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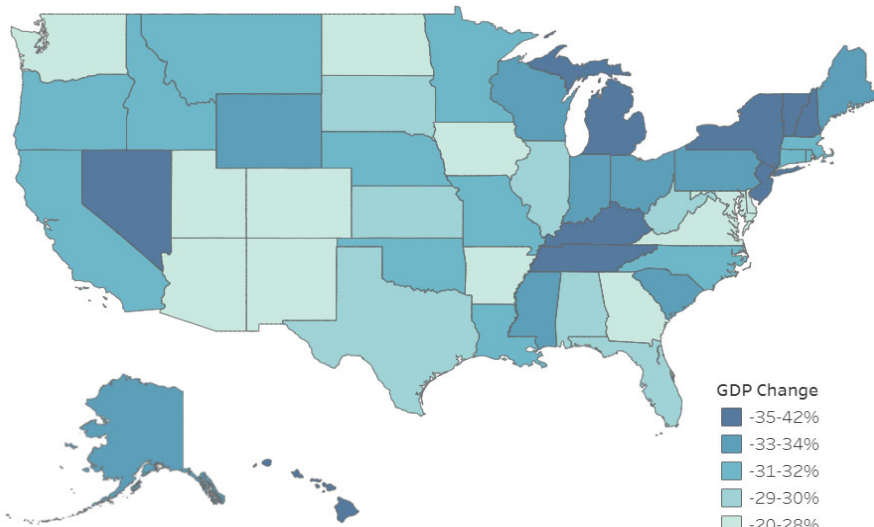
Guidance in an Uncertain Economy

Brian Beaulieu
CEO & Chief Economist



GDP Percent Change 2Q20 Y-O-Y

GDP Change



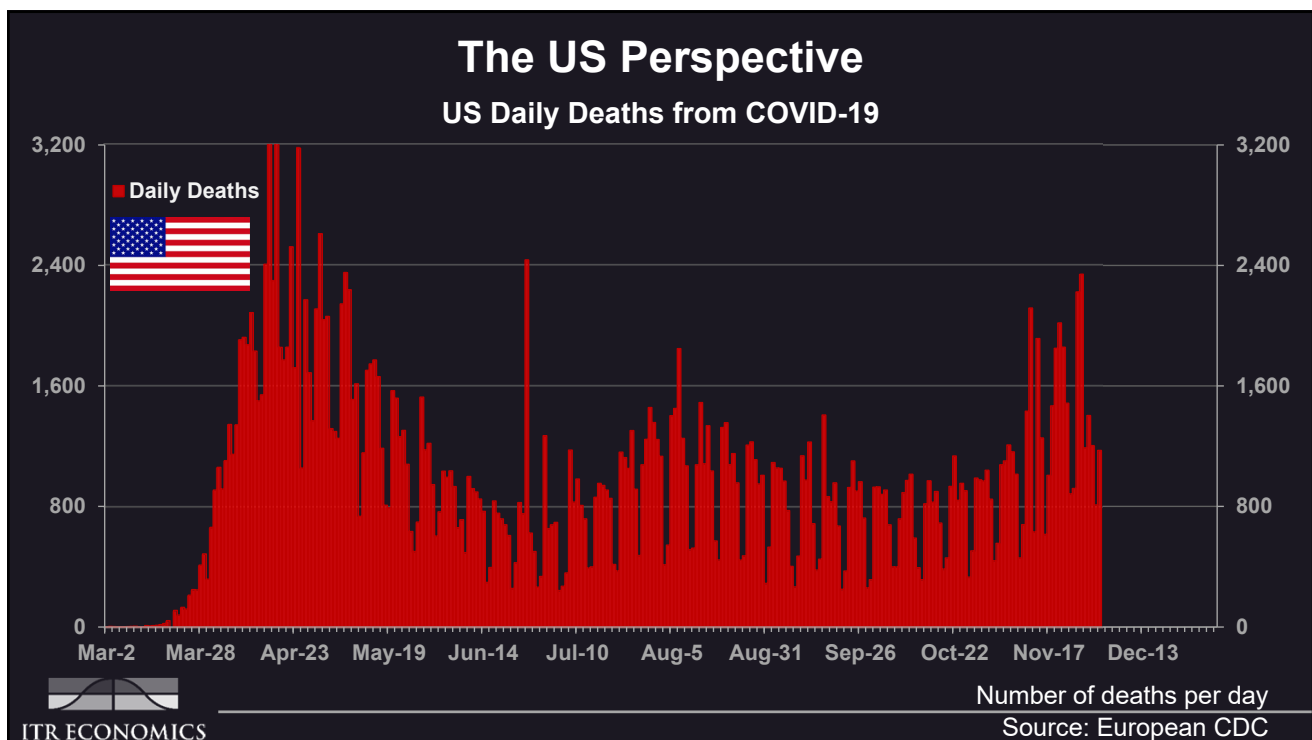
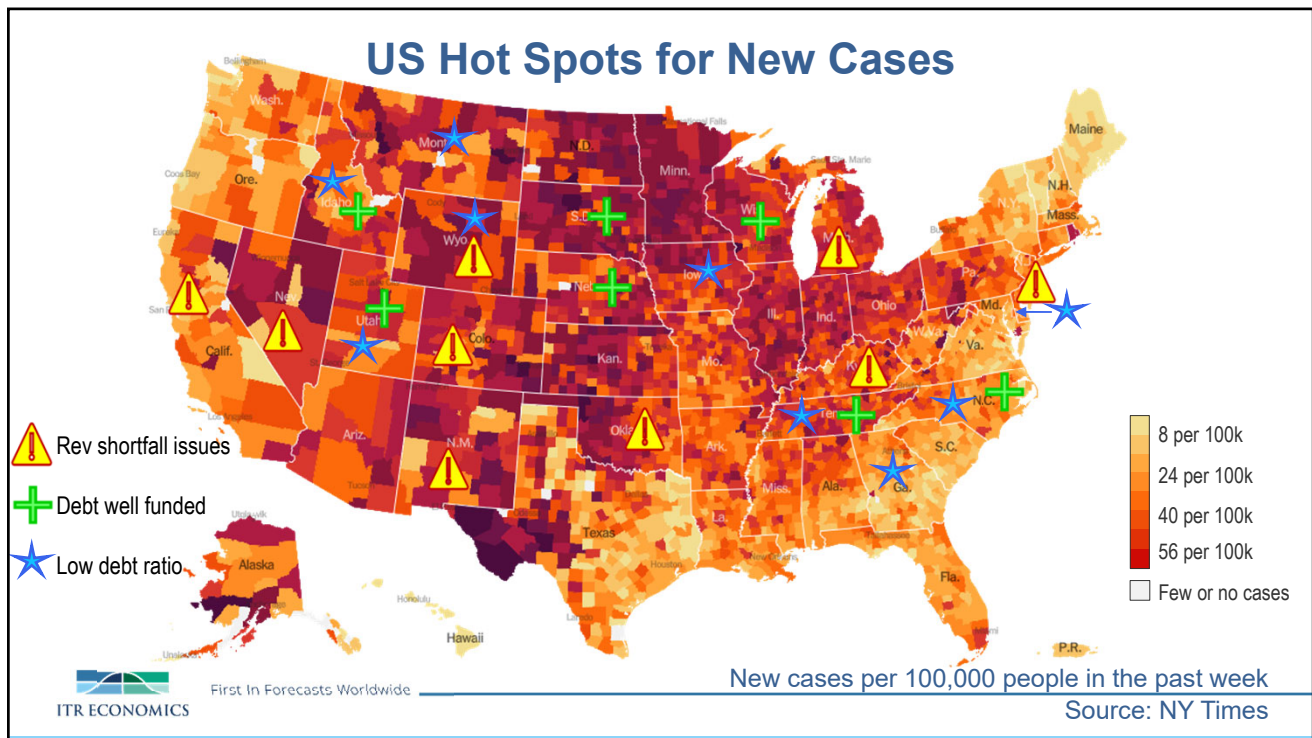
GDP Change
-35-42%
-33-34%
-31-32%
-29-30%
-20-28%



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Percent Change

Sources: US Bureau of Economic Analysis, Stateline Analysis





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Politics

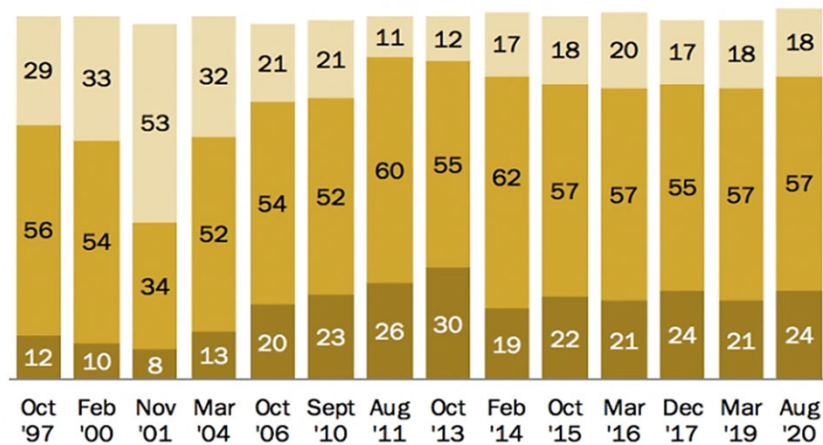


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Overall feelings toward the federal government have been steady in recent years

