

Southern Colorado Economic Forum



**Prosperity in the
Age of Decline**

 **ITR ECONOMICS**

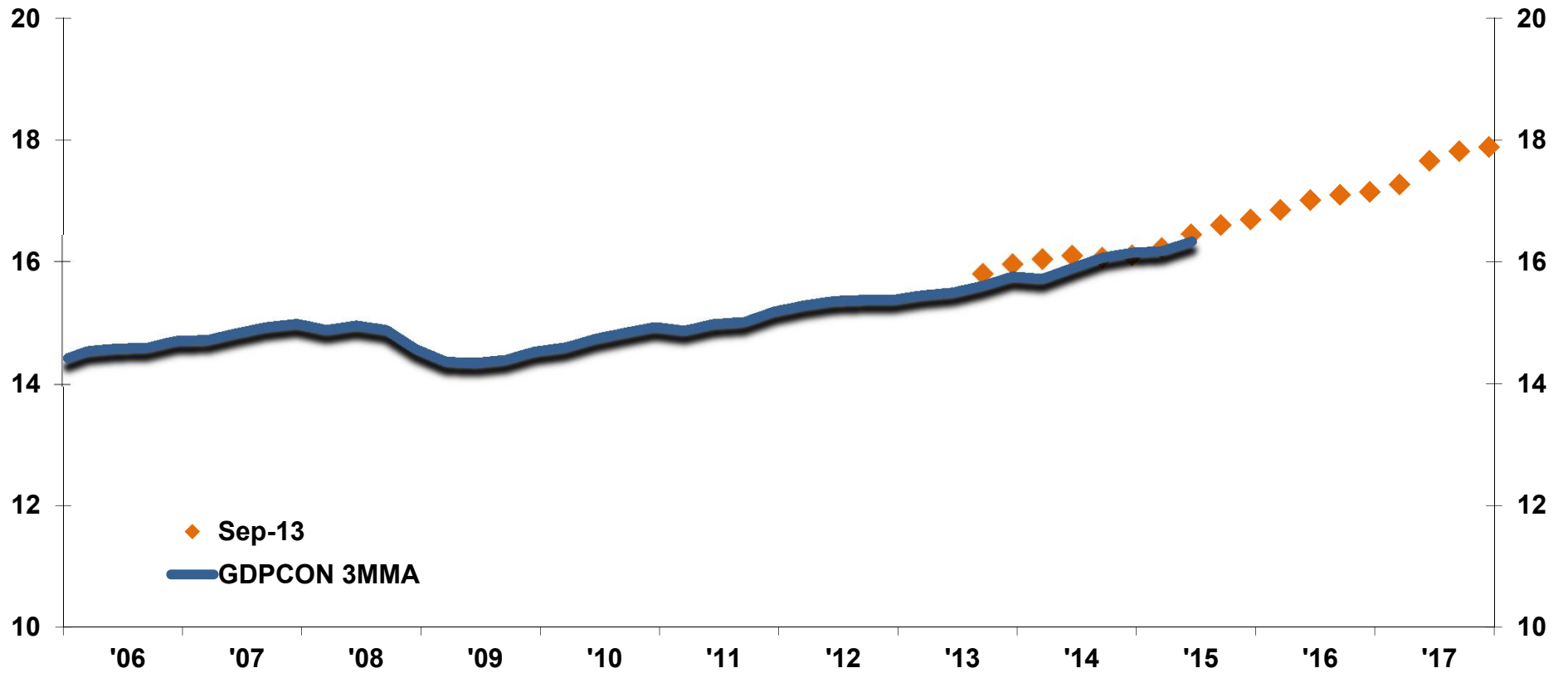
**Brian Beaulieu
CEO**

2014 Forecast Results

	Duration	Forecast	Result	Accuracy
US GDP	15	\$16.098 Trillion	\$16.317 Trillion	98.7%
US Ind. Prod.	13	101.5 (12MMA)	104.1	97.4%
EU Ind. Prod.	14	100.6 (12MMA)	101.5	99.1%
Canada Ind Prod	9	350.1 (12MMA)	C\$357.1	98.0%
China Ind Prod	21	564.9 (12MMA)	563.6	99.8%
US Housing	12	955 Ths. Units	1.0 mils. Units	94.7%
US Retail Sales	16	\$2.751 Trillion	\$2.808 Trillion	98.0%
US Employment	13	144.9 Million	146.3 Million	99.0%

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

Real Gross Domestic Product



Data Preparation

	Raw	3MMT	3/12	12MMT	12/12
Nov-13	1.4				
Dec-13	1.5				
Jan-14	1.5	4.4			
Feb-14	1.4	4.4			
Mar-14	1.5	4.4			
Apr-14	1.3	4.2			
May-14	1.3	4.1			
Jun-14	1.6	4.2			
Jul-14	1.6	4.5			
Aug-14	1.5	4.7			
Sep-14	1.7	4.8			
Oct-14	1.6	4.8		18.0	
Nov-14	1.7	5.0		18.2	
Dec-14	1.7	5.0		18.4	
Jan-15	1.7	5.1	15.9%	18.6	
Feb-15	1.6	5.0	13.6%	18.8	
Mar-15	1.7	5.0	13.6%	19.0	26.7%
Apr-15	1.5	4.8	14.3%	19.2	25.5%
May-15	1.5	4.7	14.6%	19.4	25.2%
Jun-15	1.9	4.9	16.7%	19.7	22.4%
Jul-15	1.7	5.1	13.3%	19.8	20.0%
Aug-15	1.7	5.3	12.8%	20.0	18.3%
Sep-15	1.9	5.3	10.4%	20.2	15.4%
Oct-15	1.7	5.3	10.4%	20.3	12.7%

3/12 Rate-of-Change

$$= \frac{\text{October 2015 3MMT}}{\text{October 2014 3MMT}} \times 100 - 100$$

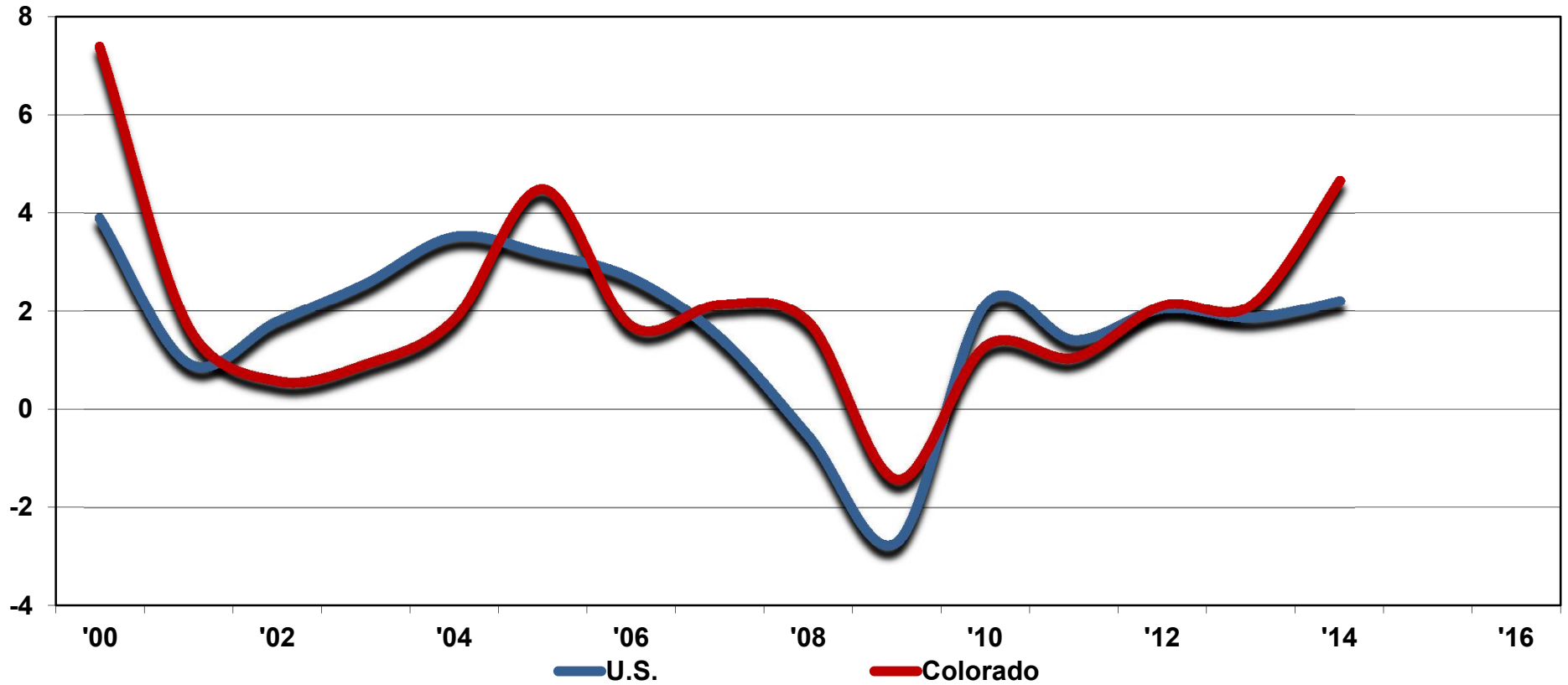
$$= \frac{5.3}{4.8} \times 100 - 100 = 10.4\%$$

