

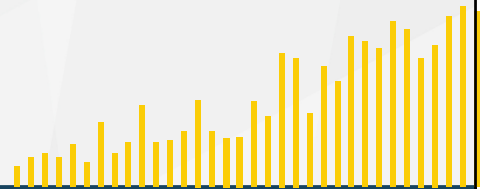
Peak
Performer Webinar Series

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Calculate to Win



Presented by:
Alan Beaulieu
President, ITR Economics



Peak
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2022 Preliminary Forecast Results



	Duration	Accuracy *
US GDP	18	98.9%
US Ind. Production	18	98.9%
Europe Ind. Production (November)	23	99.5%
Canada Ind. Production (October)	24	99.9%
China Ind. Production	16	98.5%
Retail Sales	13	98.0%
Housing - Single Family	17	84.8%
Employment-Private Sector	13	98.7%

* Projected for year end

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

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The US Economy


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First In Forecasts Worldwide

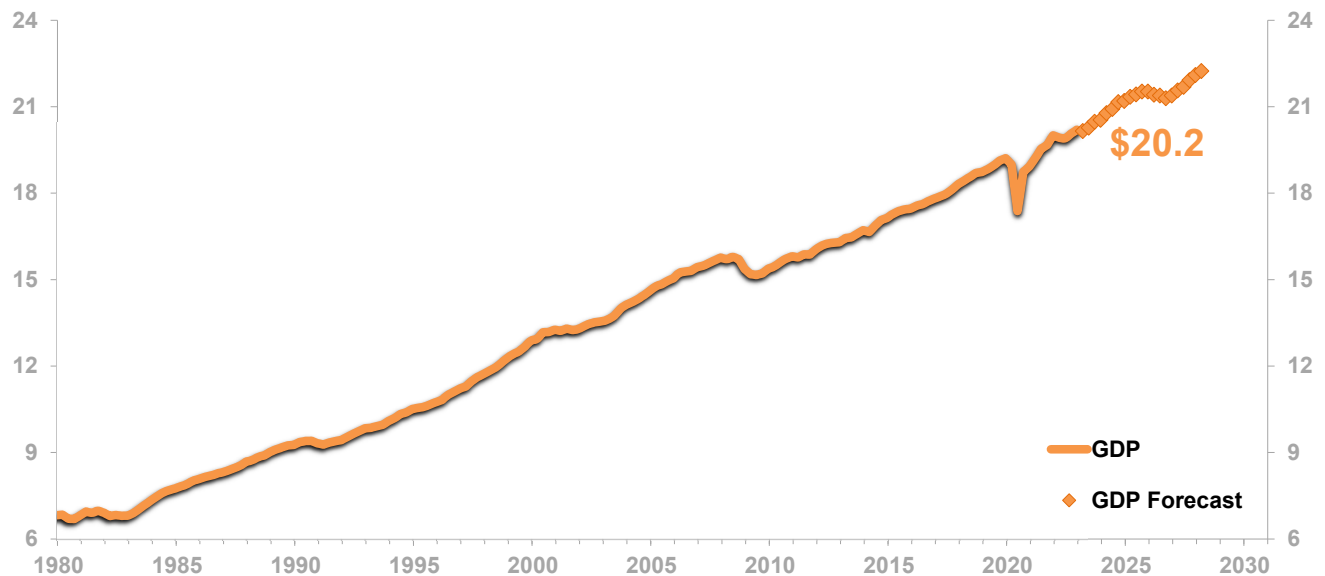
Expect An Essentially Flat/Mildly Positive 2024

Source: BEA

US Real Gross Domestic Product

Quarterly Data Trends: Trillions of Chained 2012 Dollars


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A Powerful Management Tool • Rates-of-Change

	Raw	3MMT	3/12	12MMT	12/12
Dec-20	5.399				
Jan-21	4.942				
Feb-21	4.803	15.1			
Mar-21	6.035	15.8			
Apr-21	5.850	16.7			
May-21	5.756	17.6			
Jun-21	6.216	17.8			
Jul-21	5.982	18.0			
Aug-21	6.075	18.3			
Sep-21	6.208	18.3			
Oct-21	6.279	18.6			
Nov-21	6.366	19.0		69.9	
Dec-21	6.524	19.2		71.0	
Jan-22	6.063	19.0		72.2	
Feb-22	6.001	18.6	22.7%	73.4	
Mar-22	7.406	19.5	23.4%	74.7	
Apr-22	6.904	20.3	21.7%	75.8	
May-22	7.162	21.5	21.7%	77.2	23.0%
Jun-22	7.501	21.6	21.0%	78.5	22.4%
Jul-22	6.697	21.4	19.0%	79.2	21.5%
Aug-22	7.228	21.4	17.3%	80.3	21.0%
Sep-22	7.056	21.0	14.9%	81.2	20.2%
Oct-22	7.014	21.3	14.7%	81.9	19.5%
Nov-22	6.896	21.0	11.2%	82.5	17.9%

3/12

Based on data from a consecutive 3-month period compared to one year earlier.

Anticipates shifts in business cycle trends.

12/12

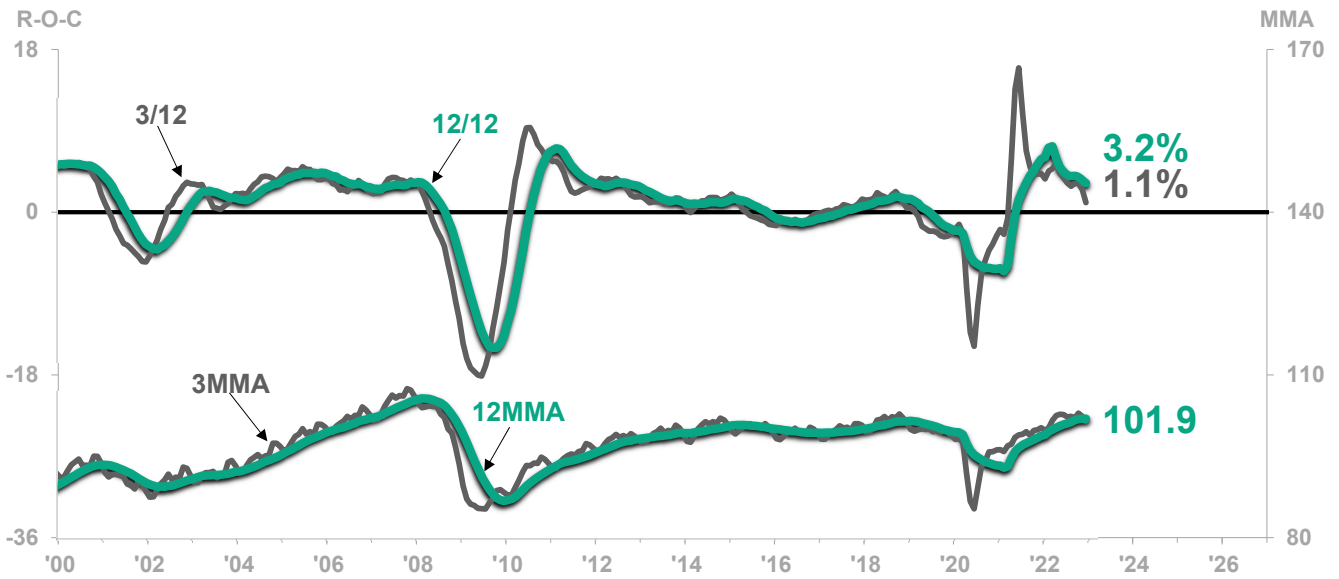
Based on data from a consecutive 12-month period compared to one year earlier.

Defines the business cycle.

Expect Mild Decline Late in 2023

US Total Manufacturing Production Index

2017 = 100



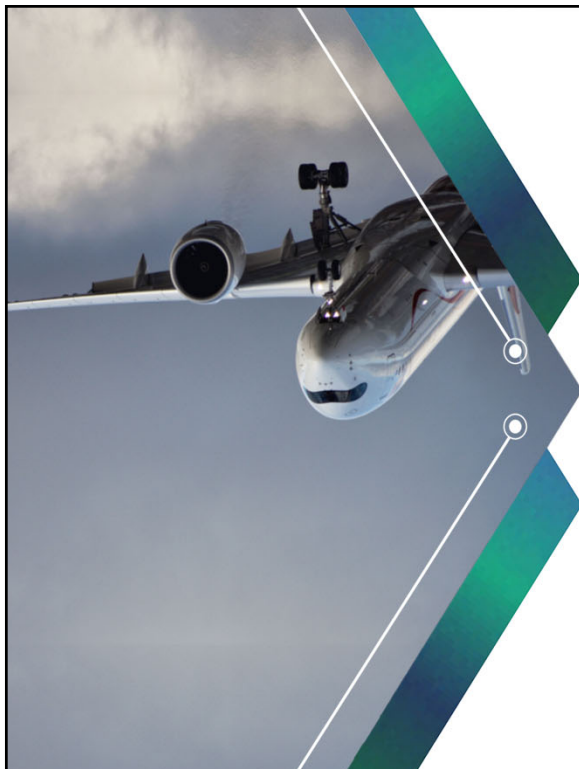
A Clear Signal of Downside Cyclical Pressure