Feeling Toward the Federal Government (%)

■ Angry ■ Frustrated ■ Basically content

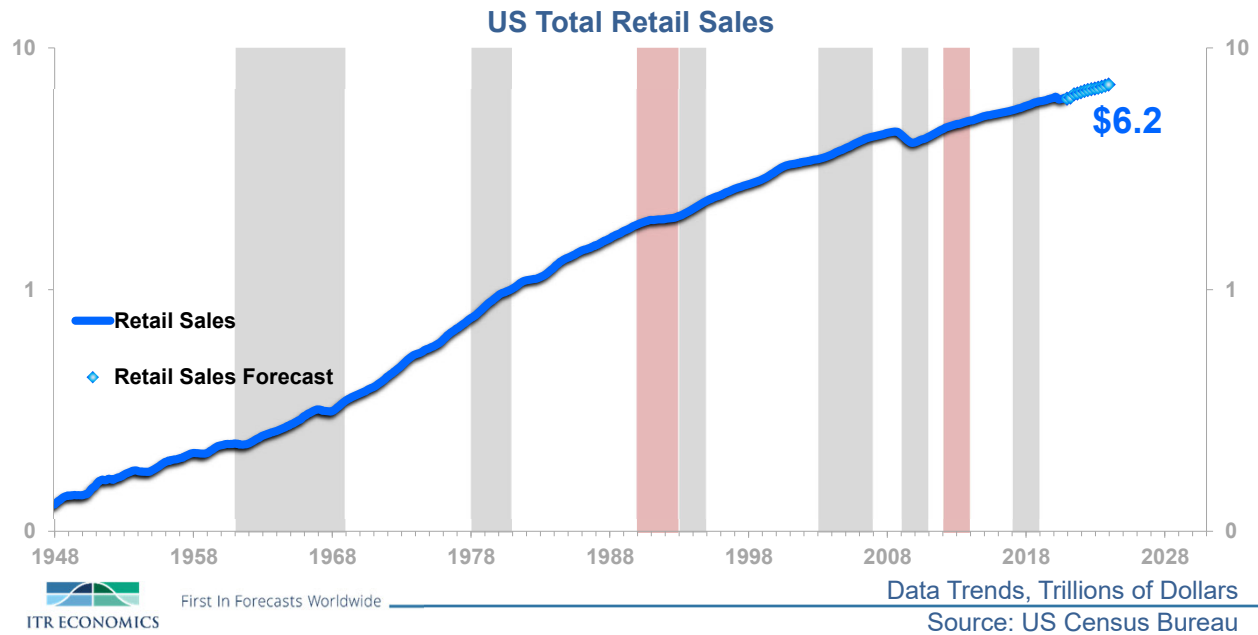


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Survey of adults conducted Jul 27-Aug 2, 2020

Source: Pew Research Center

It Never Pays to Count the Consumer Out



TAUC TALKS
The Association of Union Constructors

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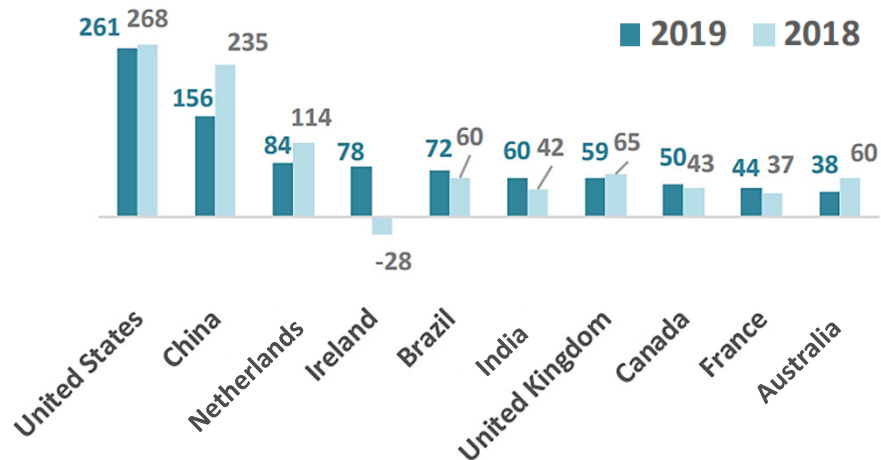
Milwaukee **PROCORE**

Global Relationships

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US Tops the List of FDI Recipients

FDI Inflows, Top 10 Major FDI Recipients in 2019



Where the Money is Coming From

Foreign Direct Investment into the US

Top 15 Countries of Origin Investing in the US (based on 2019 total dollars)

1. Germany	\$ 42.1	6. Australia	\$ 16.2	11. Luxembourg	\$ 5.6
2. Japan	\$ 38.5	7. Netherlands	\$ 13.1	12. S. Korea	\$ 5.3
3. Canada	\$ 36.5	8. Switzerland	\$ 11.3	13. China	\$ 4.3
4. UK	\$ 23.2	9. France	\$ 7.7	14. Spain	\$ 3.2
5. Bermuda	\$ 21.5	10. UK Islands*	\$ 5.6	15. Belgium	\$ 3.1

FDI: Over 40 countries invested in the US

*The "UK Islands, Caribbean" includes British Virgin Islands, Cayman Islands, Montserrat, and Turks and Caicos Islands.

\$237.2

Where US Companies Are Investing

US Direct Investment Abroad

Top 15 Countries US Companies Are Investing In (based on 2019 total dollars)

1. UK	\$ 32.0	6. Switzerland	\$ 13.7	11. Mexico	\$ 4.5
2. Canada	\$ 29.9	7. Luxembourg	\$ 12.2	12. Barbados	\$ 4.1
3. Singapore	\$ 27.8	8. China	\$ 7.5	13. India	\$ 3.9
4. UK Islands*	\$ 21.3	9. Japan	\$ 6.0	14. Belgium	\$ 3.7
5. Germany	\$ 14.4	10. Netherlands	\$ 5.5	15. France	\$ 3.5

Investment Abroad: US invested in over 57 countries

*The "UK Islands, Caribbean" includes British Virgin Islands, Cayman Islands, Montserrat, and Turks and Caicos Islands. \$190.0



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Billions of Dollars

Source: BEA

The South Wins by a Landslide

By US Region, Reshoring and FDI 2010-2018

US Region	Jobs	Companies	% of Total Jobs
South	408,422	1831	58%
Midwest	146,689	866	21%
Northeast	72,791	615	10%
West	72,639	505	10%



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Source: Reshoring Initiative®

Where They Are Going in the US

Top 15 by State, Reshoring and FDI 2010-2018

Rank	State	Jobs	Companies	Rank	State	Jobs	Companies
1.	SC	81,527	345	9.	OH	30,884	233
2.	TN	52,696	225	10.	KY	25,024	146
3.	MI	45,929	248	11.	IN	25,012	192
4.	GA	42,894	212	12.	NV	21,197	17
5.	AL	42,749	174	13.	VA	19,158	131
6.	NC	40,192	298	14.	LA	18,397	78
7.	TX	39,788	239	15.	AZ	17,981	44
8.	NY	31,544	299				



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To find out where your state ranks, e-mail itr@itreconomics.com

Source: Reshoring Initiative®

China is the World's #1 Manufacturer

Top 10 Manufacturing Countries in the World

Country Rank

1. China 28.4%		6. India 3.0%	
2. US 16.6%		7. Italy 2.3%	
3. Japan 7.2%		8. France 1.9%	
4. Germany 5.8%		9. UK 1.8%	
5. S. Korea 3.3%		10. Mexico 1.5%	