12/12 Rate-of-Change

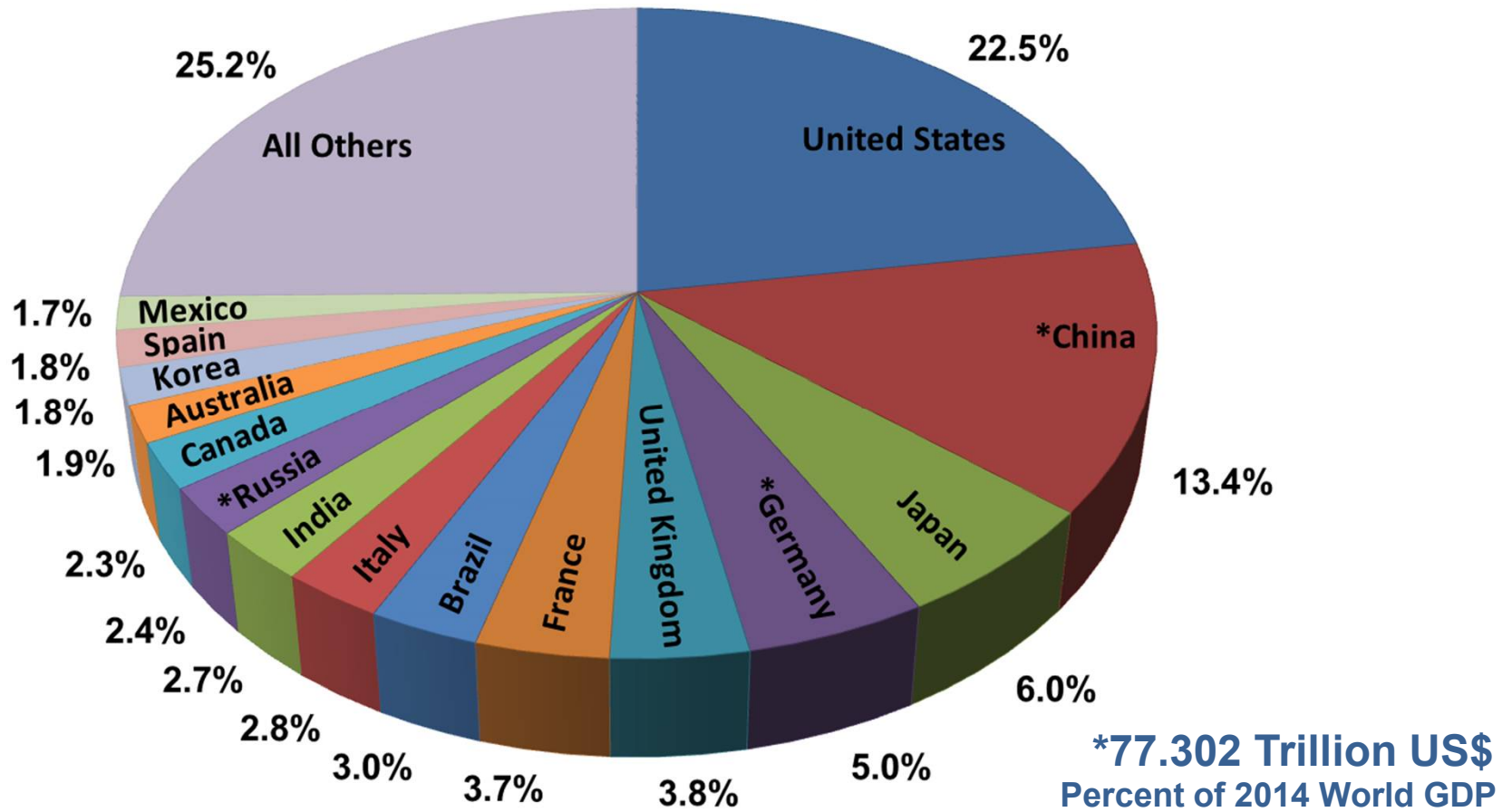
$$= \frac{\text{October 2015 12MMT}}{\text{October 2014 12MMT}} \times 100 - 100$$

$$= \frac{20.3}{18.0} \times 100 - 100 = 12.7\%$$

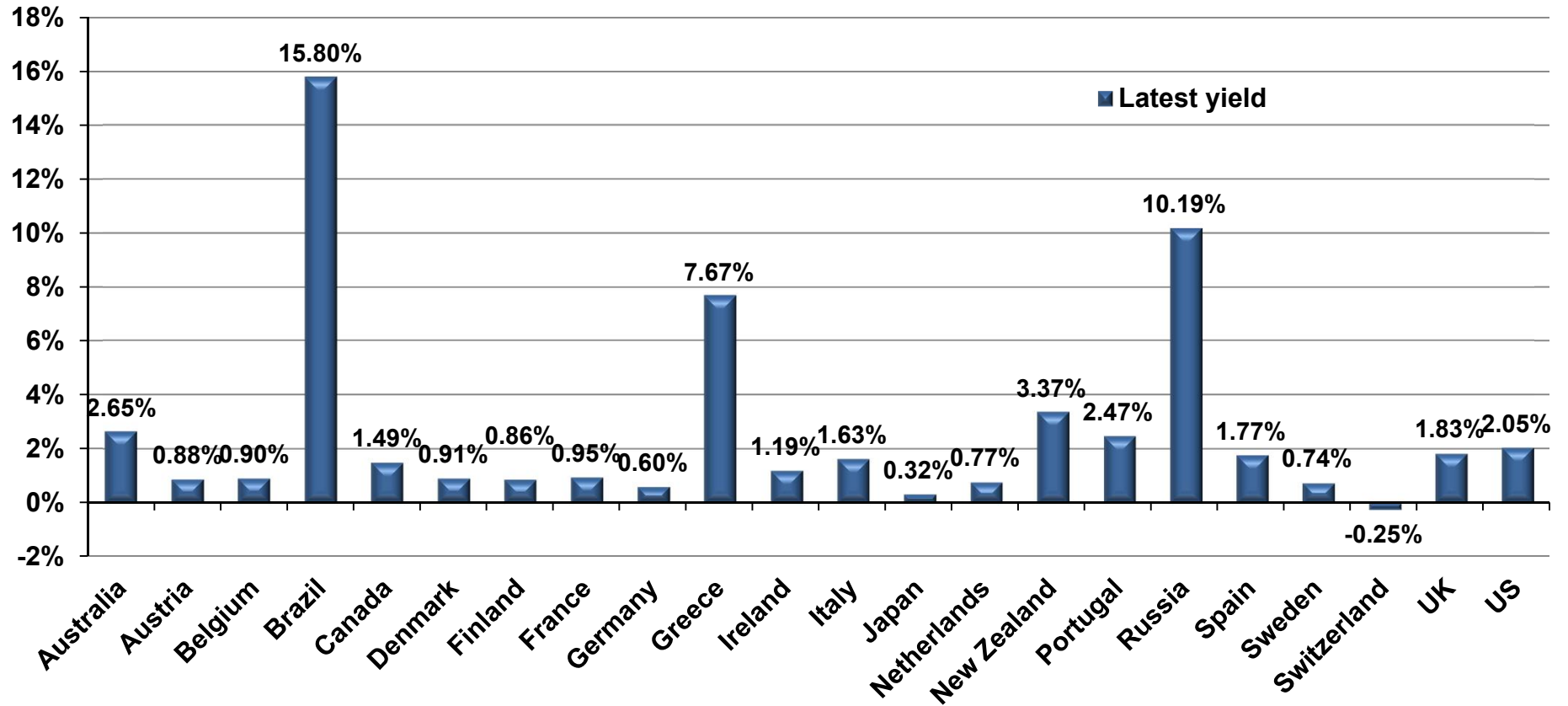
US, Colorado and the Rocky Mountains Annual GSP Growth Rate



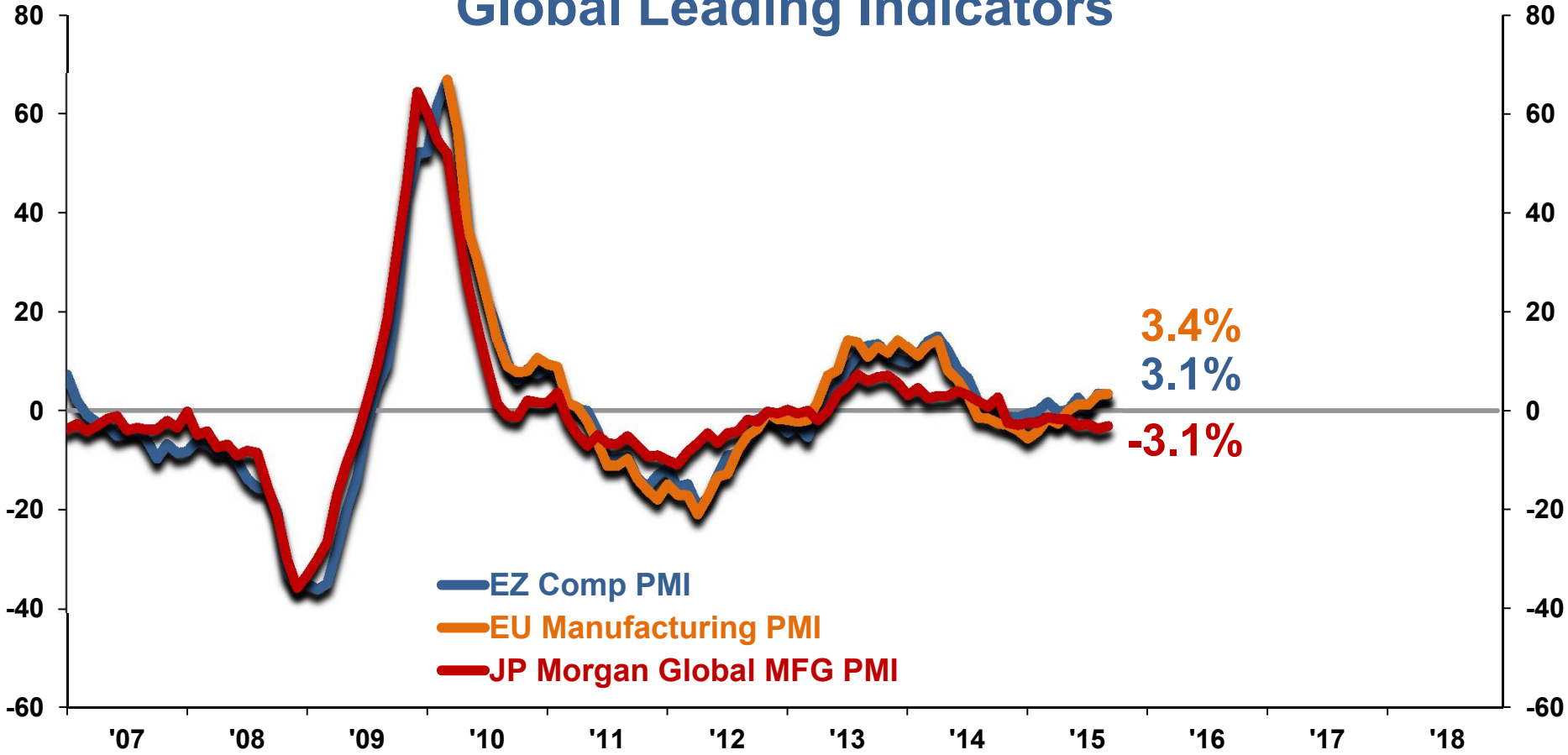
World GDP, Trillions of US \$, Current Prices