Sources: FRB, ITR Economics

US Total Manufacturing Production Index to ITR Leading Indicator™



Rates-of-Change



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Macroeconomic Implications of the Inverse Yield Curve

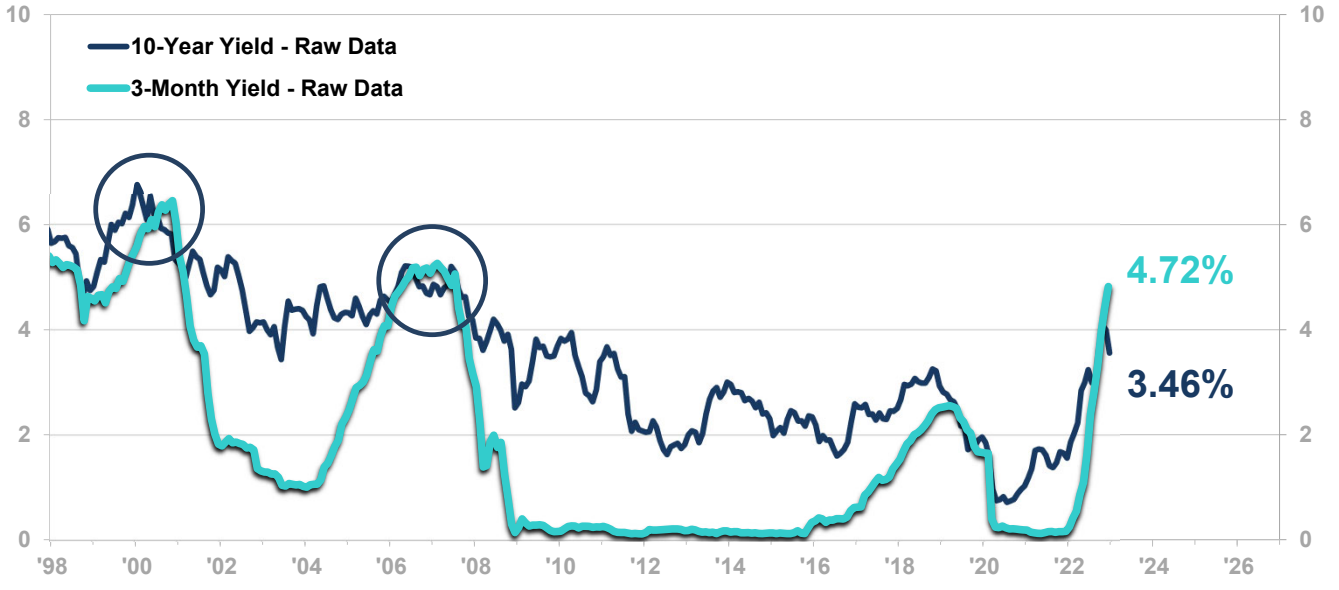


Inverse Yield Curve in Place: Business Cycle Decline Ahead Source: US Treasury Dept.

US Government Long-Term Bond Yields to US 3-Month Treasury Bond Yield

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Raw Data: Percent

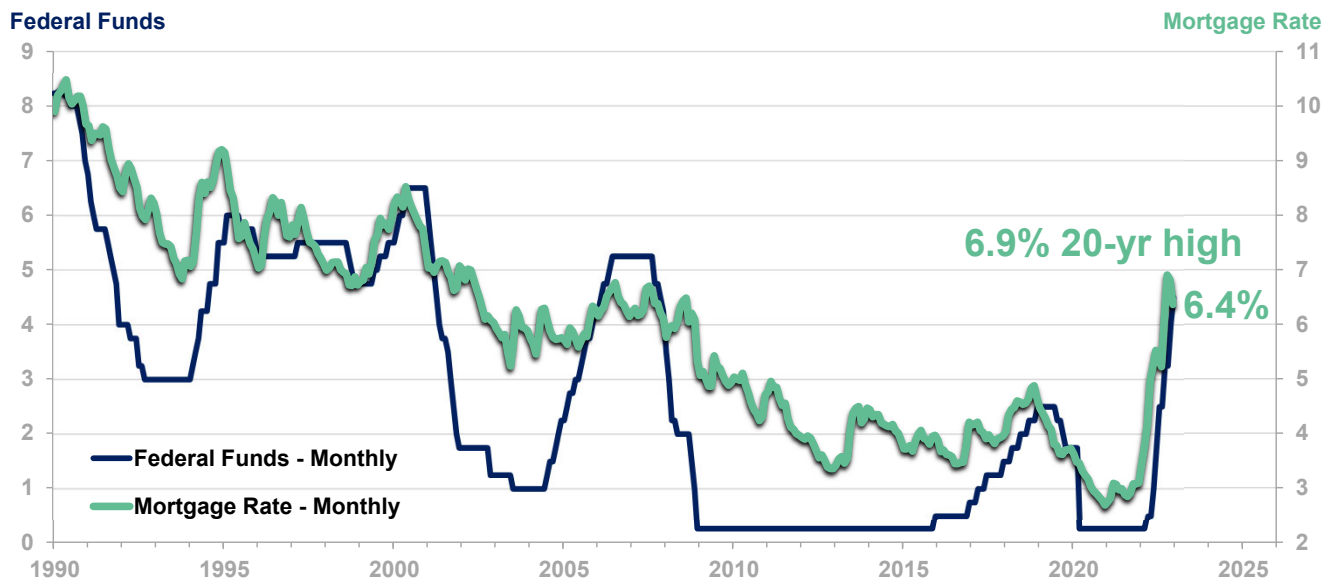


Faster-Than-Normal Ascent in Mortgage Rates Sources: WSJ, Freddie Mac

US Federal Funds Target Rate to US 30-Year Conventional Mortgage Rate

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Raw Data Trends, Percent



Manufacturing Is Interest Rate Sensitive

Source: FRB

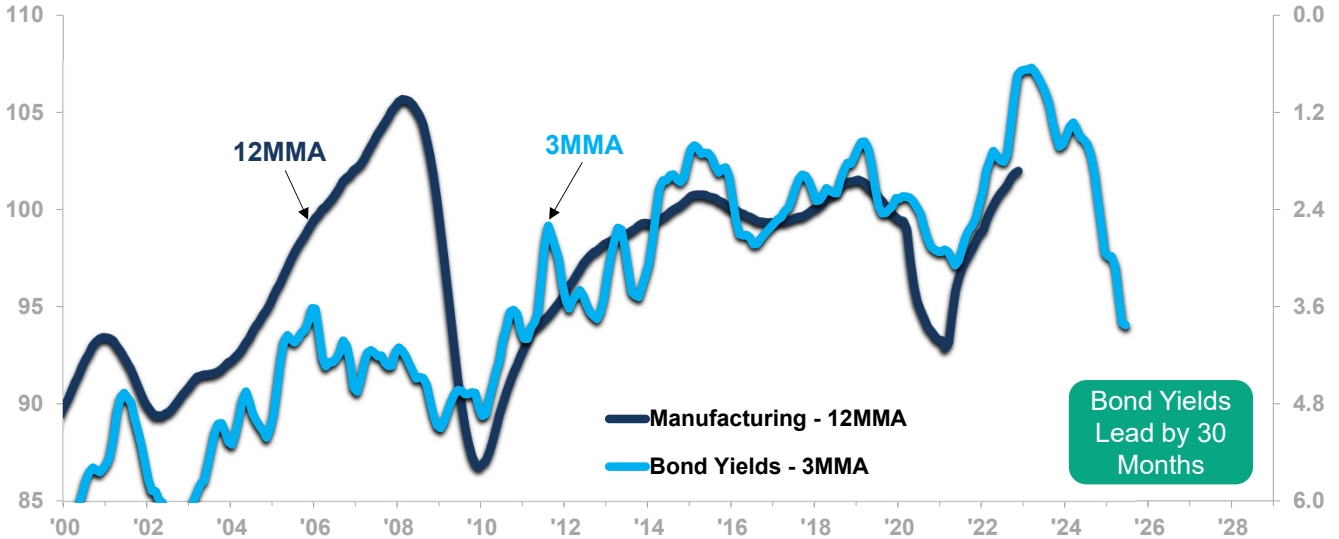
US Total Manufacturing Production Index to US Government Long-Term Bond Yields

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Data Trends

Manufacturing (2017=100)