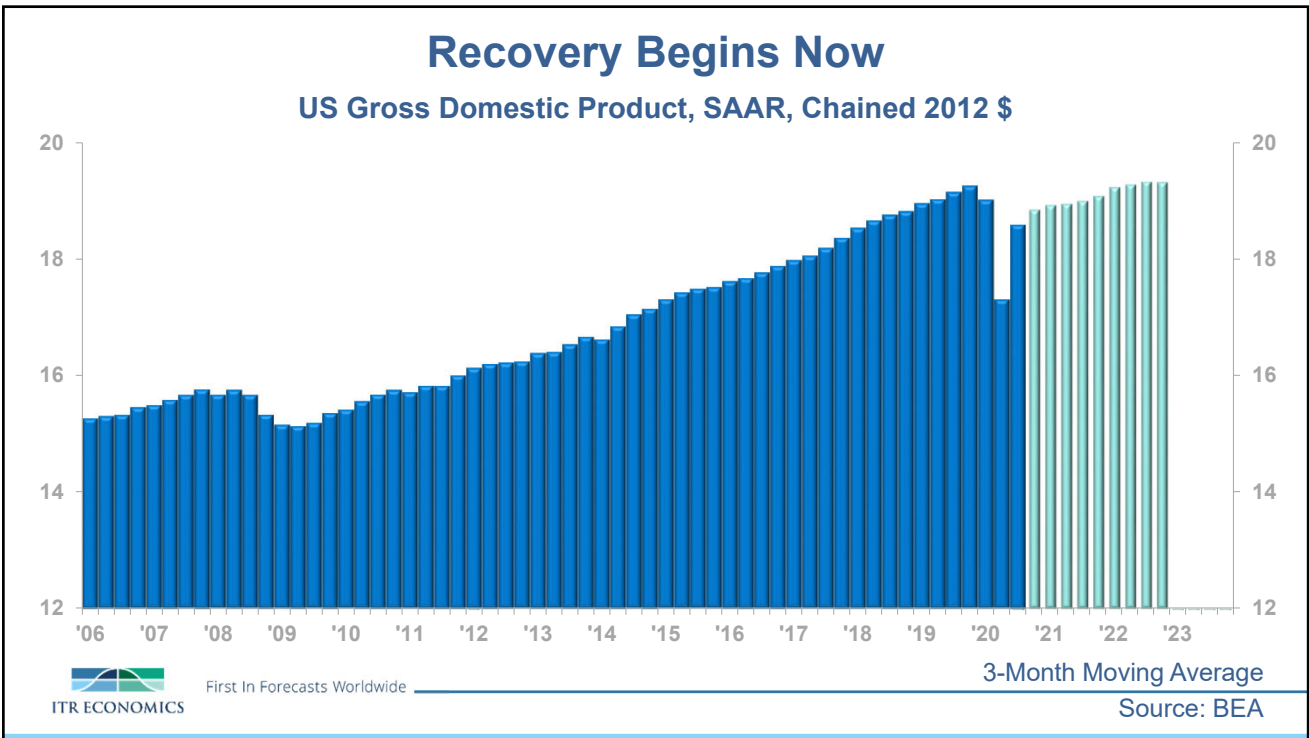
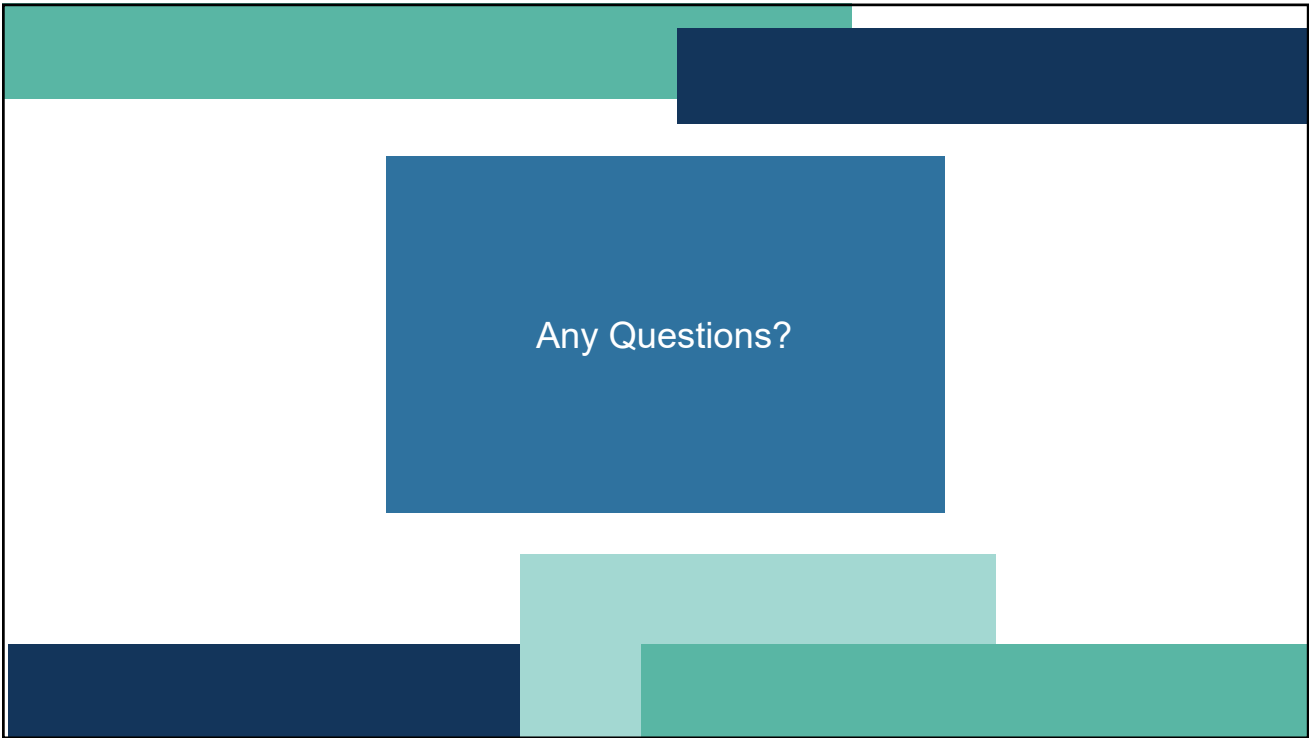
Demographics Matter



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Ranked by Percent of Global Manufacturing Output, 2018

Source: United Nations Statistics Division



A Powerful Management Tool Rate-of-Change

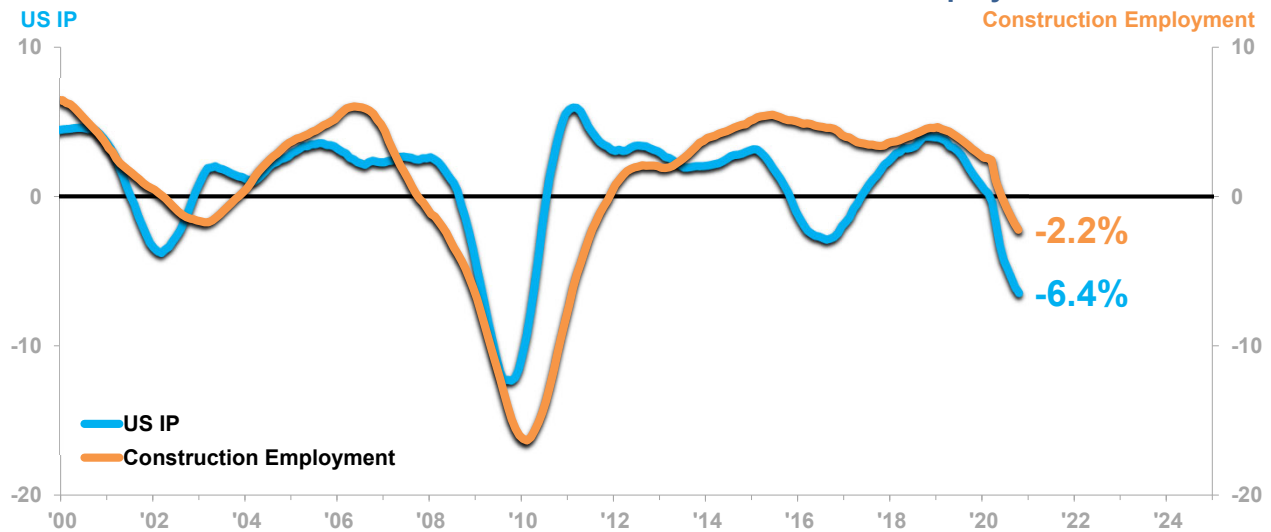
	Monthly	1/12	3MMT	3/12	12MMT	12/12
Oct-18	5.378	8.5%				
Nov-18	4.991	3.0%				
Dec-18	4.866	1.2%	15.2			
Jan-19	4.684	2.4%	14.5			
Feb-19	4.391	1.8%	13.9			
Mar-19	5.024	0.2%	14.1			
Apr-19	5.050	5.1%	14.5			
May-19	5.266	-0.6%	15.3			
Jun-19	4.969	-2.6%	15.3			
Jul-19	5.061	2.9%	15.3			
Aug-19	5.099	-3.1%	15.1			
Sep-19	4.956	-2.7%	15.1		59.7	
Oct-19	5.295	-1.5%	15.3		59.7	
Nov-19	4.875	-2.3%	15.1		59.5	
Dec-19	5.032	3.4%	15.2	-0.2%	59.7	
Jan-20	4.816	2.8%	14.7	1.3%	59.8	
Feb-20	4.515	2.8%	14.4	3.0%	60.0	
Mar-20	4.914	-2.2%	14.2	1.0%	59.8	0.4%
Apr-20	4.031	-20.2%	13.5	-7.0%	58.8	-1.7%
May-20	4.164	-20.9%	13.1	-14.6%	57.7	-3.5%
Jun-20	4.815	-3.1%	13.0	-14.9%	57.6	-3.5%
Jul-20	4.851	-4.2%	13.8	-9.6%	57.4	-4.1%
Aug-20	4.808	-5.7%	14.5	-4.3%	57.1	-4.3%
Sep-20	5.003	-3.8%	14.7	-6.8%	57.1	-4.4%