Interest Rates for Long-Term Government Bonds

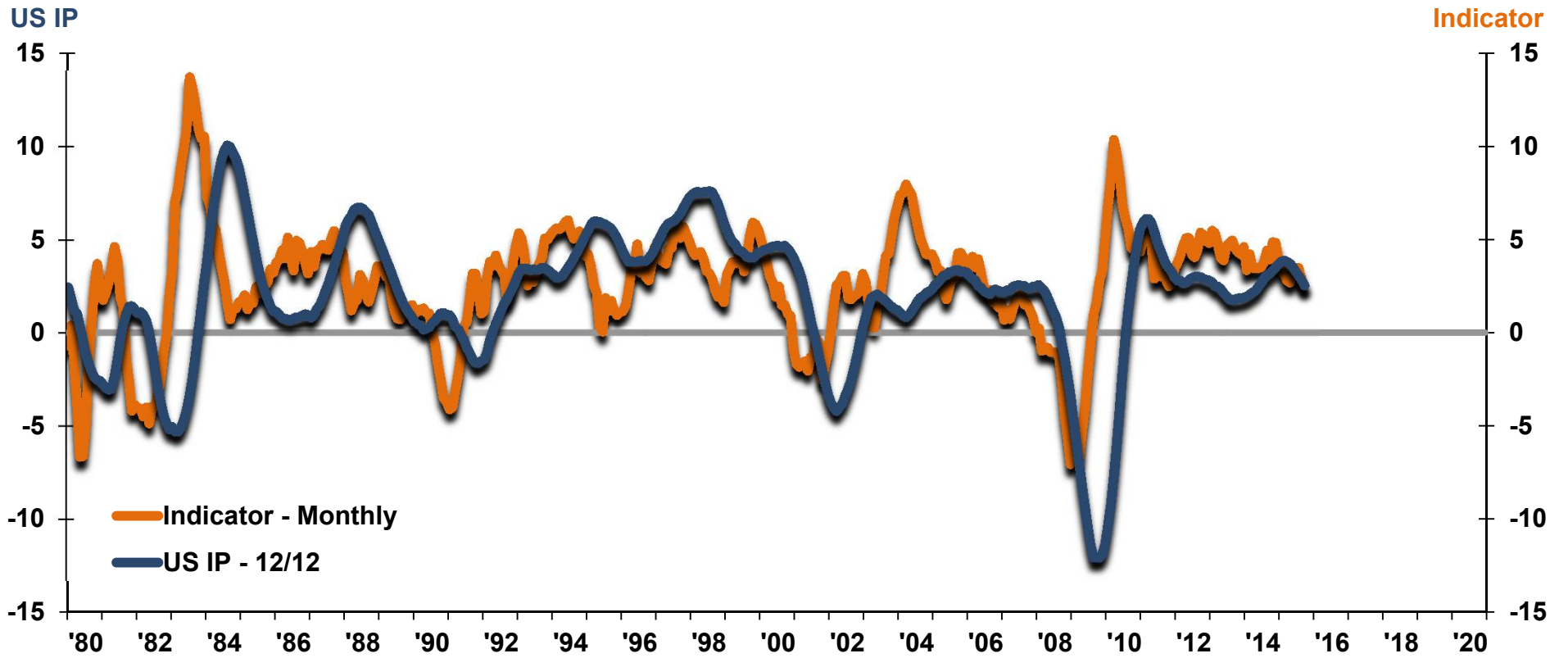


Global Leading Indicators

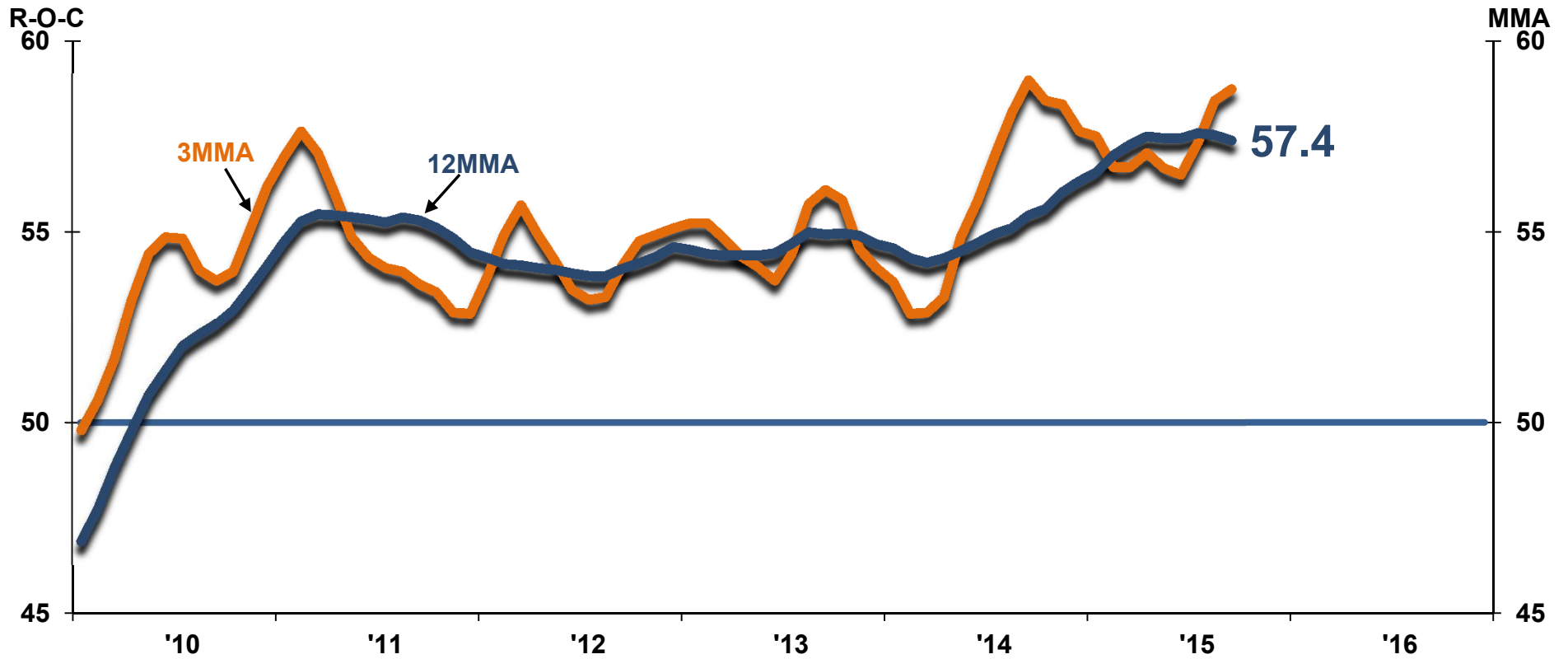


US Industrial Production to ITR Leading Indicator™

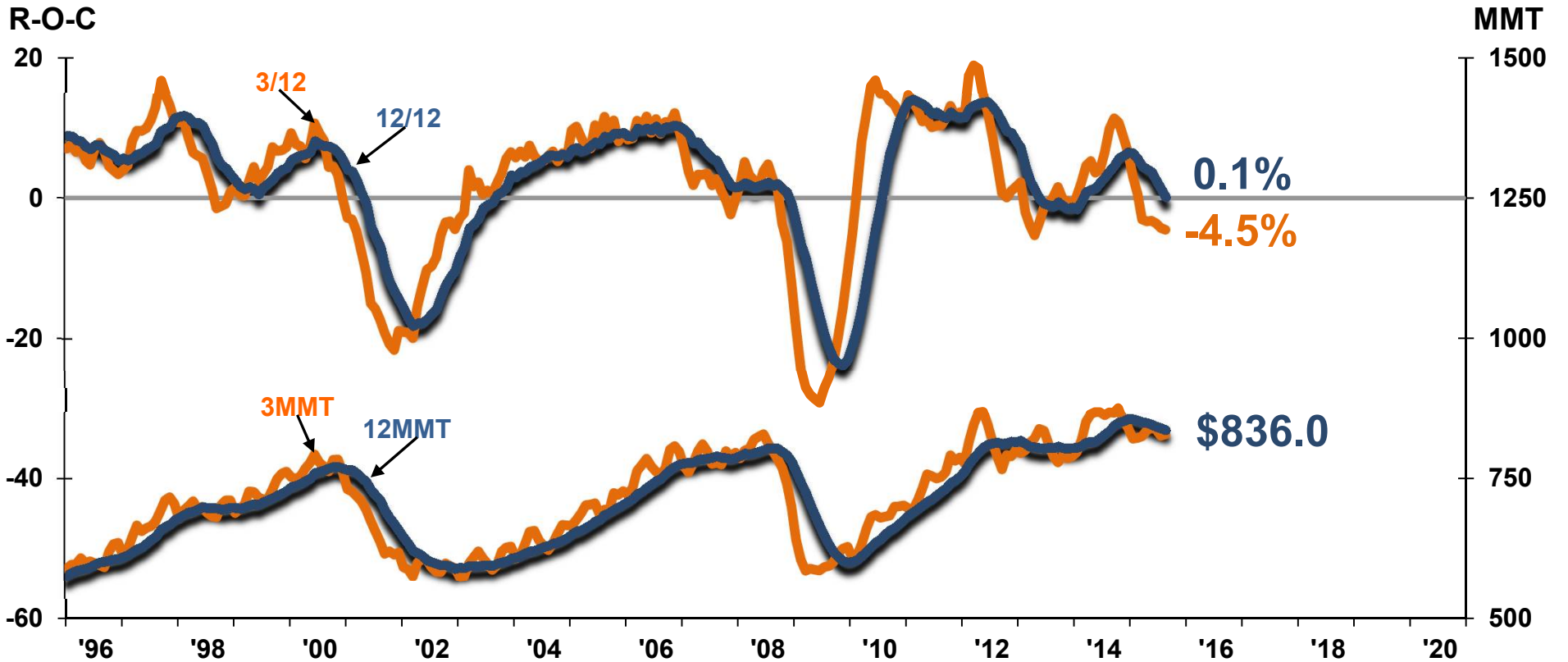
Reported in *ITR Trends Report – ITR Advisor*