Bond Yields (Percent) , Inverted



Decelerating Rise Through Sep 2023

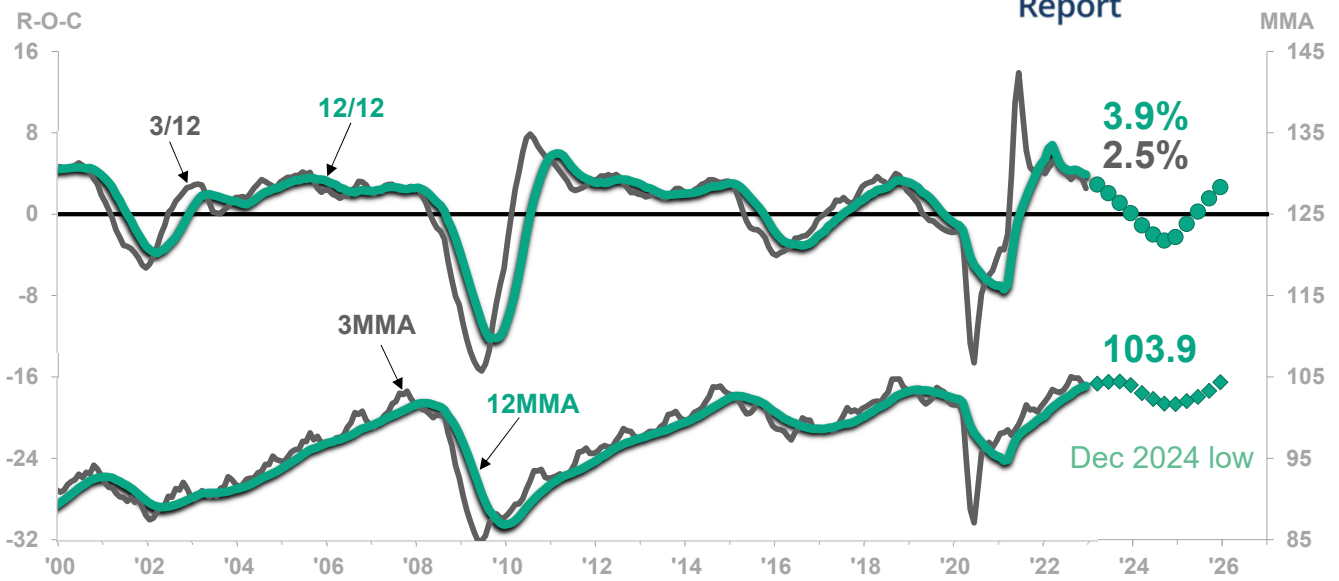
Source: FRB

US Industrial Production Index

2017 = 100

as seen in
ITR Economics' Trends Report

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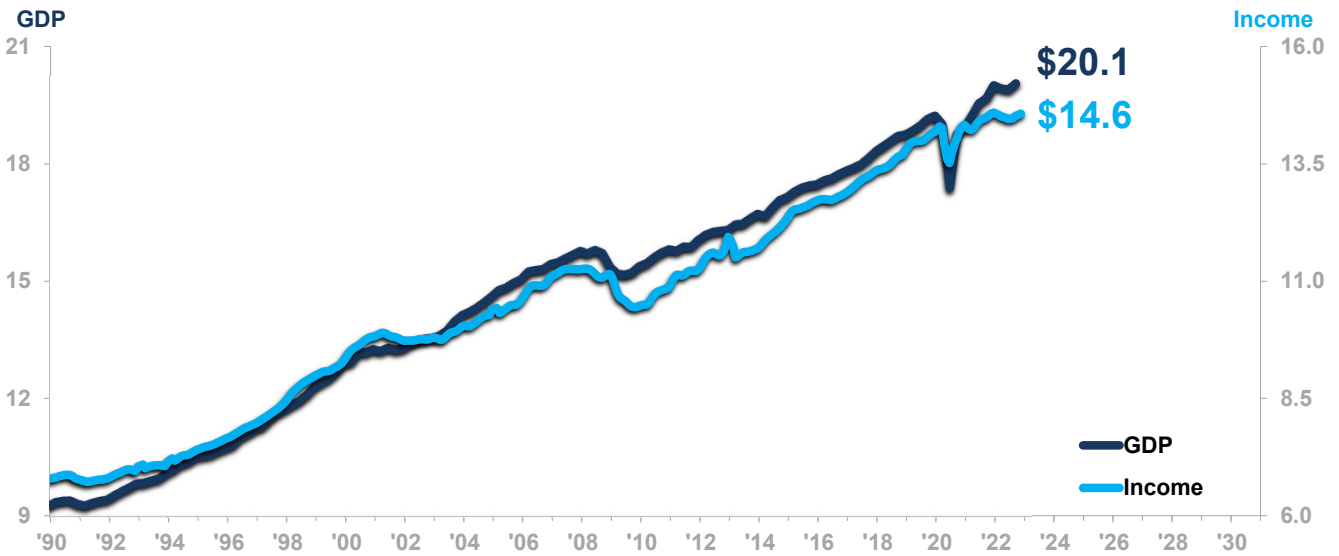
Consumers



Important That Wages Go Up Slightly Faster Than Inflation

Source: BEA

**US Real Gross Domestic Product to
US Real Personal Income (excluding current transfer receipts)**
Quarterly Data Trends: Trillions of 2012 Chained Dollars



High Consumer Debt?

Source: FRB

US Households and Nonprofit Organizations Consumer Credit Liability

Trillions of Dollars

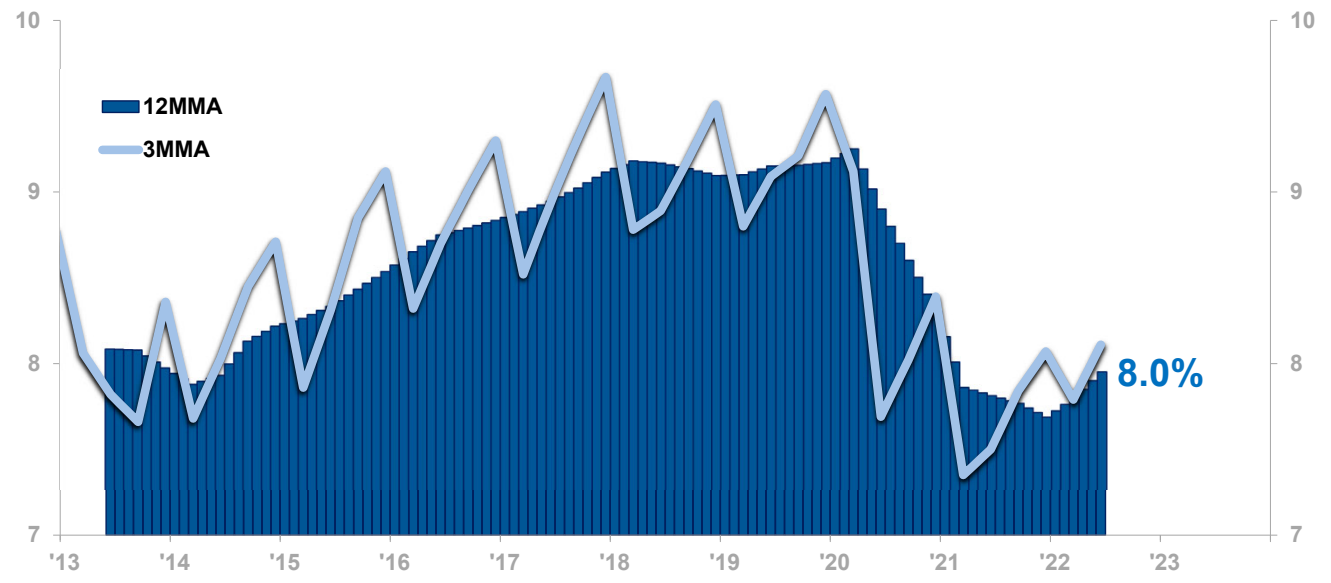


Handling the Monthly Payment

Source: FRB Philadelphia

US Share of Consumer Credit Card Accounts Making the Minimum Payment

Percent



Able to Service the Debt Loads Going Into 2023

Source: FRBNY, FRB, BEA



US Profits and Delinquency Rates

	Monthly	Notes
Auto Loan Delinquency	3.89%	Five year low
Credit Card Delinquency	2.07%	Pre-Covid 10yr avg 2.76%
Residential Delinquency (>90 days)	1.80%	Lowest in 15.5 years
Domestic Nonfinancial Profits	\$2.09T	Record high