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Construction Employment Lags the General Economy

US Industrial Production Index to US Construction Employment



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Sources: FRB, Bureau of Labor Statistics

U.S. Economic Leading Indicators

Indicator	Trend	Comments
ITR Consumer Activity Leading Indicator	Rise	Tentative June 2020 1/12 low
ITR Financial Leading Indicator	Rise	April 2020 monthly low
JPMorgan Global PMI	Rise	April 2020 1/12 low
OECD Leading Indicator	Rise	April 2020 1/12 low
G7 Leading Indicator	Rise	April 2020 1/12 low
Purchasing Managers Index (PMI)	Rise	April 2020 1/12 low
ITR Leading Indicator	Rise	June 2020 monthly low
Wilshire Total Market Cap	Rise	April 2020 3/12 low
US Leading Indicator	Rise	April 2020 1/12 low
Single-Family Housing Starts	Rise	May 2020 3/12 low
Total Industry Capacity Utilization	Rise	April 2020 1/12 low
US Exports, Goods – World	Rise	May 1/12 low



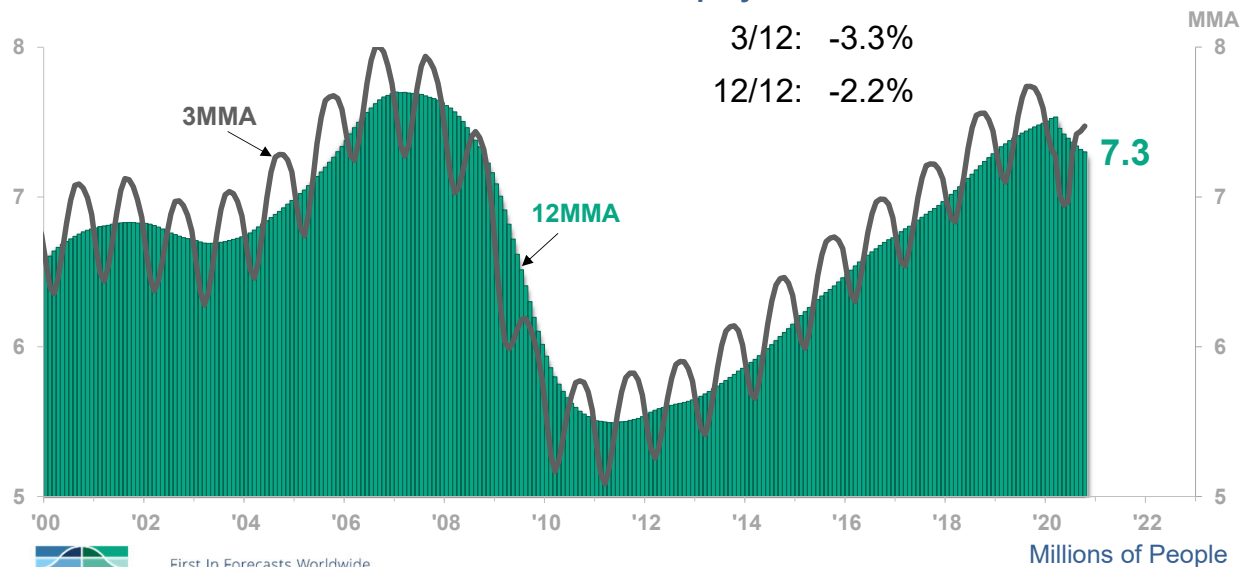
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Sources: ITR Economics, Institute for Supply Management, OECD, Yahoo Finance, The Conference Board, US Census Bureau, FRB

Beginning the Recession: Lagging GDP

US Construction Employment



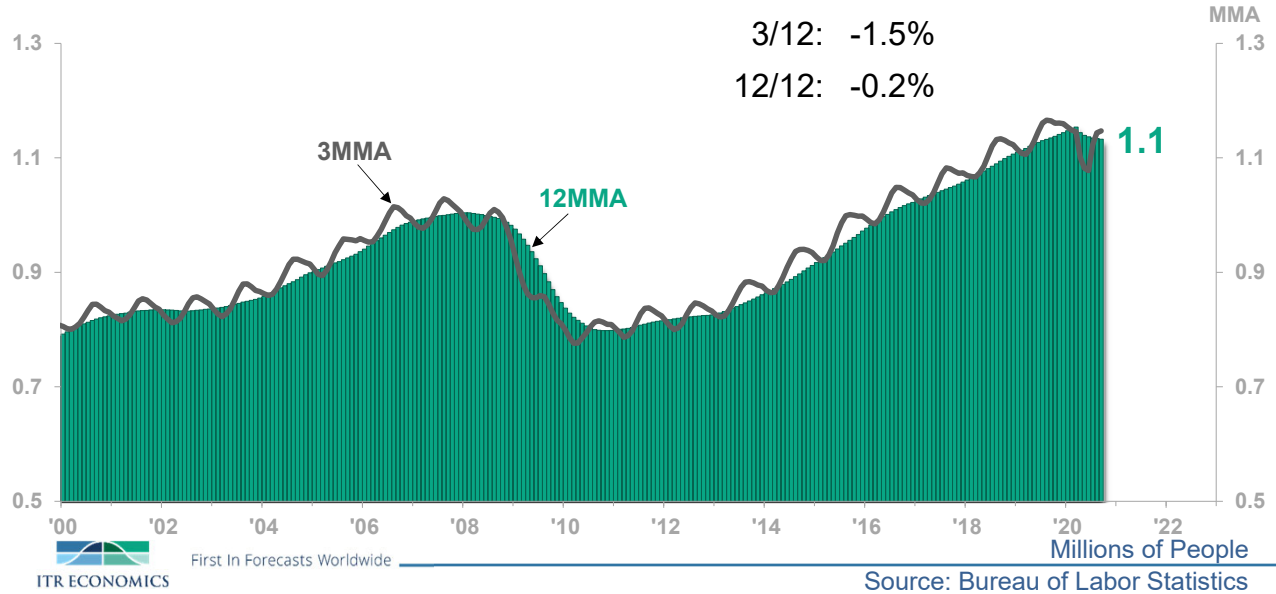
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Source: Bureau of Labor Statistics

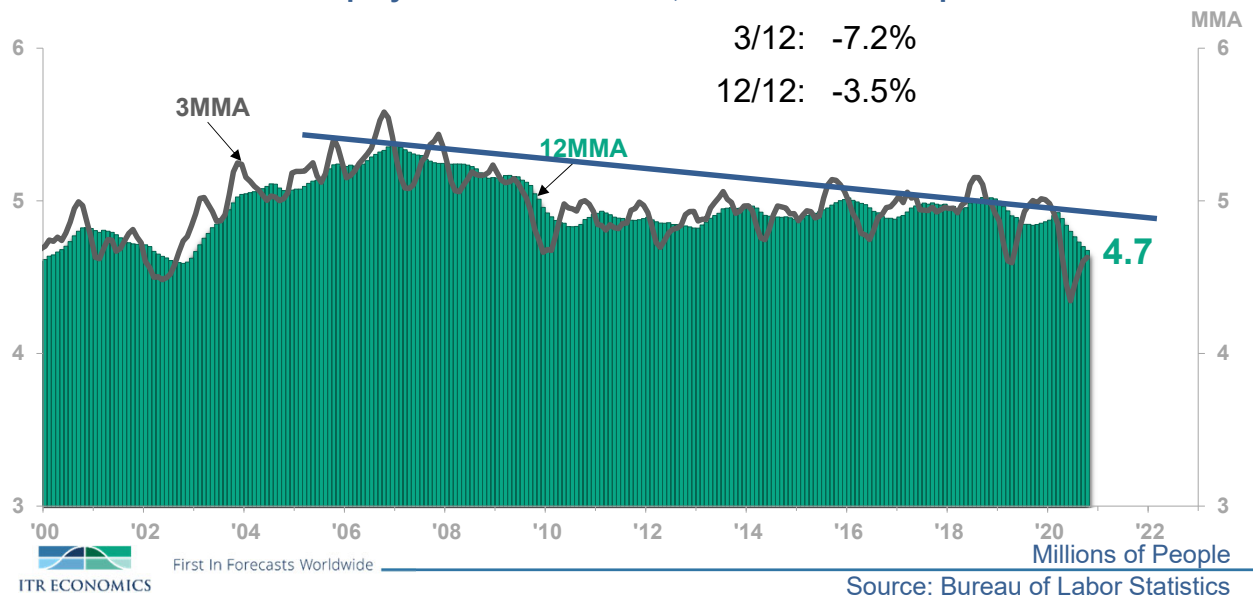
Nonresidential Will Feel Negative Pressures in 2021