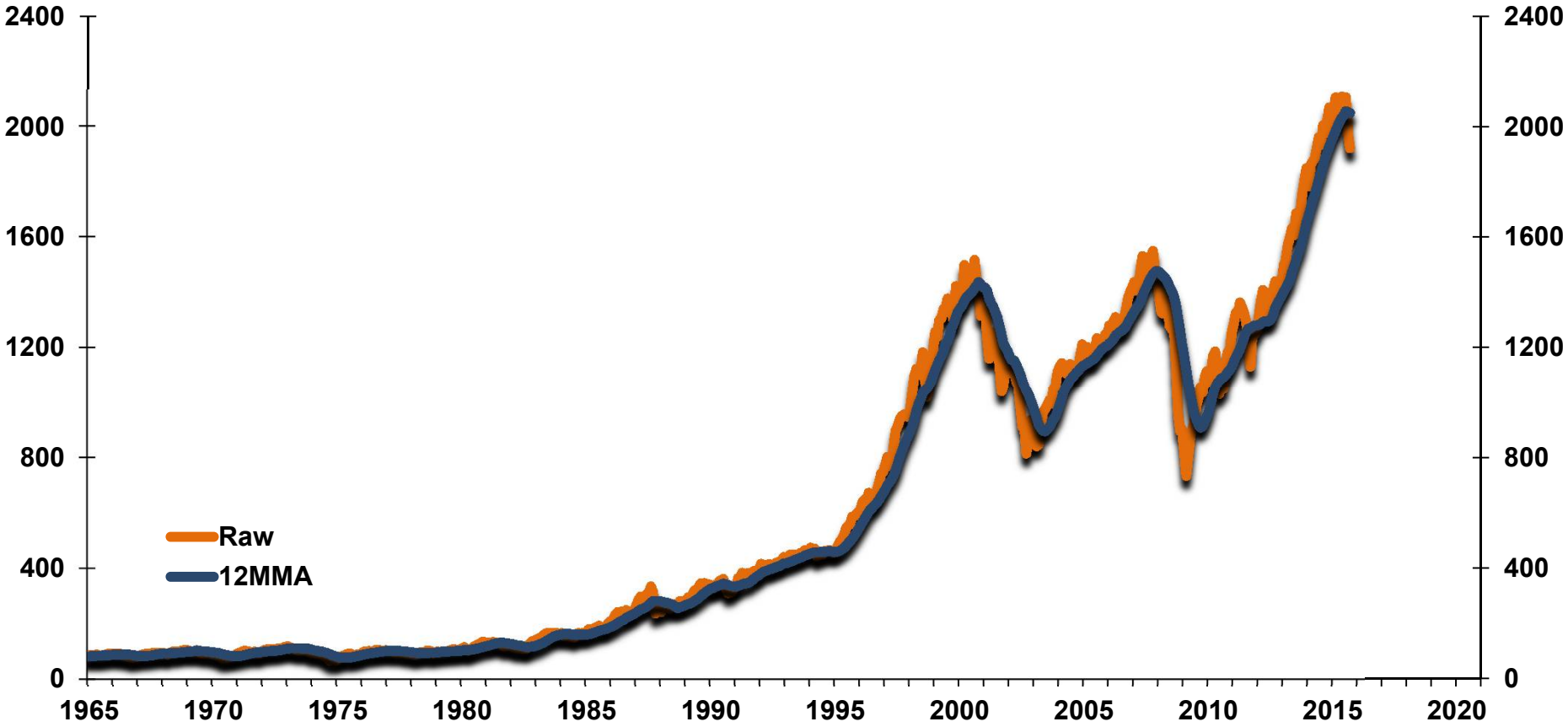
Non-Manufacturing Purchasing Managers Index



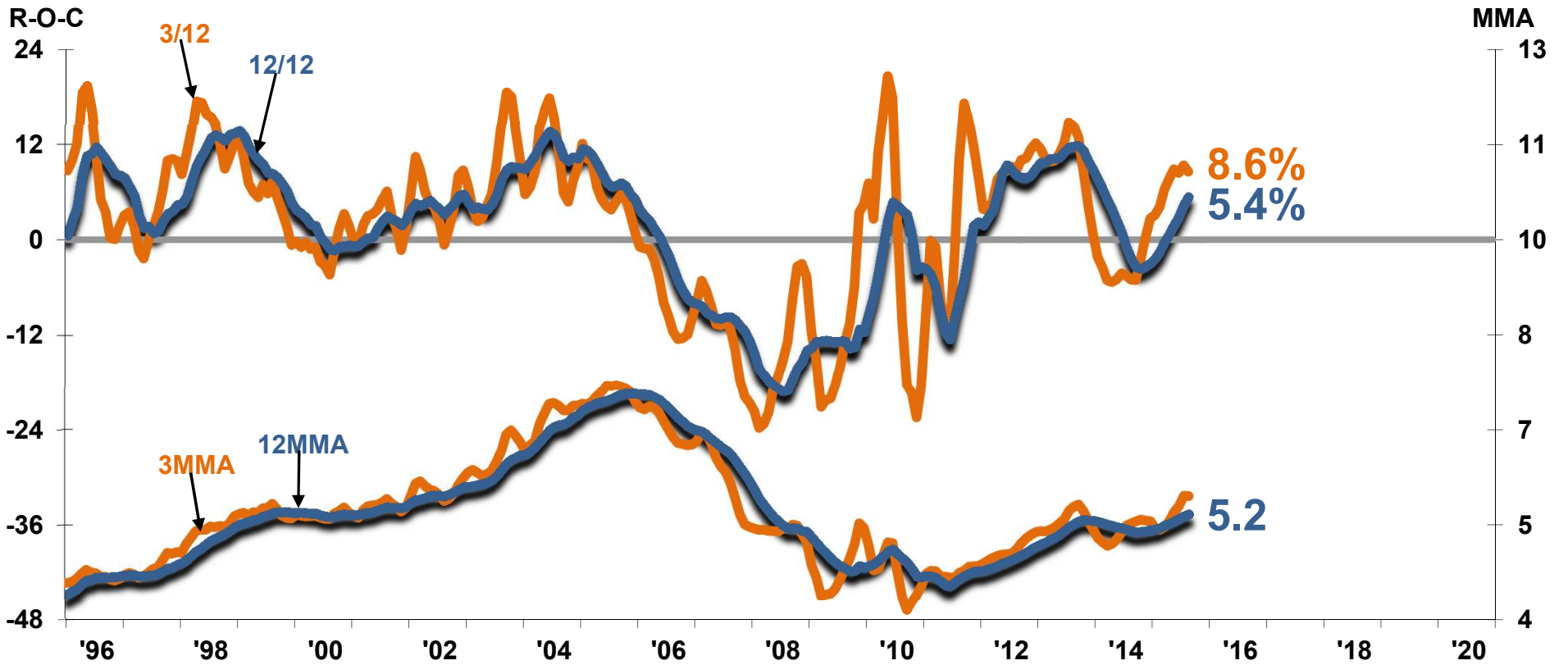
Nondefense Capital Goods New Orders w/o Aircraft