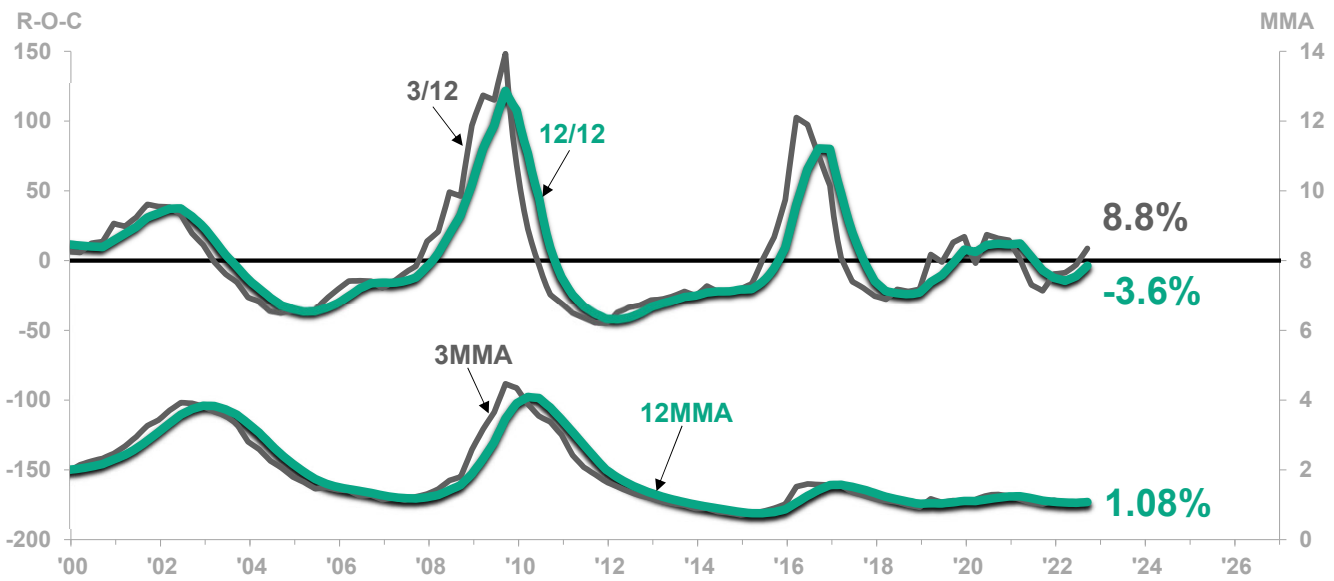
No Apparent Financial Stress Here

Source: FRB



US Commercial and Industrial Loan Delinquency Rate

Percent



-  Consumer financial health is good with incomes rising
-  Businesses are profitable and liquidity is high
-  Inverse Yield Curve is signaling decline for 2024

Next Steps

- Listen to your numbers and relevant leading indicators.



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Inflation Trends

Oil Prices Decline Plays a Role in PPI Decline

Sources: BLS, EIA

US Producer Price Index to US Crude Oil Spot Prices

Rates-of-Change

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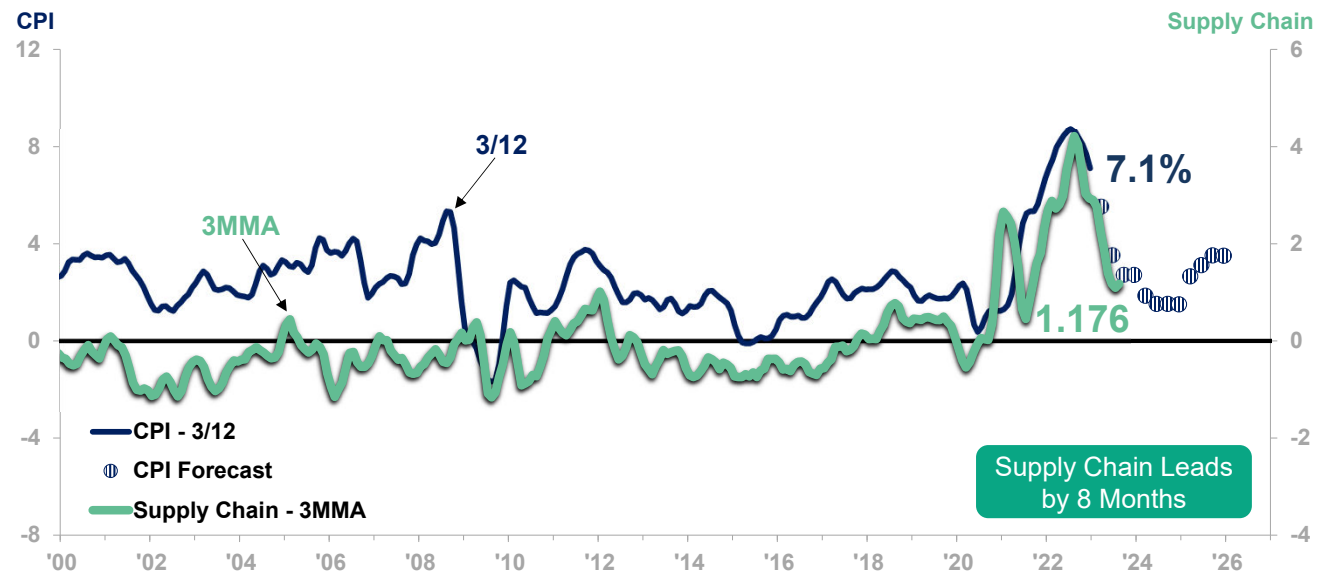
Added Help From Easing Supply Chain Pressures

Sources: BLS, Federal Reserve Bank of New York Liberty Street Economics

US Consumer Price Index to Global Supply Chain Pressure Index

CPI: 3/12 Rate-of-Change, Supply Chain: Quarterly Data Trends

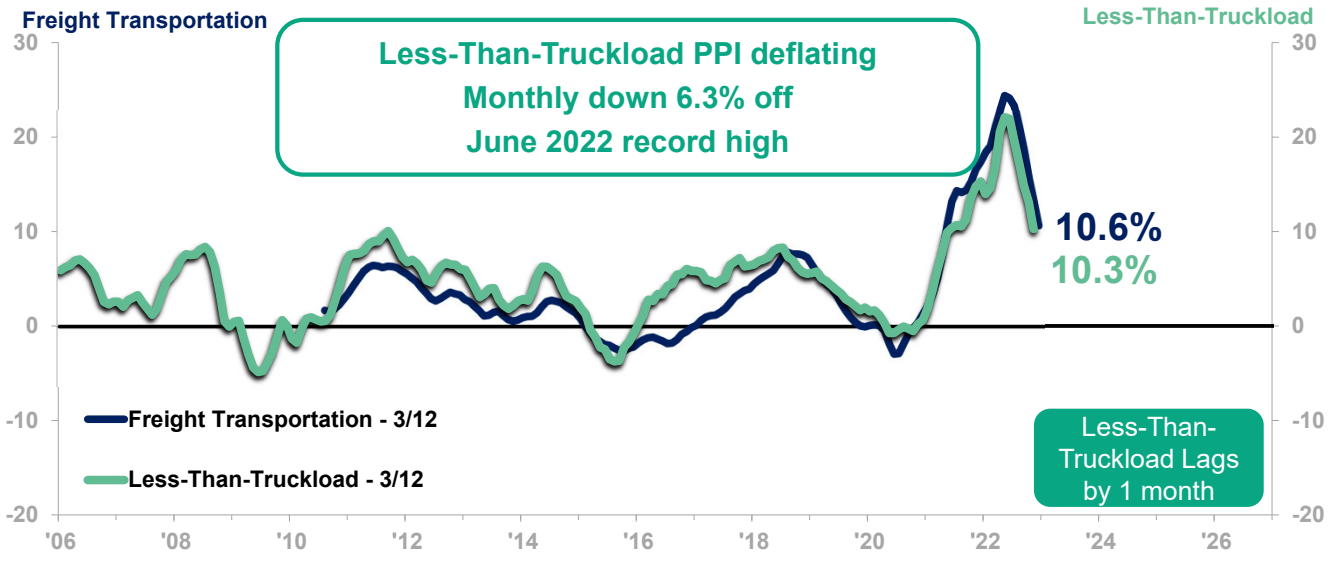
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Downward Cyclical Pressure in LTL As Well

Source: BLS

US Truck Transportation of Freight Producer Price Index to US Long Distance General Freight Trucking Less-Than-Truckload Producer Price Index
3/12 Rates-of-Change



Expect a Mild Decline in 2023

Source: FRB

US Government Long-Term Bond Yields
Raw Data, Percent

as seen in
ITR Economics'
Trends
Report



-  Supply chain pressures easing as global growth slows
-  Plan on disinflation and actual deflation in some areas
-  Expect long-term interest rates to temporarily ease lower in 2023

Next Steps

- Inflationary pressures are abated – not gone



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Financial Markets

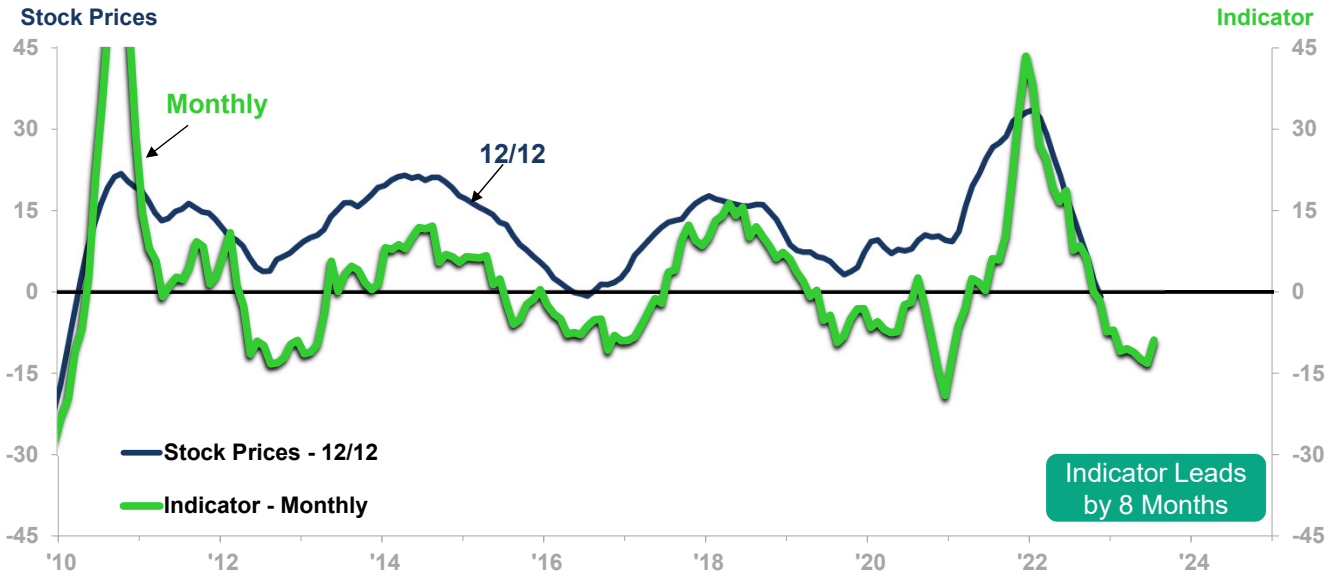
A Clear Signal of Downside Pressure on the S&P 500