US Employment: Plumbing & HVAC Contractor



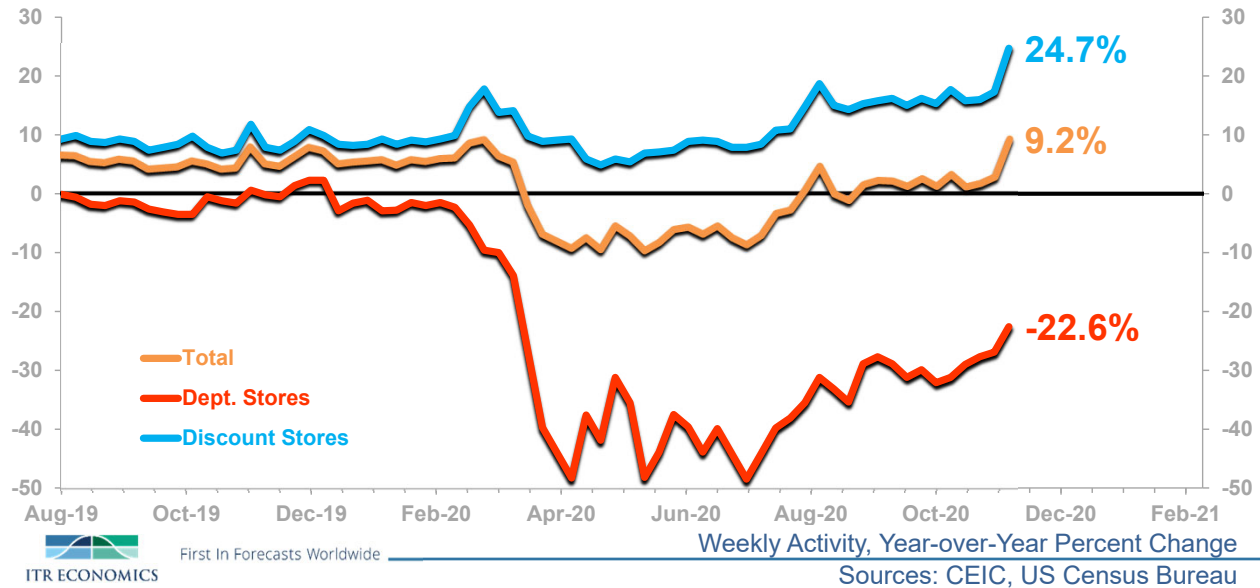
Short-Term and Long-Term Issues

US Employment of Installation, Maintenance & Repair



Re-opening, Shifting, and Fundamentally Healthy

Johnson Redbook Weekly Indexes for the US



Raw data Personal Saving 1980 to date

US Personal Savings



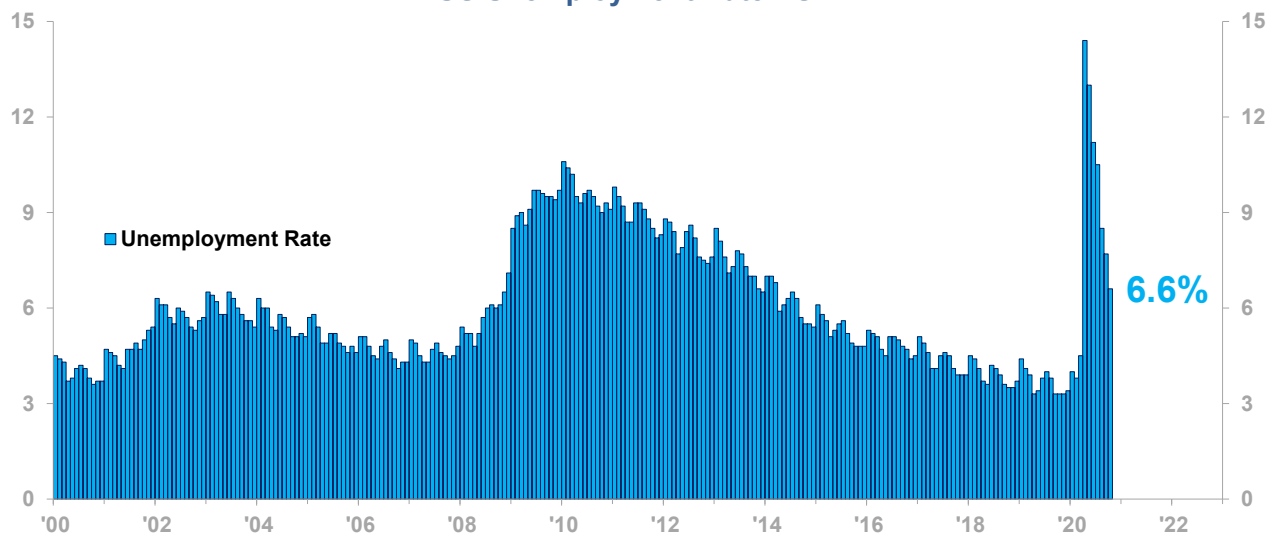
Spending Power

US Disposable Personal Income



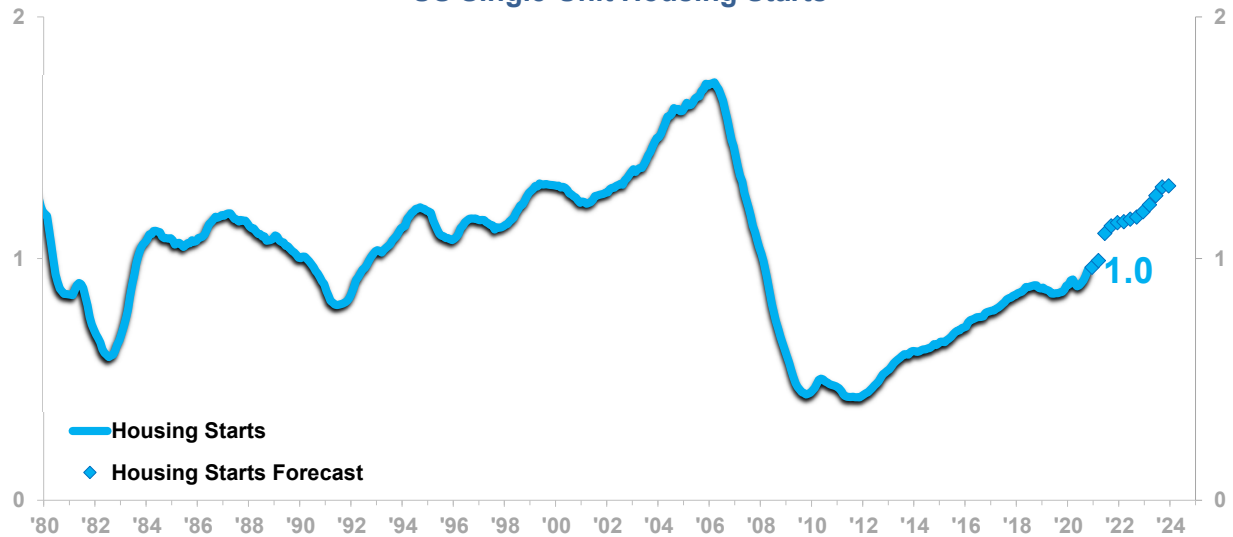
Rapid Decrease in Unemployment

US Unemployment Rate NSA



Demographics & Economic Fundamentals Support Rise

US Single-Unit Housing Starts



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Annual Data Trends Millions of Units

Source: US Census Bureau

Any Questions?