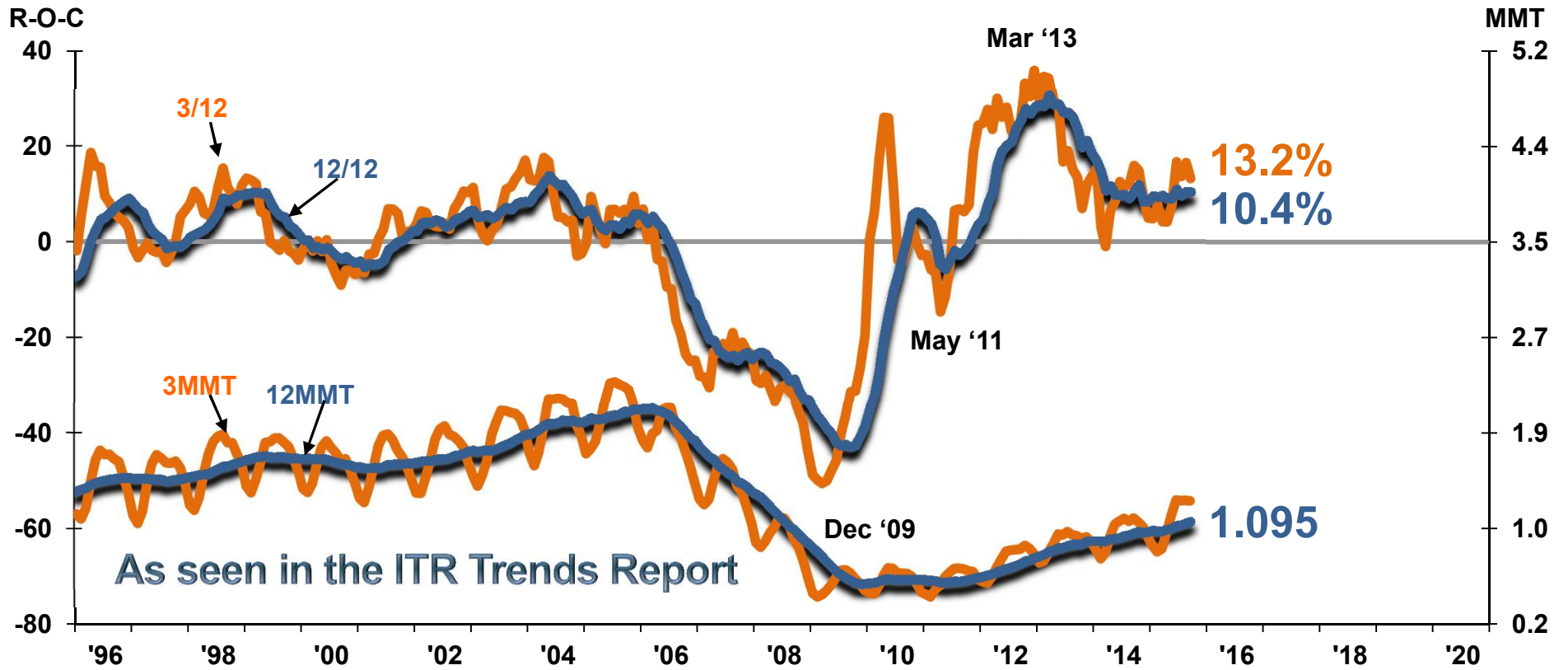
S&P500 Stock Prices Index



Existing Home Sales

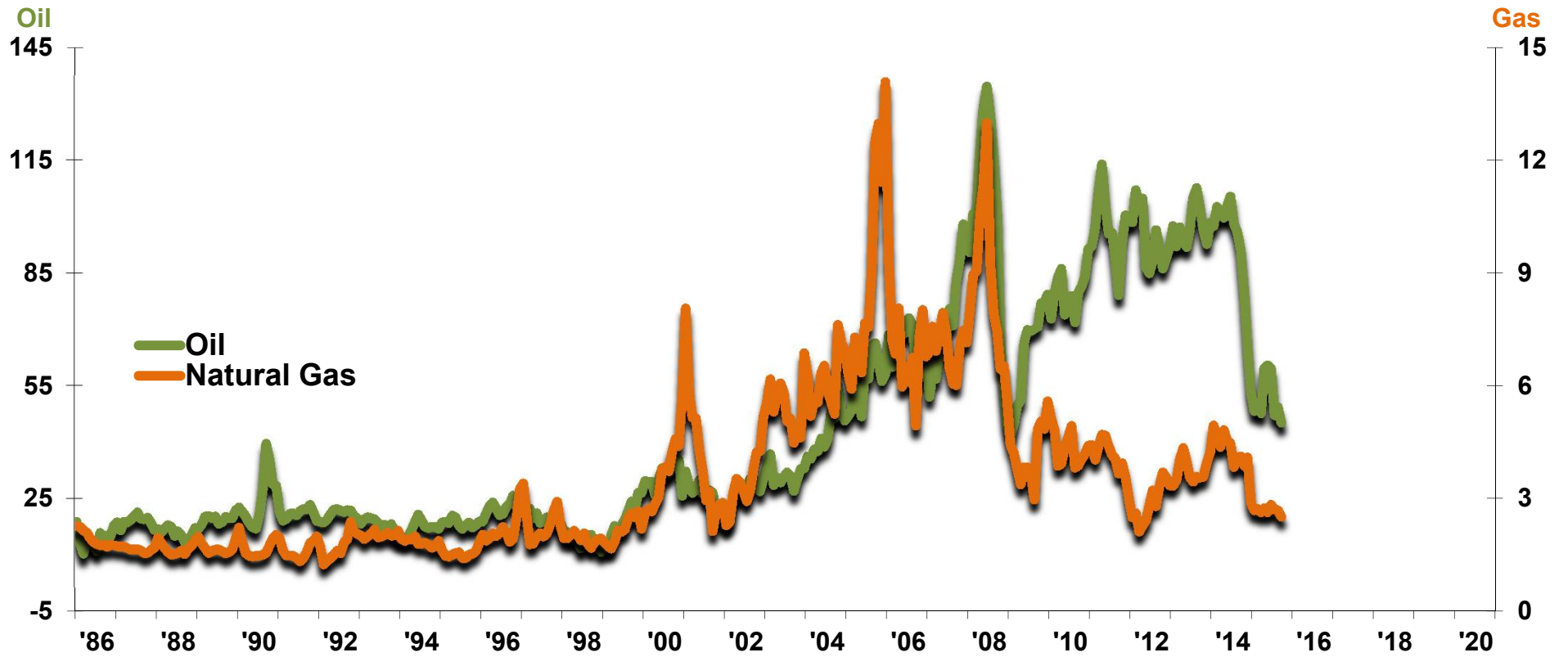


Housing Starts

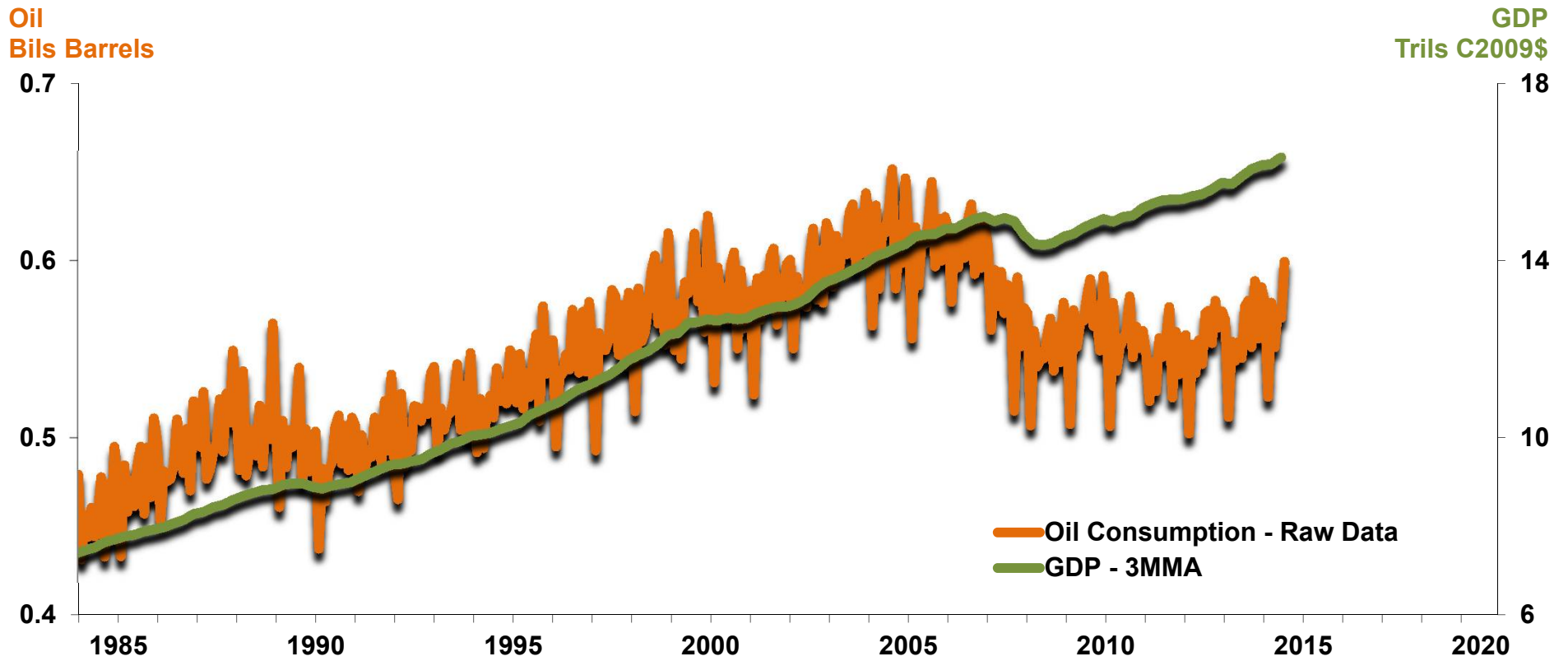


As seen in the ITR Trends Report

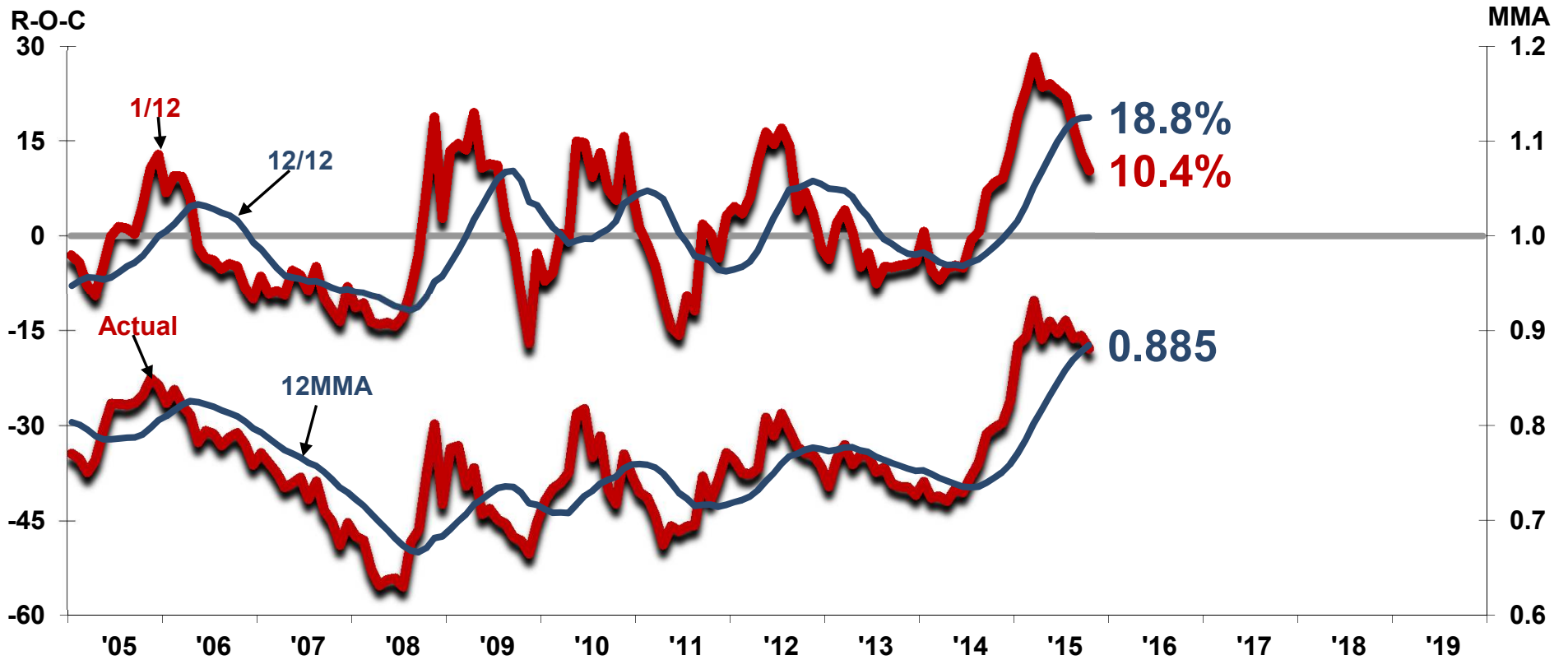
Crude Oil Futures Prices to Natural Gas Future Prices