Sources: WSJ, ITR Economics

US S&P 500 Stock Prices Index to ITR Financial Leading Indicator™



Rates-of-Change



50/50 Blend Optimizer (50% A, 50% B) Oct 1, 2020 through December 30, 2022

50/50 Blend Optimizer is made up of 50% Optimizer A, and 50% Optimizer B



Alan@itreconomics.com for information on the ITR Optimizer process



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Labor



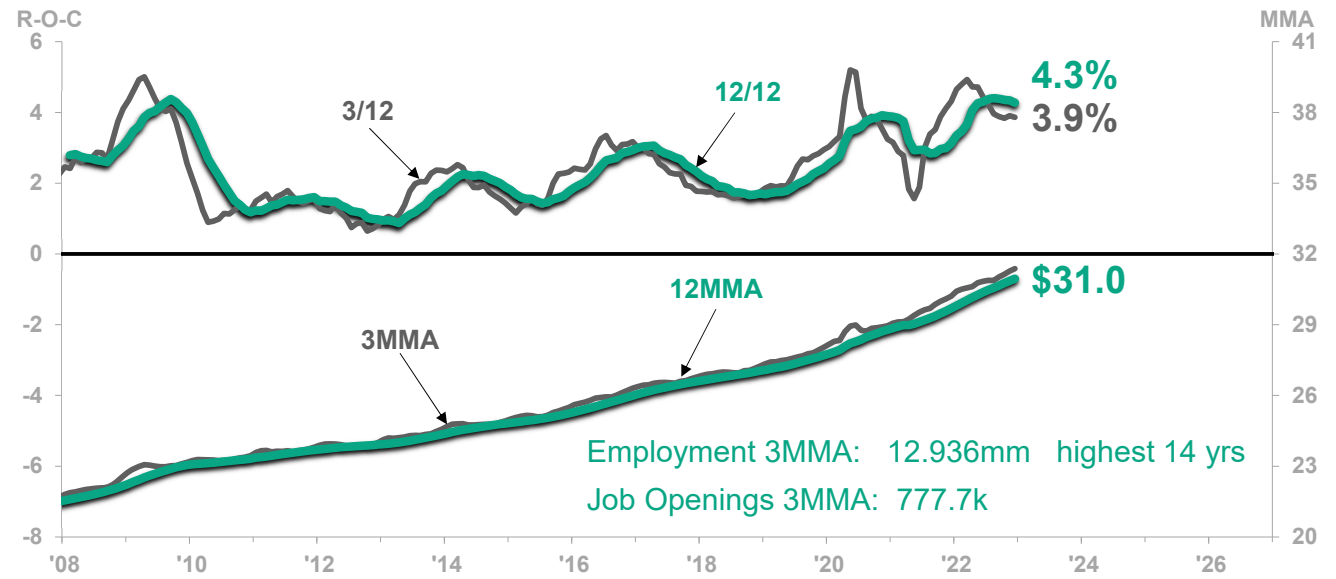
Decelerating Rise Anticipated for 2023

Source: BLS

US Manufacturing Employees Average Hourly Earnings



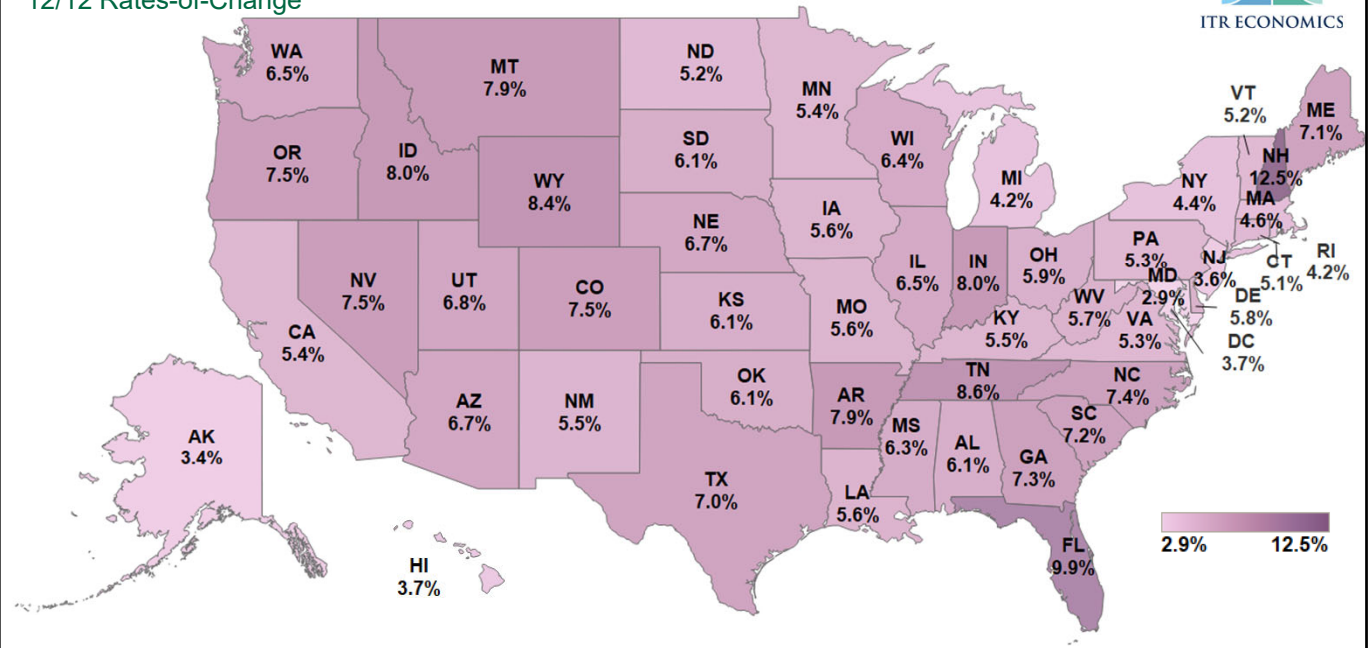
Dollars



US Wage Inflation by State

Source: BLS

12/12 Rates-of-Change



Labor Summary



- ☐ → Disinflation on wages in 2023
- ☐ → Tight labor market for years
- ☐ → Weakening economic conditions means employees become more likely to stay.

Next Steps

- Years of opportunity for automation

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Industry Segments



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US Production Indexes

Sources: FRB, US Census Bureau

US Industry

Rates-of-Change



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	12/12	Phase	3/12	Phase	12MM Notes
Aerospace Products and Parts	7.4%	B	13.6%	B	Ongoing rise
Automobile	21.9%	B	23.3%	C	Projected mid 2023 high
Beverages	4.5%	C	4.0%	C	Record high – ongoing rise
Chemical Products	2.4%	C	-3.1%	D	Decelerating rise
Civilian Aircraft	7.9%	C	8.9%	B	Decelerating rise
Computer & Electronics New Orders	5.0%	C	4.3%	C	Highest in 13yrs, decelerating
Construction Machinery	15.0%	C	4.1%	C	Decelerating rise



A
RECOVERY



B
ACCELERATING GROWTH



C
SLOWING GROWTH



D
RECESSION

US Production Indexes

Source: FRB

US Industry

Rates-of-Change



	12/12	Phase	3/12	Phase	12MM Notes
Durable Hardgoods	4.2%	C	1.8%	C	Decelerating rise
Electric Power	2.8%	B	2.9%	B	Record high - decelerating
Engines & Turbines	6.1%	C	-2.7%	D	Decelerating rise
Farm Machinery & Equip.	14.1%	C	24.4%	C	Rising
Food Production Index	1.7%	B	1.6%	C	Record high
High-Tech Industries	4.4%	C	0.0%	D	Record high - decelerating
Iron & Steel	-6.0%	D	-9.5%	A	Declining – 3Q24
Industrial Machinery	5.1%	C	3.2%	B	Highest in 14.5yrs – decelerating