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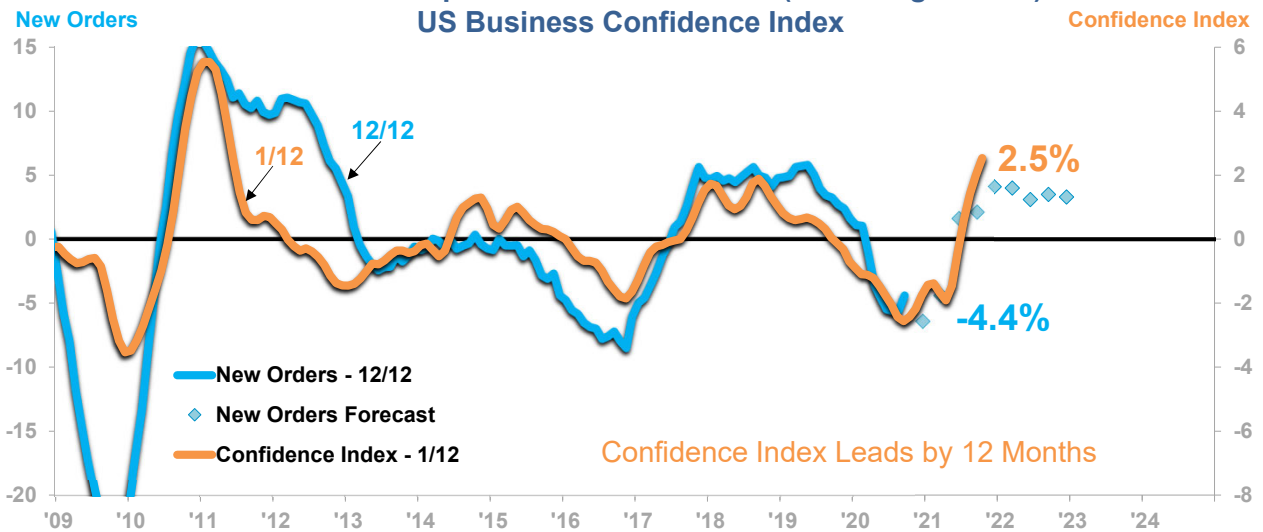


Markets

Manufacturing
Automotive
Steel
Nonresidential construction

Manufacturing is Moving Into Recovery

US Nondefense Capital Goods New Orders (excluding aircraft) to
US Business Confidence Index



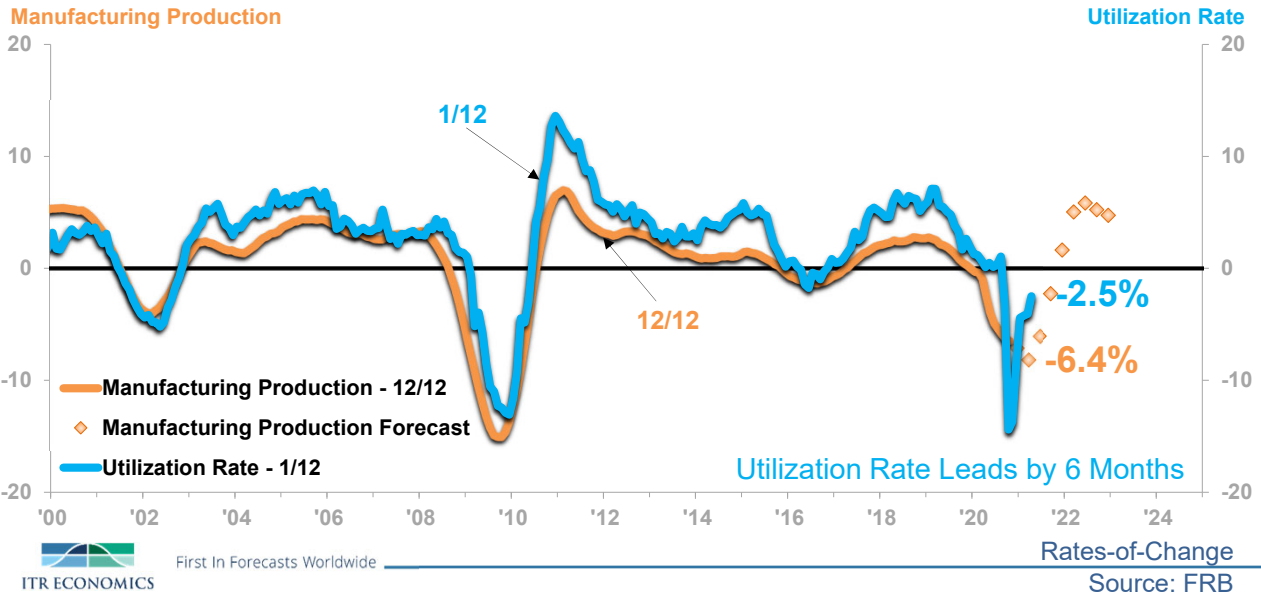
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Rates-of-Change

Sources: US Census Bureau, OECD

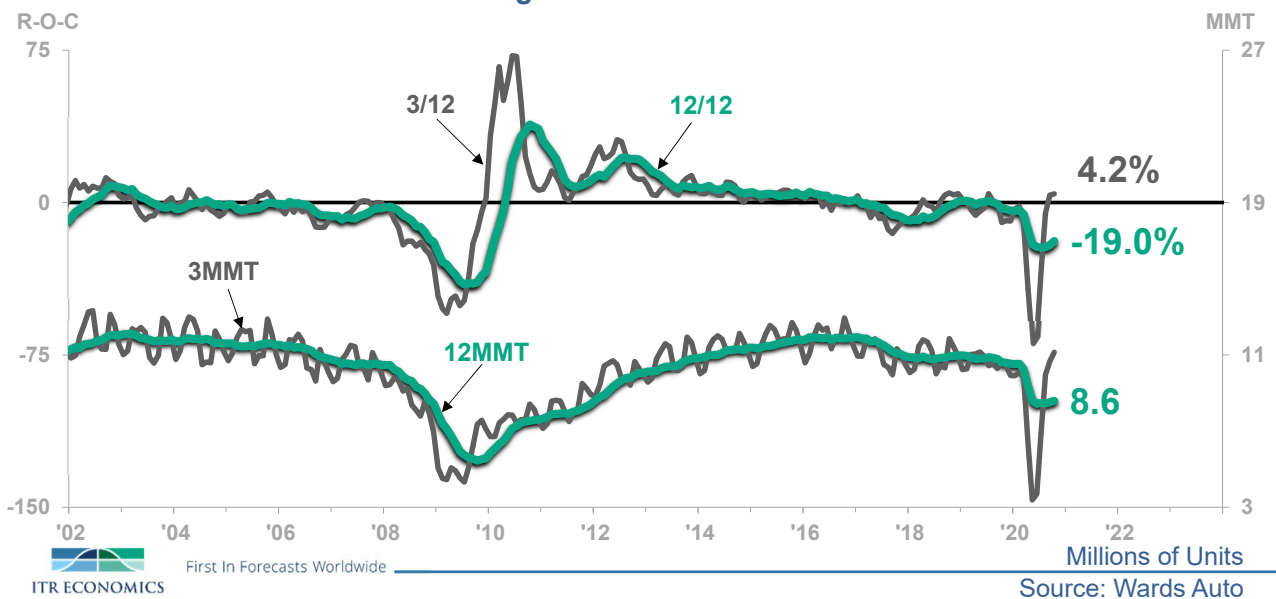
A Useful Leading Indicator Tool for Manufacturing

US Total Manufacturing Production Index to US Total Industry Capacity Utilization Rate



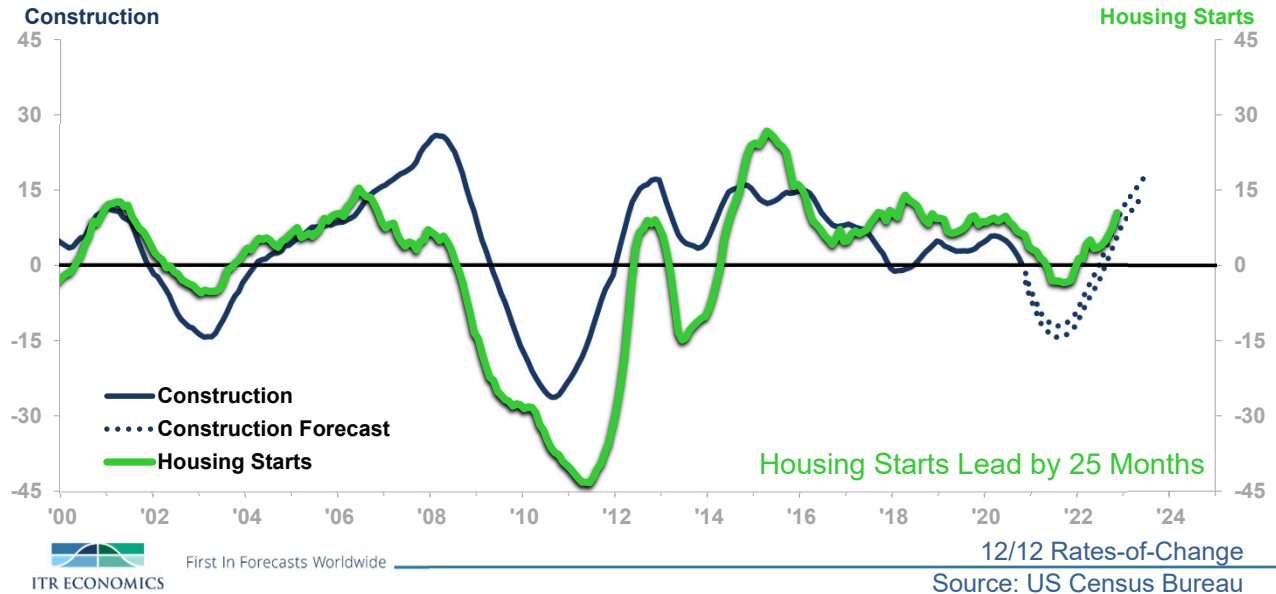
Responding to Rising Sales & Low Inventories