US Consumption of Crude Oil & Petroleum Products to Real Gross Domestic Product



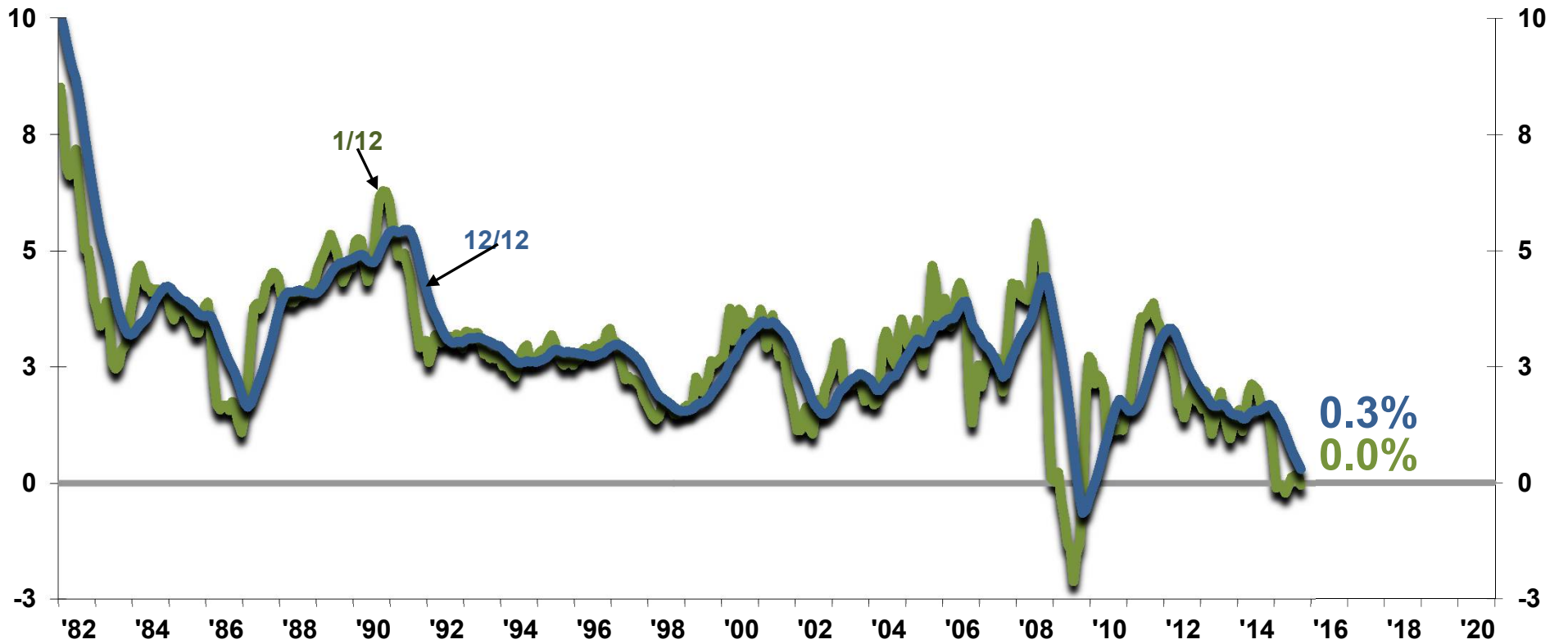
Euros per US Dollars



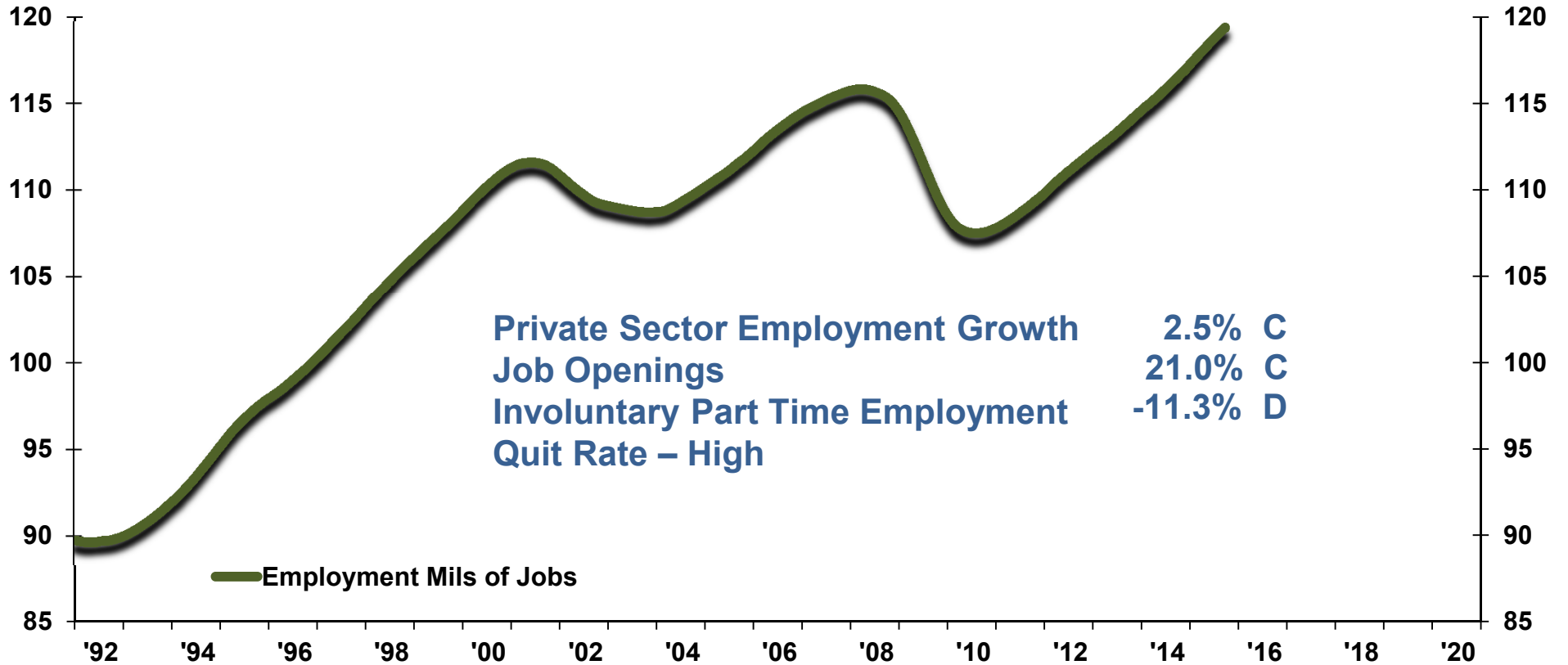
Business Cycle Drivers



Consumer Price Index



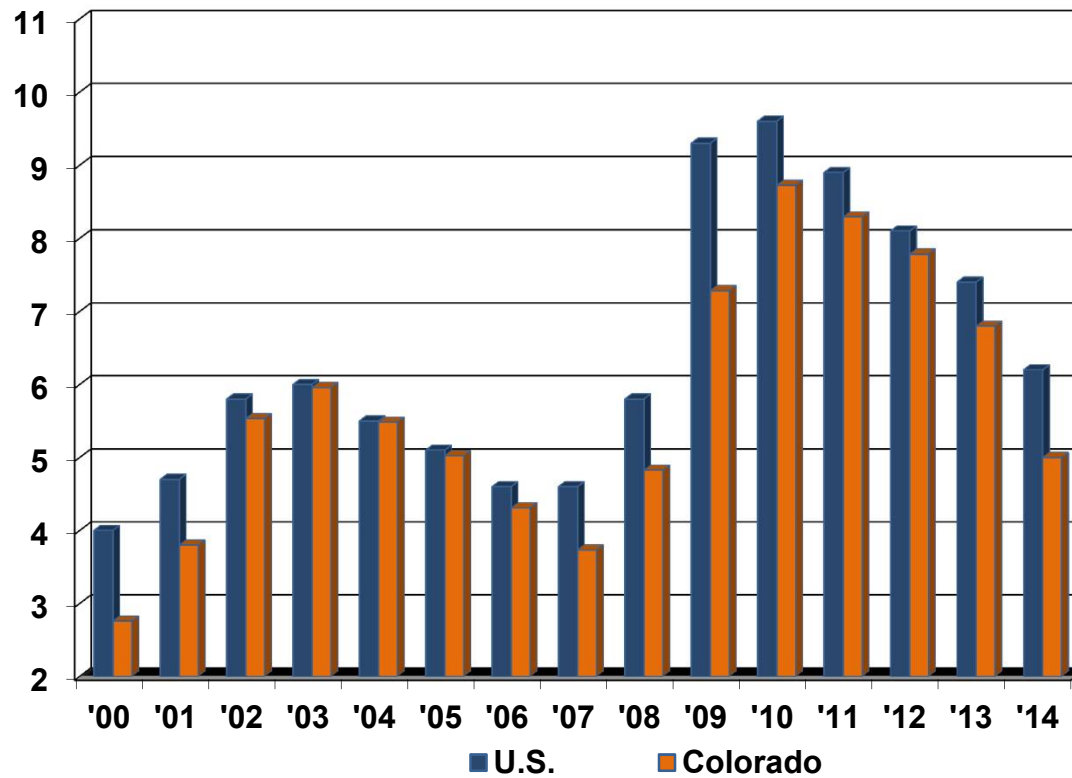
Employment – Private Sector



Private Sector Employment Growth 2.5% C
Job Openings 21.0% C
Involuntary Part Time Employment -11.3% D
Quit Rate – High