US Production Indexes

Source: FRB, US Census Bureau

US Industry

Rates-of-Change



	12/12	Phase	3/12	Phase	Notes
Manufacturing (excl. vehicles)	2.7%	C	0.4%	C	Decelerating rise
Material Handling N.O.	21.2%	C	20.5%	C	Decelerating rise
Mining Machinery	5.6%	C	2.9%	C	Decelerating rise
Pharmaceuticals	3.9%	C	4.4%	B	Rise
Plastics	3.7%	C	0.2%	C	Tentative Oct high
Pulp, Paper, Board Mills	-1.4%	D	-5.9%	D	Decline
Tires	-3.4%	D	-3.9%	D	Tentative Oct low

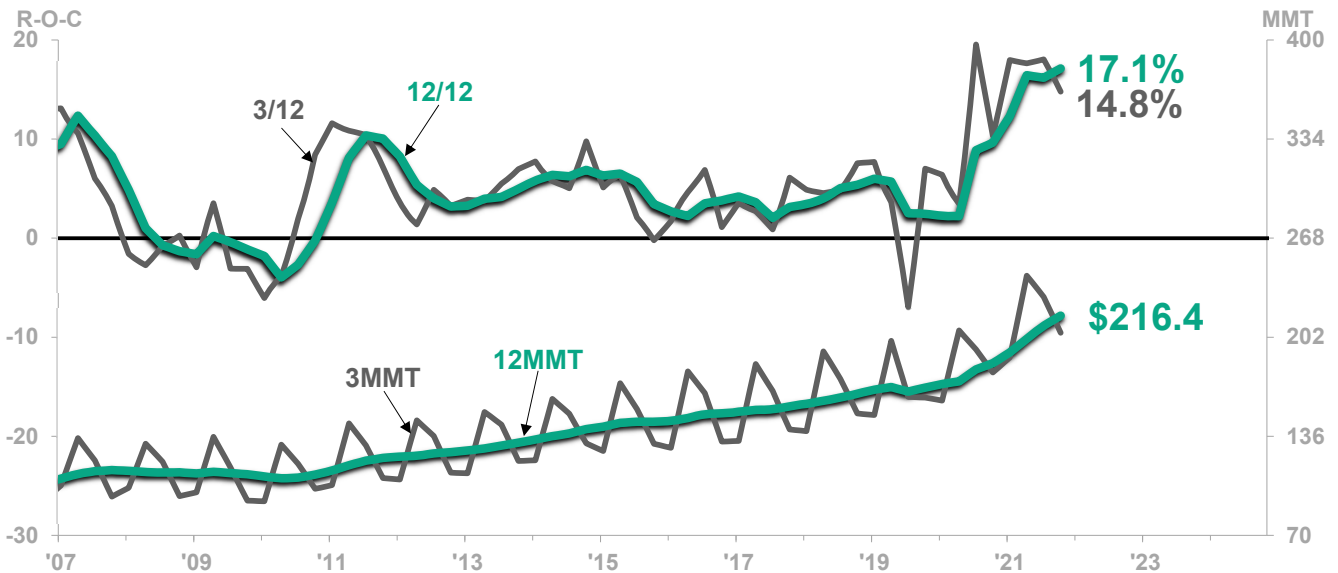


Tremendous Surge With More Rise Coming

Source: US Census Bureau

US Accounting, Tax Preparation, Bookkeeping, Payroll Services Revenue

Billions of Dollars



Revenue Outlook for 2023

Source: US Census Bureau

US Services Revenue



	3/12	Phase	Notes
Insurance Carriers	3.4%	C	Decelerating rise in 2023
Legal Services	2.9%	C	Decelerating rise in 2023
Computer System Design	8.6%	B	Ongoing rise
Management, Scientific, & Technical Consulting	13.4%	C	Decelerating rise in 2023
Real Estate	6.7%	C	Location, location, location
Educational	18.2%	B	Ongoing rise
Agencies, Brokerages and Other Insurance	7.3%	C	Decelerating rise in 2023



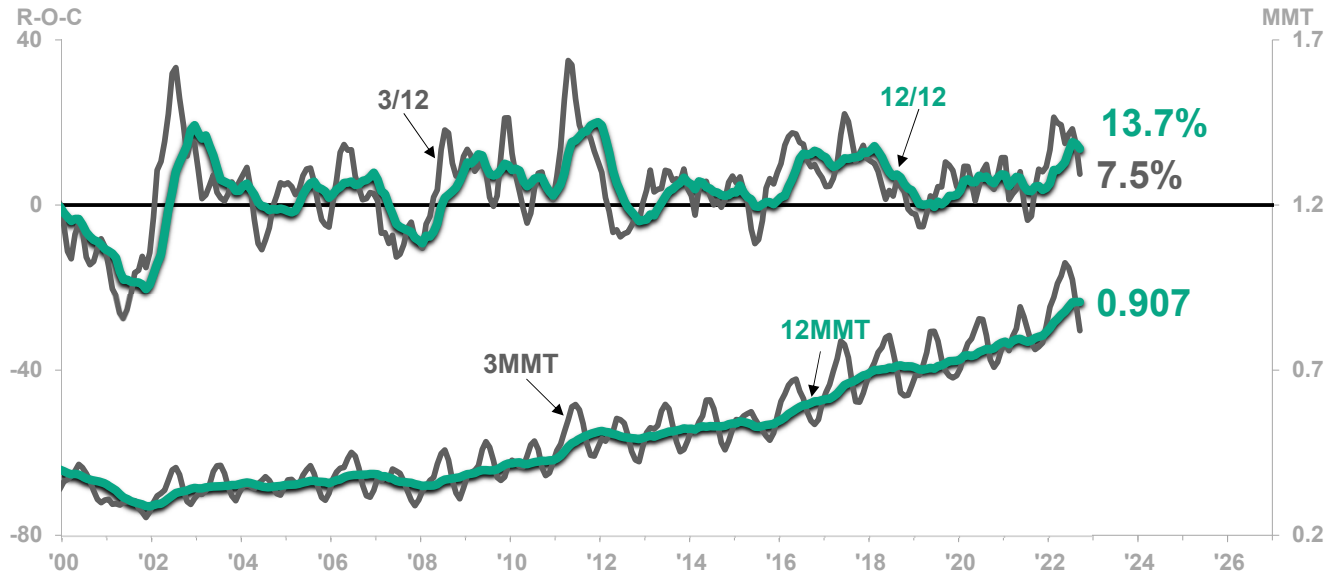
Ongoing Rise

Source: EIA

US Net Renewable Energy Electricity Generation

Trillions of KWh

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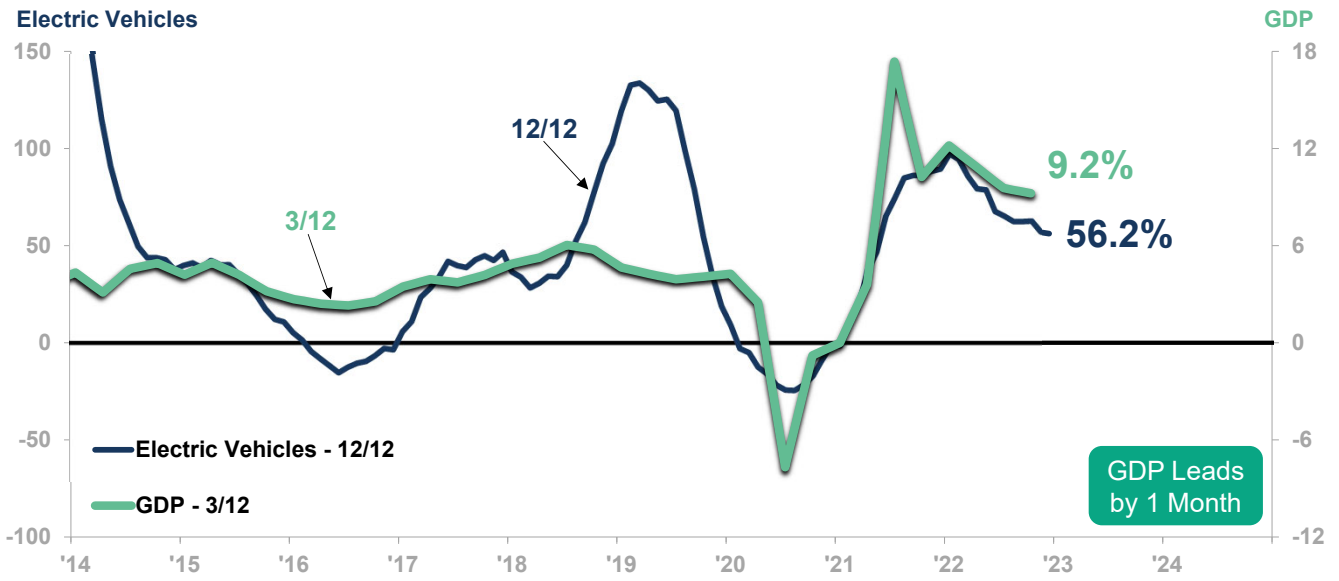
GDP Outlook Says Decelerating Rise for EVs