US Light Vehicle Production



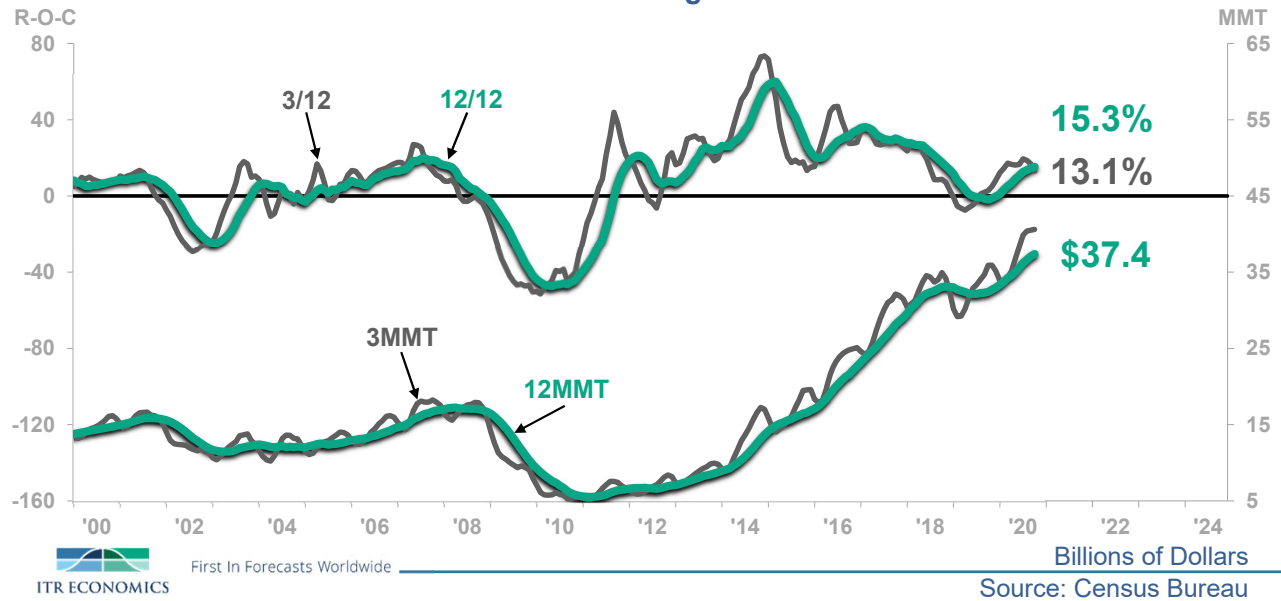
Housing Leads – Nonresidential Lags

US Private Nonresidential Construction to US Single-Unit Housing Starts



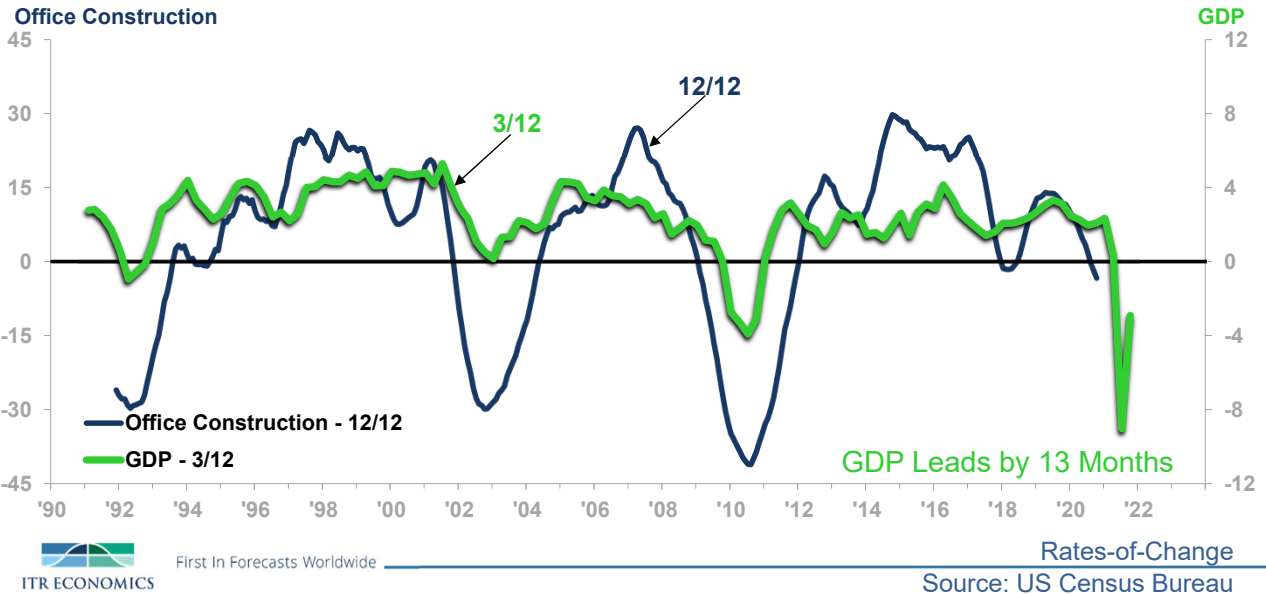
Positive Checking Point™ Signal

US Warehouse Buildings Construction



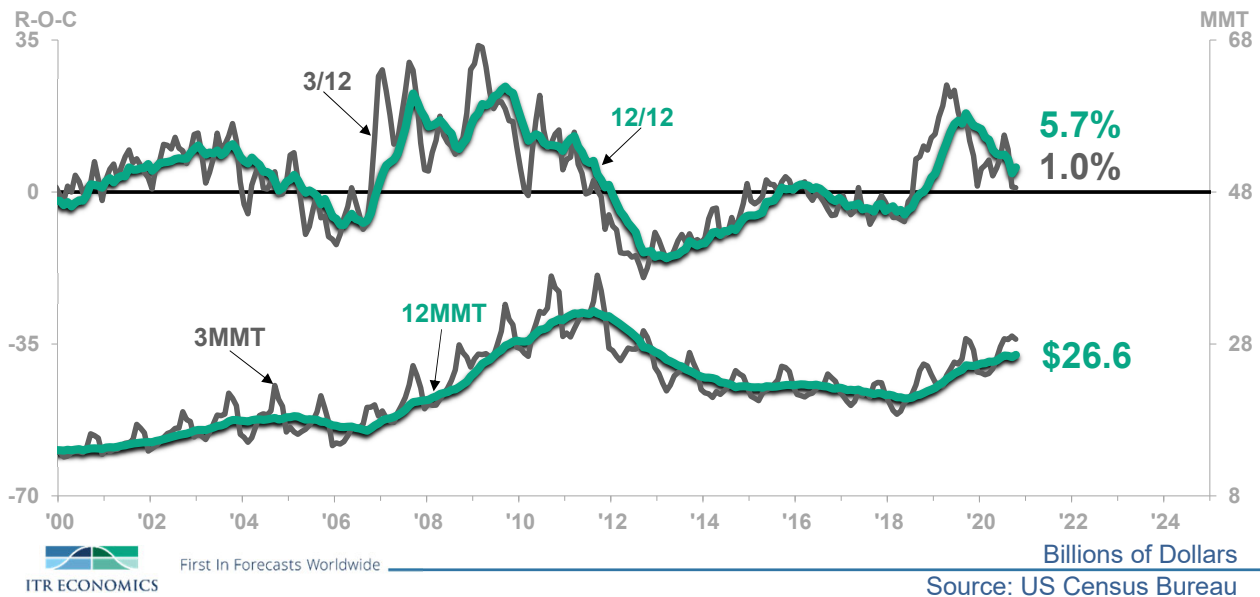
There is Considerably More Pain Ahead

US Private Office Construction to US Real Gross Domestic Product



Infrastructure Bill Possibilities

US Total Federal Government Construction





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Financial Markets



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Putting It In Perspective

S&P500 Stock Prices Index



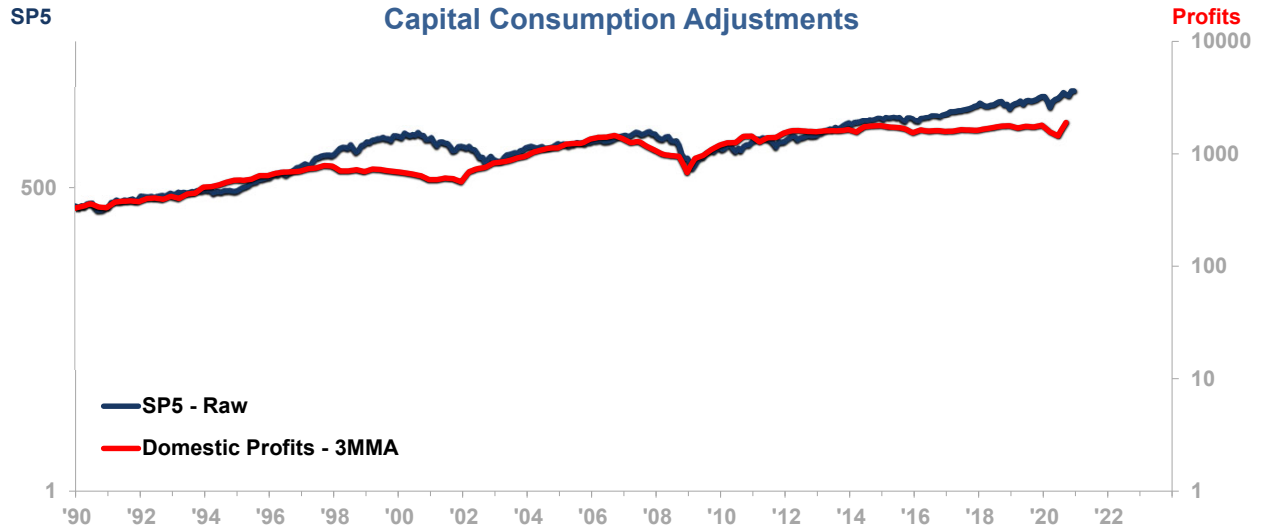
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Data Trends