— Employment Mils of Jobs

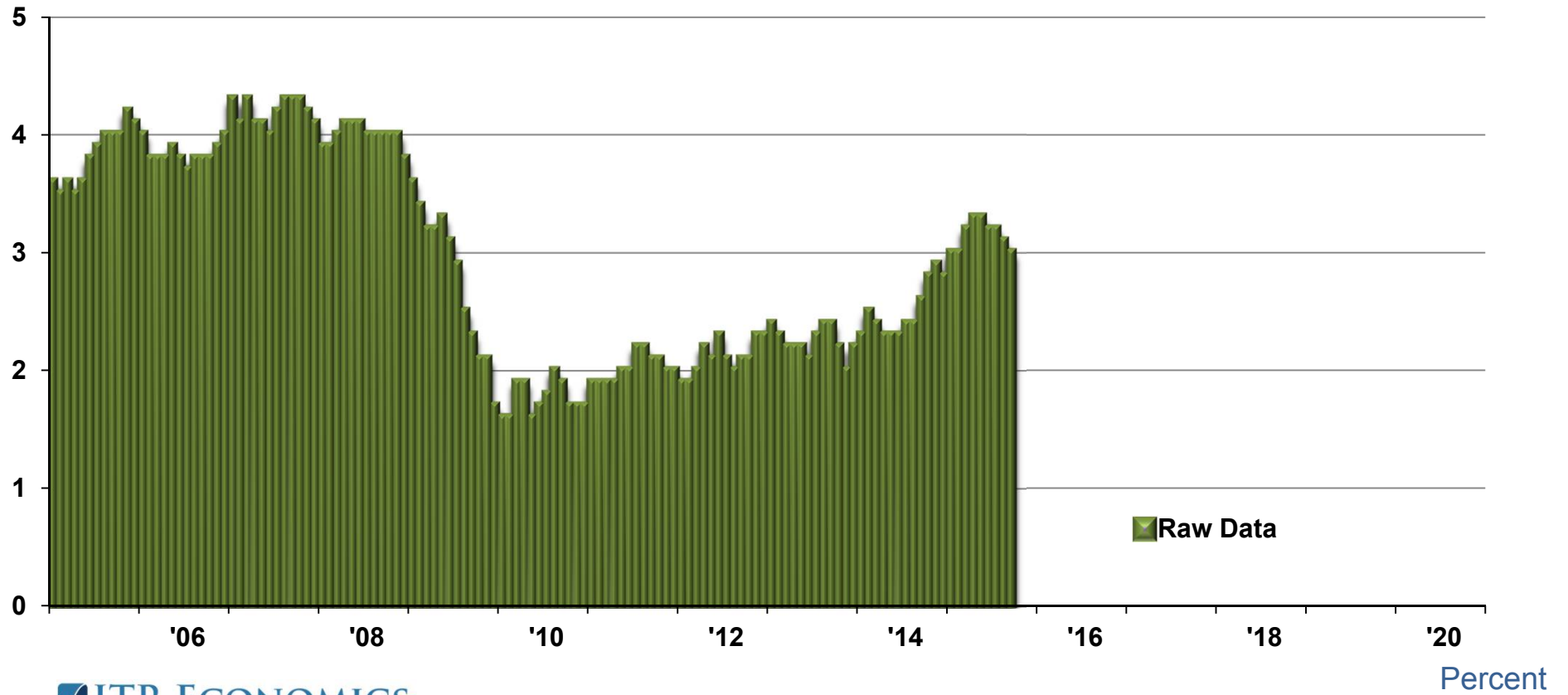
Colorado Unemployment Rate



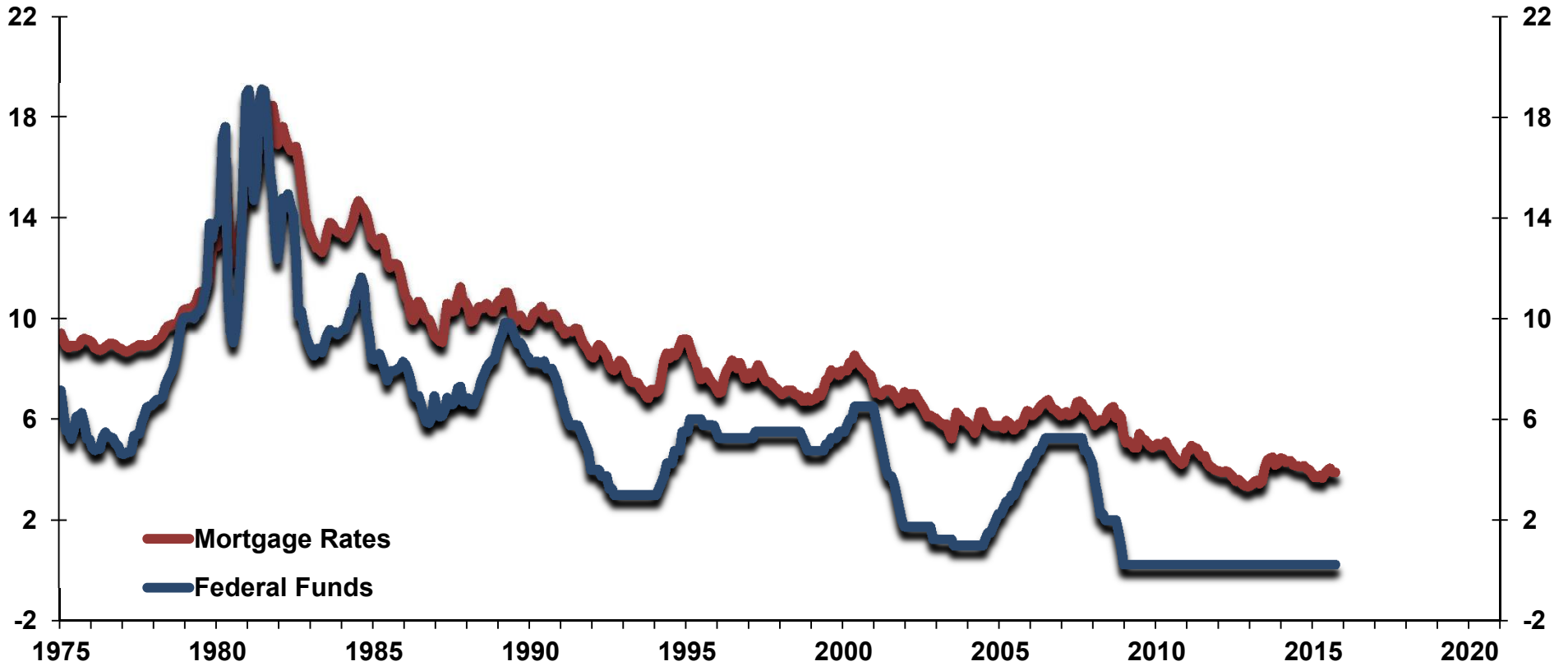
Sept 2015

5.1 US
4.0 CO

US Overall Wage Growth

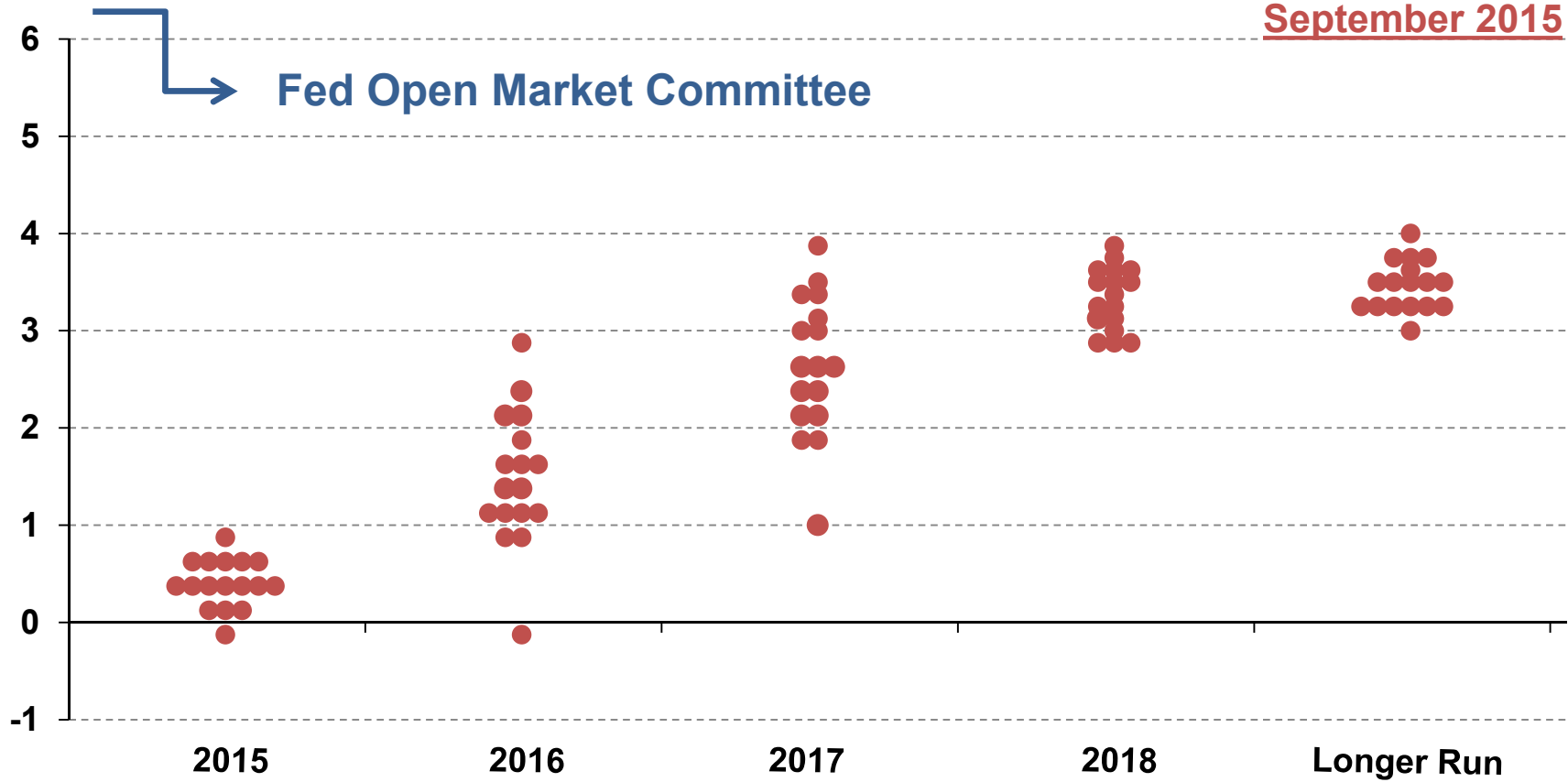


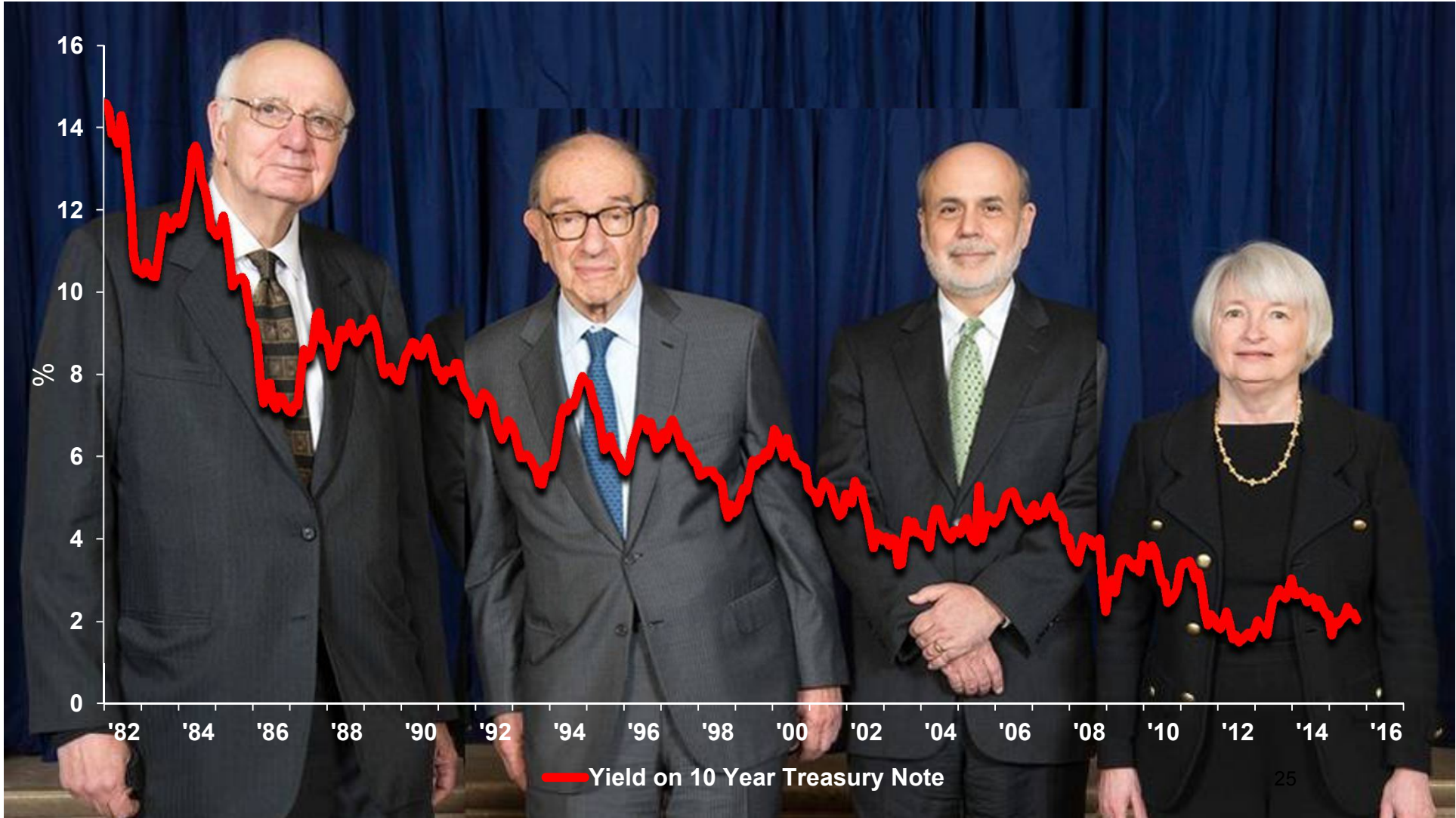
Mortgage Rates to Federal Funds



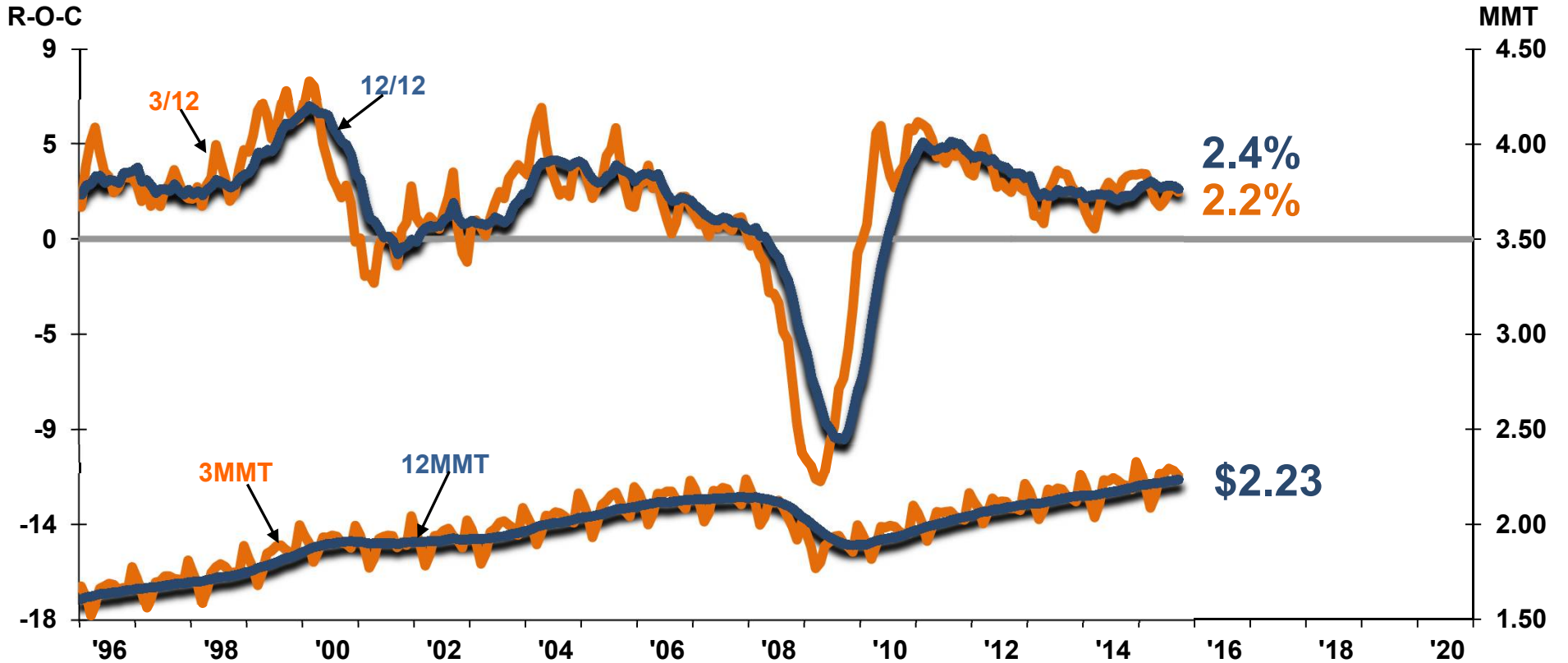
FOMC Member Interest Rate Projections

September 2015

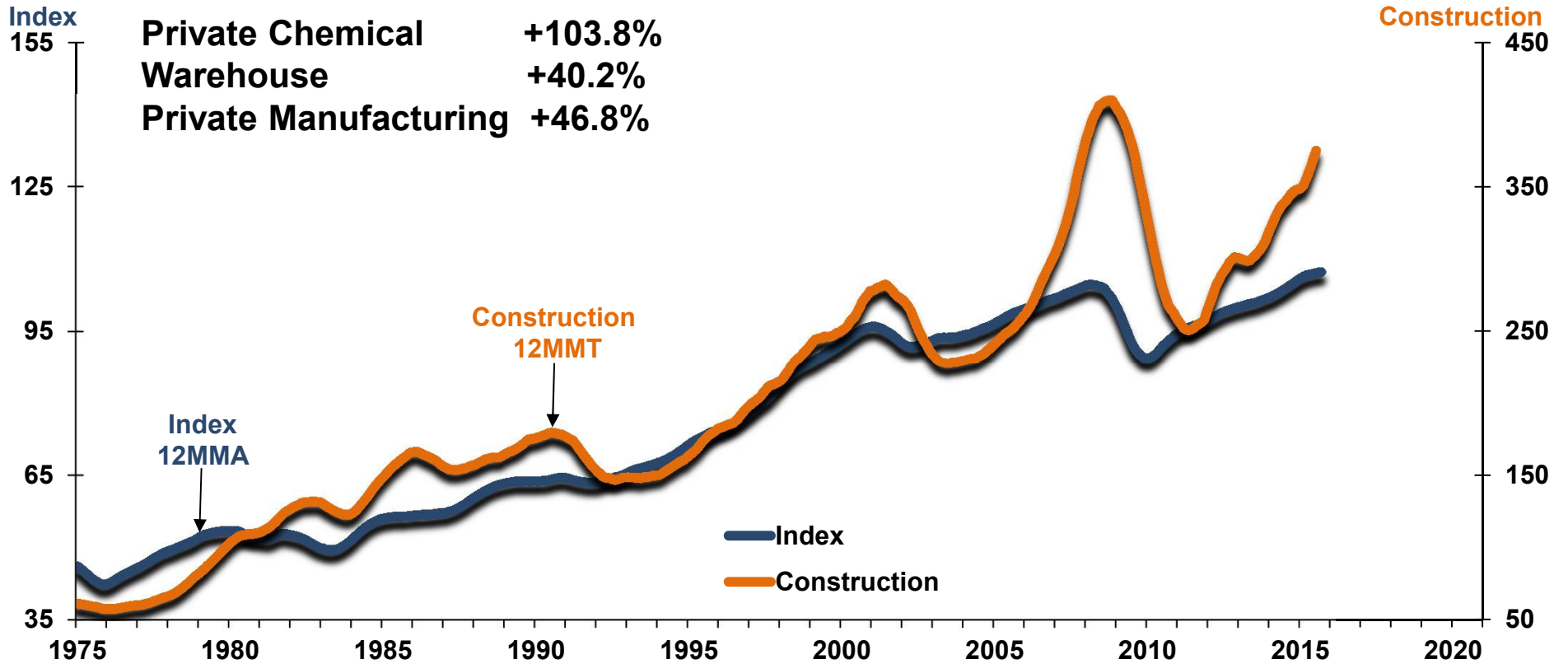




Total Retail Sales (deflated)



US Industrial Production to Non-Residential Construction

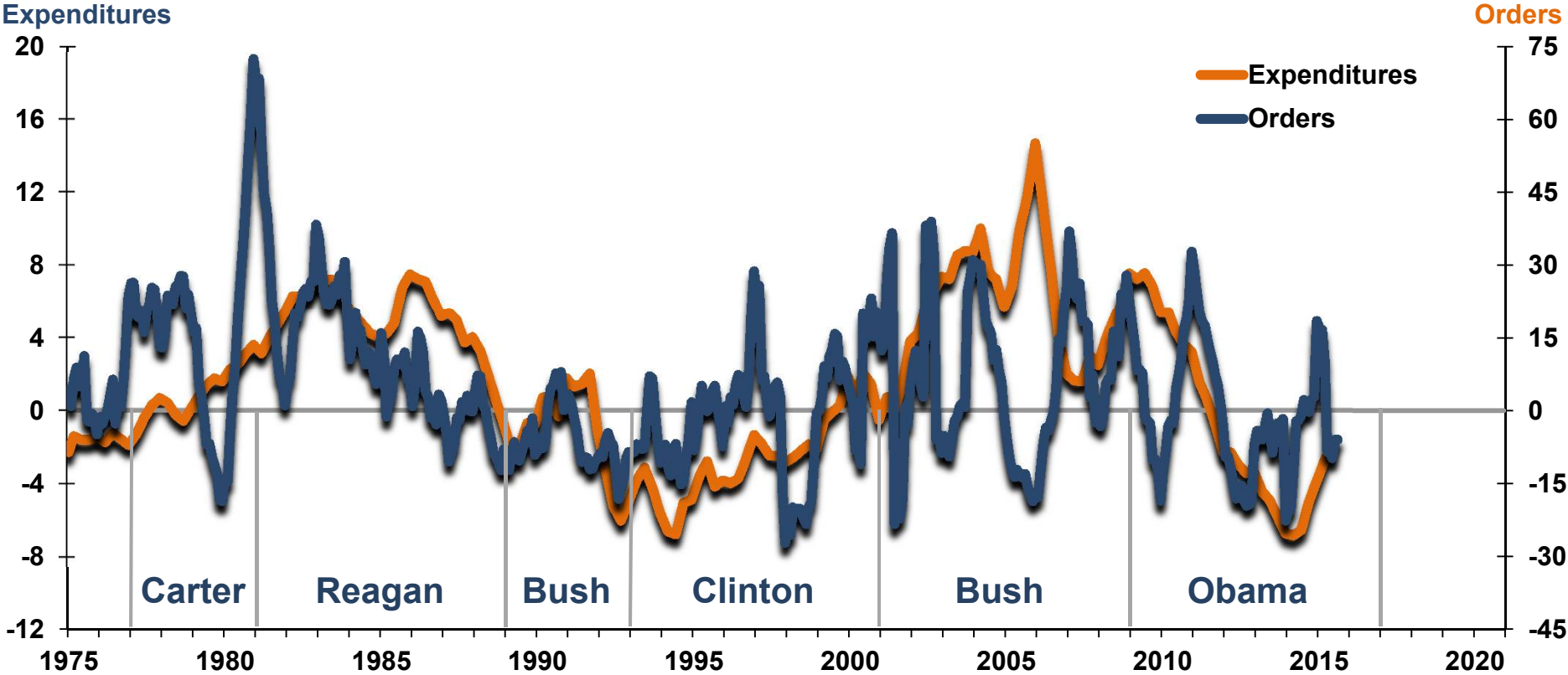




Source: Board of Governors of the Federal Reserve System (US)

Shaded areas indicate US recessions - 2015 research.stlouisfed.org

National Defense Expenditures to Defense Capital Goods New Orders



Long-Term Depression Drivers

- **Demographics** 2030 - 2040
- **Inflation**
- **Health Care Costs / Entitlements**
- **US National Debt**

Look for More Opportunities in These Sectors

- ▶ Energy Distribution
- ▶ Water Distribution/Conservation
- ▶ Infrastructure / Seaports
- ▶ Vocational Education
- ▶ Health Care
- ▶ Food
- ▶ Mexico
- ▶ Housing
- ▶ Printed Electronics
- ▶ Robotics
- ▶ Security
- ▶ 3-D Printing
- ▶ Natural Resources (Harvesting/Conserving)
- ▶ Entertainment

ITR Management Objectives™
Preparing for the Rise Ahead

- 1. Budget for the rise...do you have enough....**
- 2. Invest in customer market research to reduce price sensitivity**
- 3. Make sure your training and retention programs are top notch**
- 4. Marketing and advertising spending increasingly effective**
- 5. Drive efficiencies with technology**
- 6. Hire sales people and leaders**
- 7. Lock in costs toward the middle of 2016**
- 8. Expand credit offerings to garner market share**
- 9. What are you going to do to avoid 2019?**

It's About YOU!
YOUR RISK,
YOUR PROFITABILITY



FREE Consultation
Contact us Today!

ITR@ITReconomics.com
603.796.2500