Source: WardsAuto, BEA

US Electric Vehicle Retail Sales to US Real Gross Domestic Product

Rates-of-Change

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Expect A Mild Decline

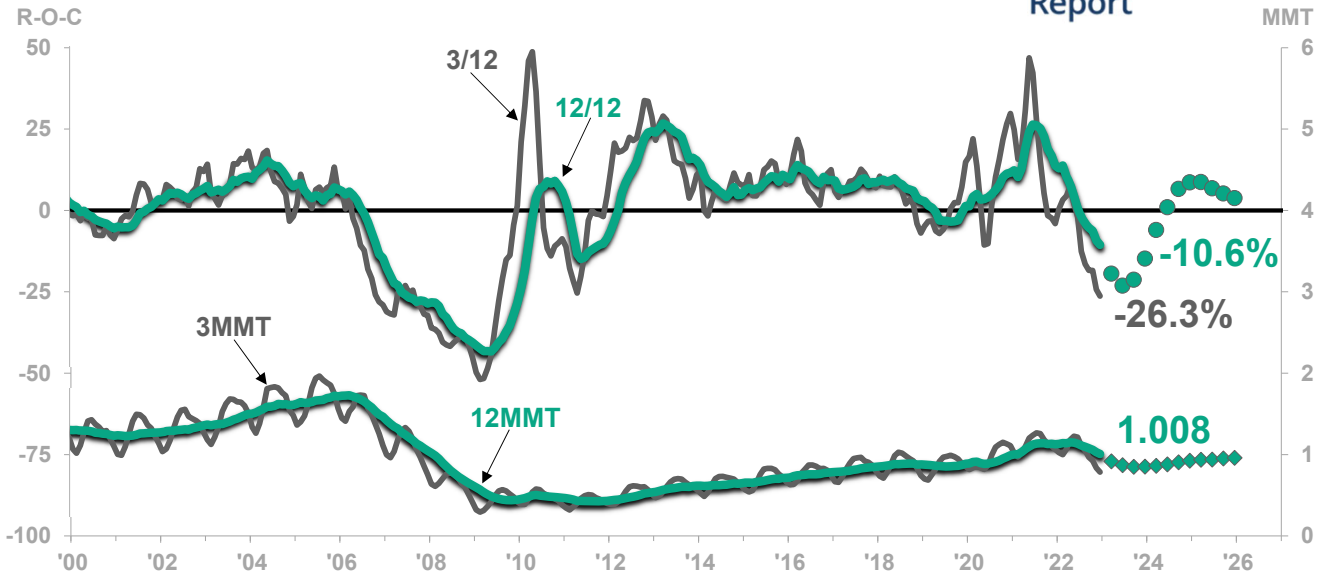
Source: US Census Bureau

US Single Unit Housing Starts

Millions of Units

as seen in
ITR Economics'
**Trends
Report**

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Expect Mild Decline in the First Half of 2023

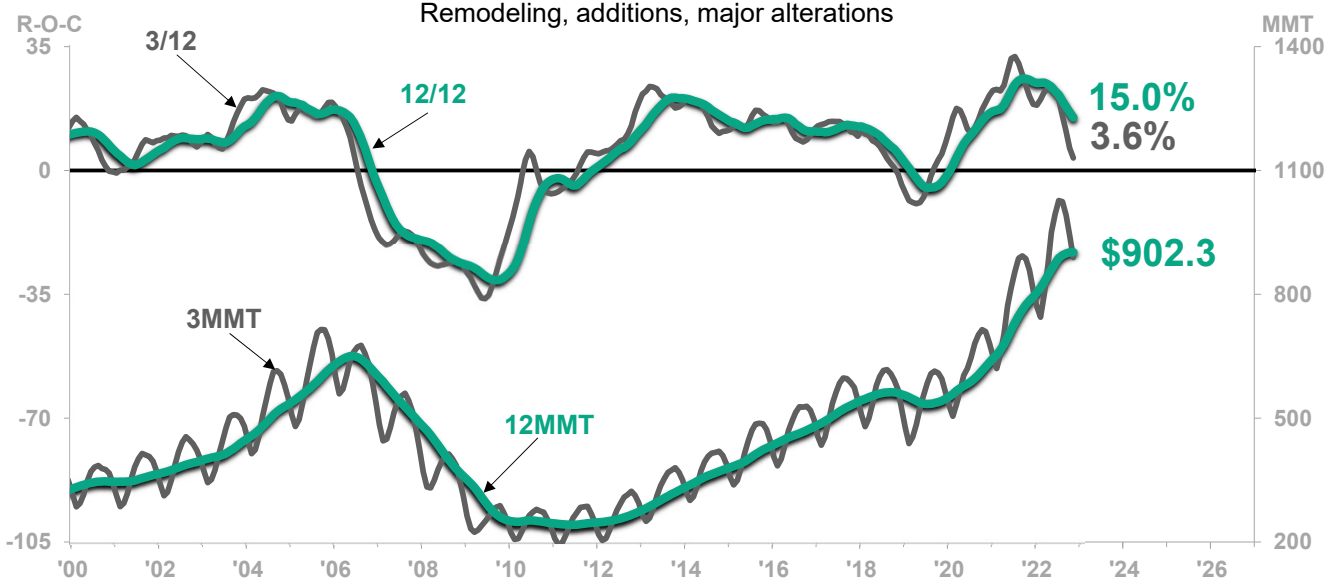
Source: US Census Bureau

US Private Residential Construction inc. Home Improvements

Billions of US Dollars

Remodeling, additions, major alterations

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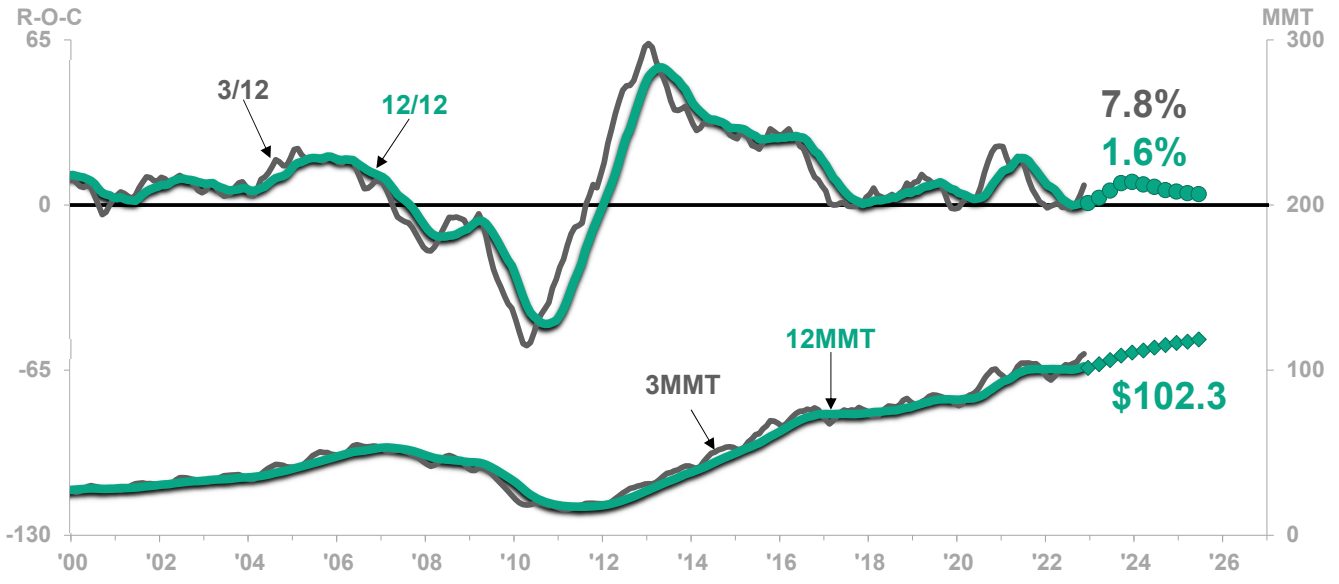