Source: Wall Street Journal

An Overpriced US Market

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



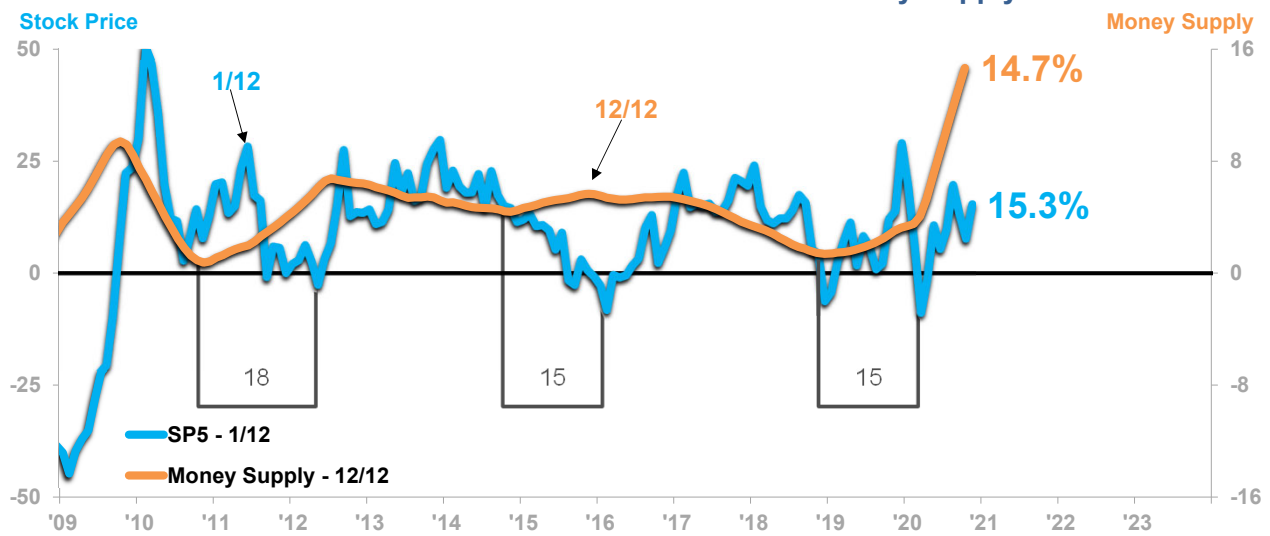
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Data Trend
Source: Wall Street Journal, Bureau of Economic Analysis

The Strongest M2 Impact is Yet to Come

US S&P 500 Stock Prices Index to US M2 Money Supply



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Rates-of-Change
Sources: Wall Street Journal, FRB

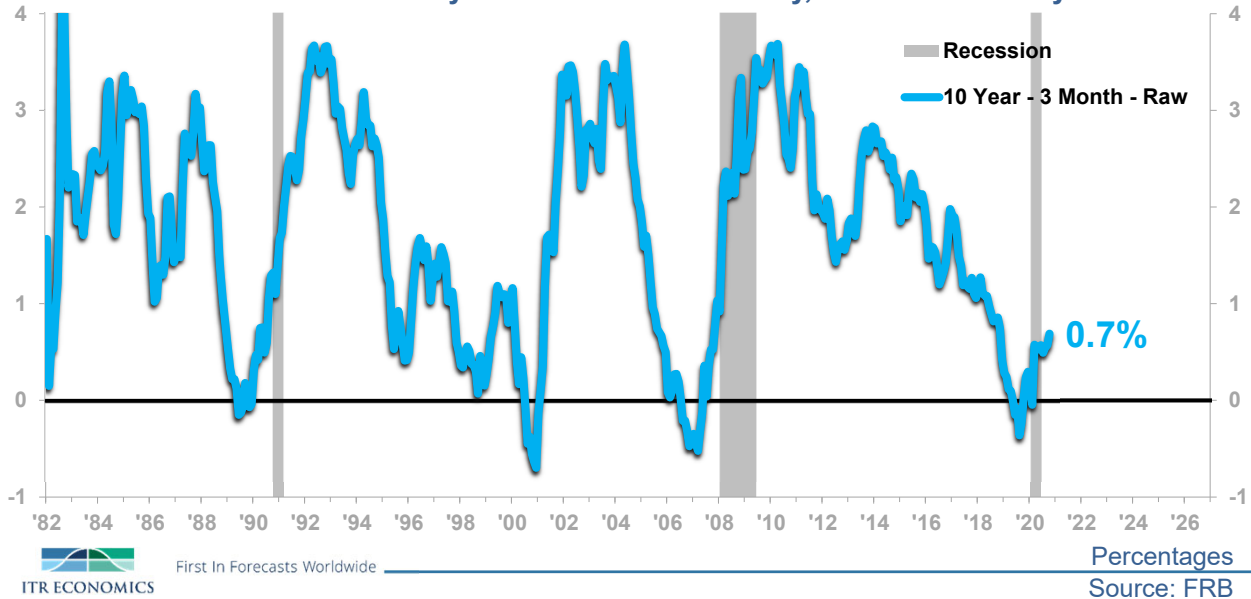
Interest Rate Trends

US 30- Year and 15-Year Mortgage Monthly Average Fixed Rate



Yield Curve Signal Is Favorable for Recovery

US 10-Year Treasury Minus 3-Month Treasury, Constant Maturity



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Any Questions?



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SPEAKER PROFILE

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Brian Beaulieu

Brian Beaulieu has served as CEO and chief economist of ITR Economics™ since 1987, where he researches the use of business cycle analysis and economic forecasting as tools for improving profitability. Brian has shared his highly valued research results via presentations, workshops, and seminars in numerous countries to hundreds of thousands of business owners and executives for the last 38 years.

He is coauthor 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, as well as *Make Your Move*, a practical and insightful guide to increasing profits through inevitable business cycle changes. Brian also coauthored *But I Want It!*, ITR Economics' first children's book.



ABOUT BRIAN

As a speaker and consultant, Brian has provided valuable and practical advice to companies in need of domestic and global perspectives to increase profits through business cycle trend analysis, forecasting, and effective planning.

Brian serves on the board of directors for the Ariens Company, a leading global manufacturer of outdoor power equipment, and on the board for Bellwether Wealth, an investment management and strategic wealth planning firm based in Lincoln, NE.

Brian has shared his expertise through various media outlets, including: *USA Today*, *Knight Ridder*, *The Atlanta Journal-Constitution*, *The Wall Street Journal*, *Barron's*, *The Washington Post*, *Kudlow and Friends*, *First on Fox*, *Canadian television*, 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 forecast major economic events such as the Great Recession of 2008 years in advance. ITR provides reliable industry and company forecasts tailored to clients' needs and offers economic webinars, subscription periodicals, consultative reports, and data-collection services.



Click here to check out videos of Brian Beaulieu!

TESTIMONIALS

"Brian, just a short note of personal thanks for participating in our ASI Conference last week. I'd have to say the response to your presentation was overwhelmingly positive; everyone appreciated the content and your delivery, even your candid comments about the looming crisis late in the next decade." - [Dick Motley, Director, FANUC America Corporate](#)

"Wow, what a fantastic talk Brian. Your perspective, advice, data, analysis, and presentation were world-class. That was one of the best talks that I've ever attended. My CFO and I will be looking more and more at 3MMA/12MMA metrics within our industry as we get our hands on more data. By the way, you've got a great sense of humor, which you mixed in hilariously with an extremely professional discussion about US economics." - [Dave Handman, President, Sustineo](#)

"Thanks Brian. Your materials help us plan for the future and give us insight into key indicators so we can be successful running our businesses. Very valuable session." - [David Borish, VP of Operations, Bracalente Manufacturing](#)

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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