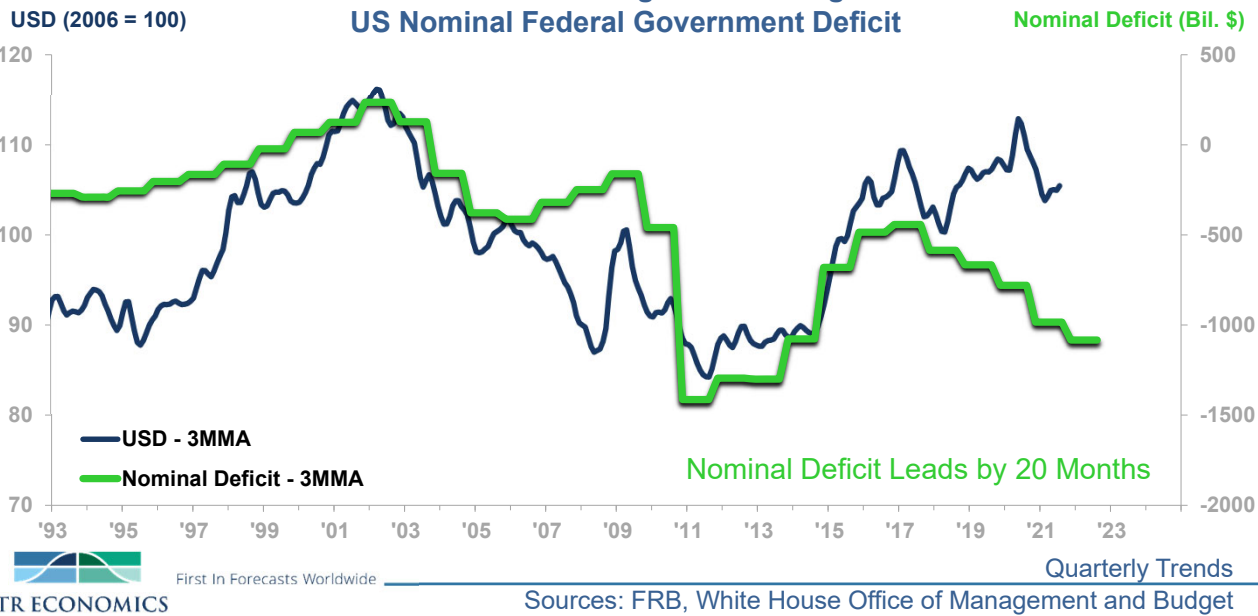
## Next Round of inflation Starting From an Elevated Low Point

### US Consumer Price Index to US Total Government Spending



## Deficit Spending Puts Downward Pressure on the USD

### US Dollar Broad Real Trade Weighted Exchange Rate Index to



## Phase B

### Phase B – Accelerating Growth



1. Ensure quality control keeps pace with increasing volume
2. Invest in workforce development: Hiring, Training, Retention
3. Ensure you have the right price escalator; space out price increases
4. Maximize your profit margins through differentiation; stand out from the crowd and set yourself apart
5. Use improved cash flow to strategically position the business to beat the business cycle
6. Expand credit to customers
7. Improve corporate governance (Rent a CFO, establish a board of advisors, or board of directors)
8. Communicate competitive advantages; build the brand
9. Query users for what they want and what is important to them
10. Sell business in climate of maximum goodwill



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## Phase B

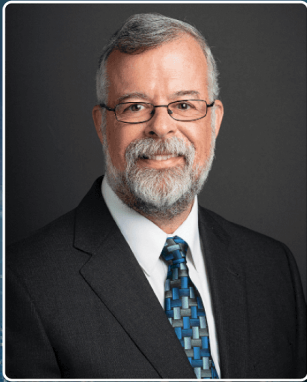


Avoid straight line forecasting and use your rates-of-change and leading indicators to spot the next business cycle peak and start planning accordingly.



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# Any questions?



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with ITR Economics

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## Alan Beaulieu

President



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### ABOUT ALAN

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 30 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.”

As the chief economist for numerous US and international 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, and numerous other outlets.

### ABOUT ITR ECONOMICS

Founded in 1948, ITR Economics is the oldest privately held, continuously operating economic research and consulting firm in the United States. With a long-term accuracy rating of 94.7%, ITR Economics has forecasted major economic events such as the Great Recession of 2008 years in advance. ITR provides reliable industry and company forecasts tailored to clients’ needs. ITR Economics also offers economic webinars, subscription periodicals, consultative reports, and data-collection services.

### 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](#)



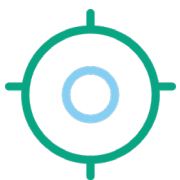
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**Business-Minded Economists**



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- Resource allocation
- Marketing initiatives
- Sales forecasting
- Benchmark internal success
- Budget setting
- Improve internal forecasting accuracy and ability



**What is your advice to others who might be considering our services?**

"Get it started sooner rather than later. [I was] a general manager, president, then group president for almost 20 years before hearing about ITR and starting to use ITR, and it would have made my life a lot easier had I started using ITR sooner." - *Kenneth Brown*



**How do you measure the value our product provides?**

"...people constantly ask me 'what's ITR saying about so-and-so?' Whenever we do a forecast, people want to know how it compares to the data ITR is providing as a reference point. It has taken a few years, but the ITR methodology is now fully integrated into our annual budgeting and our mid-term planning." - *Bill Van Horn, FP&A Manager*

**[www.itreconomics.com](http://www.itreconomics.com) // 603.796.2500 // [ITR@itreconomics.com](mailto:ITR@itreconomics.com)**