Rise Through 2024

Source: US Census Bureau

US Private Multi-Family Residential Construction

Billions of Dollars

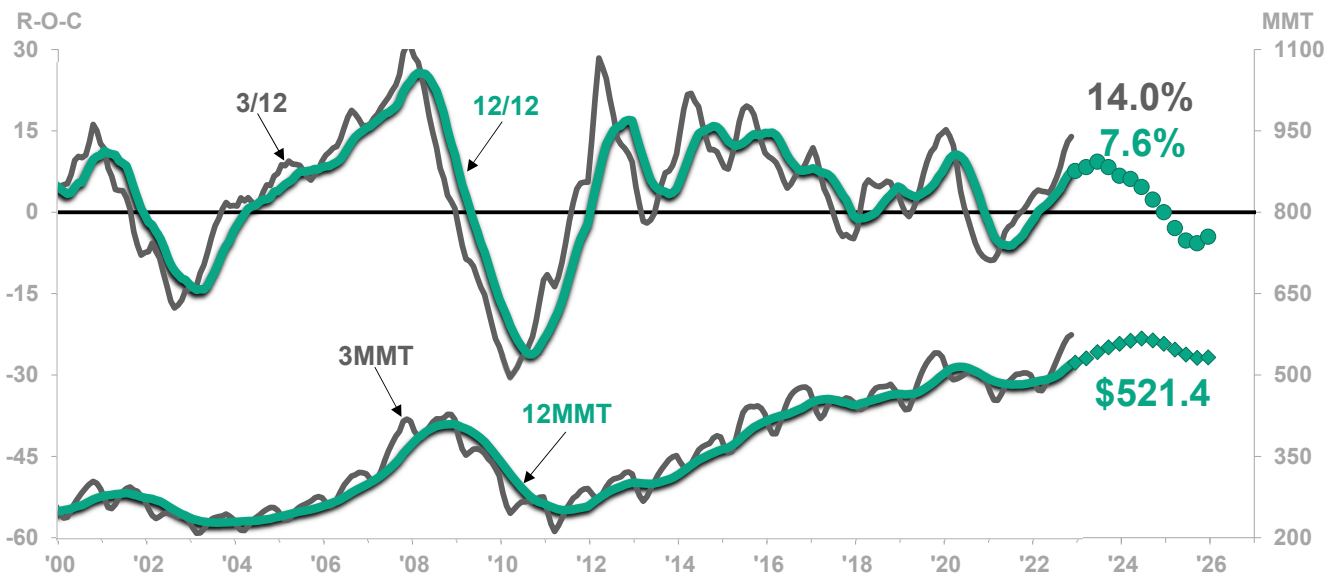


Expect Rise Until Approximately Mid 2024

Source: US Census Bureau

US Private Nonresidential Construction

Billions of Dollars

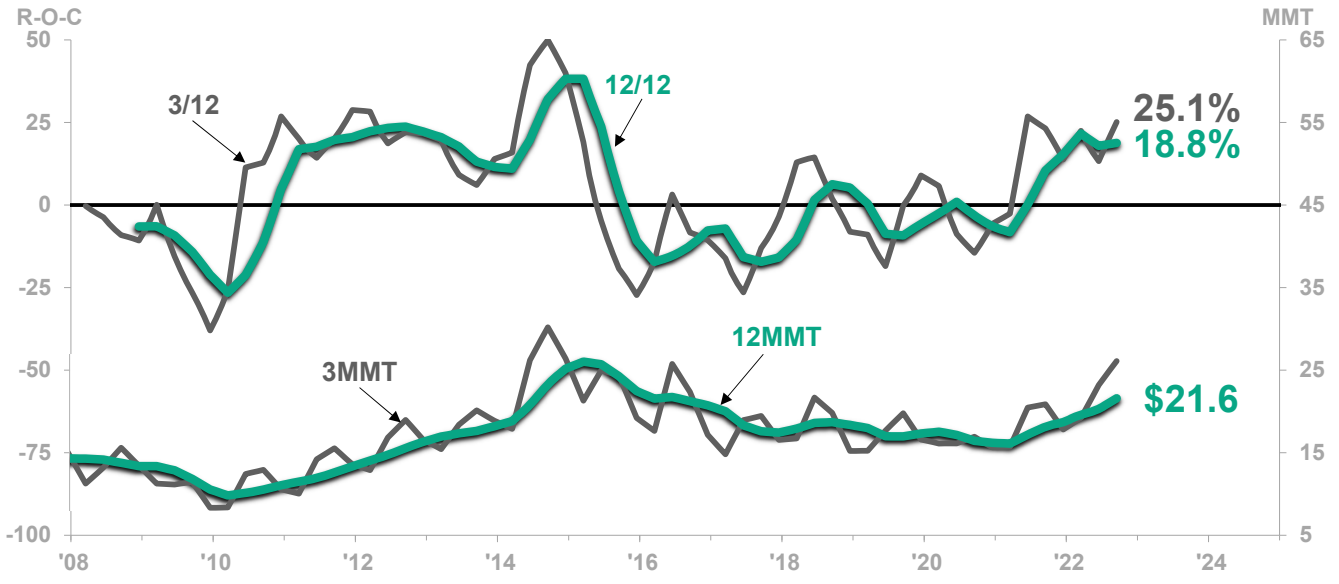


Expect More Rise

Source: ConstructConnect

US Total Value of Commercial Construction Renovations

Billions of Dollars



VISTAGE



Global Partners



Production in Key Economies

Sources: Australia Bureau of Statistics, China National Bureau of Statistics, Eurostat, ITR Economics, Statistics Canada, Mexico National Institute of Statistics and Geography

International Industrial Production Indexes



	12/12	Phase	3/12	Phase	12MM Notes
Australia	0.3%	C	0.5%	B	Rise
Canada	3.7%	C	3.5%	C	Decelerating rise
China	3.7%	C	2.7%	C	Rise...
Europe	2.1%	B	3.8%	B	Rise – record high
Rest of Asia	2.3%	C	2.4%	C	Decelerating rise
South America	1.8%	B	2.5%	C	Decelerating rise
Mexico	3.2%	B	3.4%	C	Decelerating rise

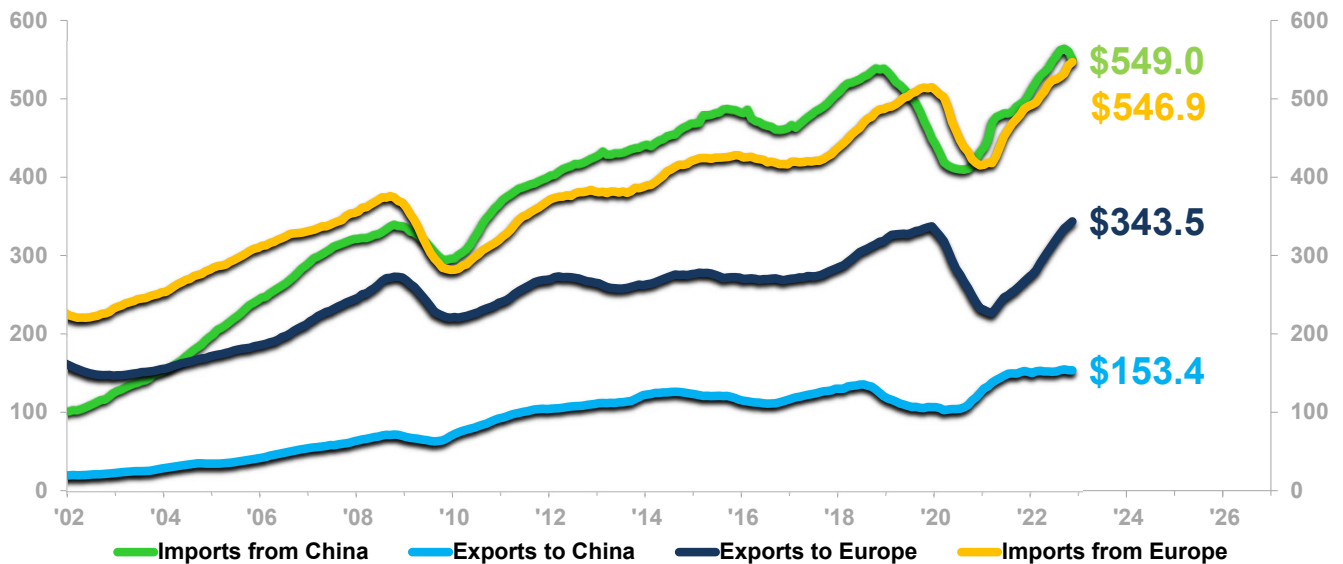


More Trade With Europe Than With China

Source: US Census Bureau

Exports from the US to China and Europe and Imports to the US from China and Europe

Annual Data Trends: Billions of Dollars

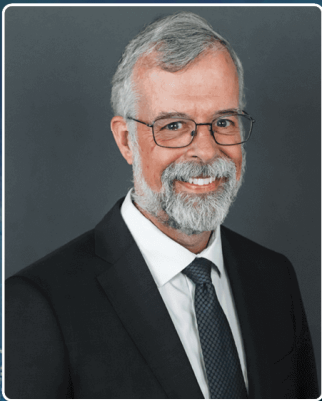


Looking Ahead

- Disinflation and deflation will characterize 2023 with an attendant easing of wage inflation.
- The Fed's actions gave rise to an inverse yield curve.

- Expect a recession to begin in 2023 and encompass most of 2024. US Industrial Production and GDP (deflated for inflation) will reflect the stress.
- We expect the recession to be mild.

- Invest in your business
- Maximize competitive advantages
- Think about expanding the asset classes you are invested in and using the ITR Optimizer™ Process



Any questions?

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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](#)



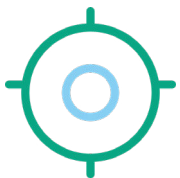
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- Marketing initiatives
- Sales forecasting
- Benchmark internal success
- Budget setting
- Improve internal forecasting accuracy and ability



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*

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