

ACG

“Make Your Move”

Presented by

ITR®

Alan Beaulieu

January 2012

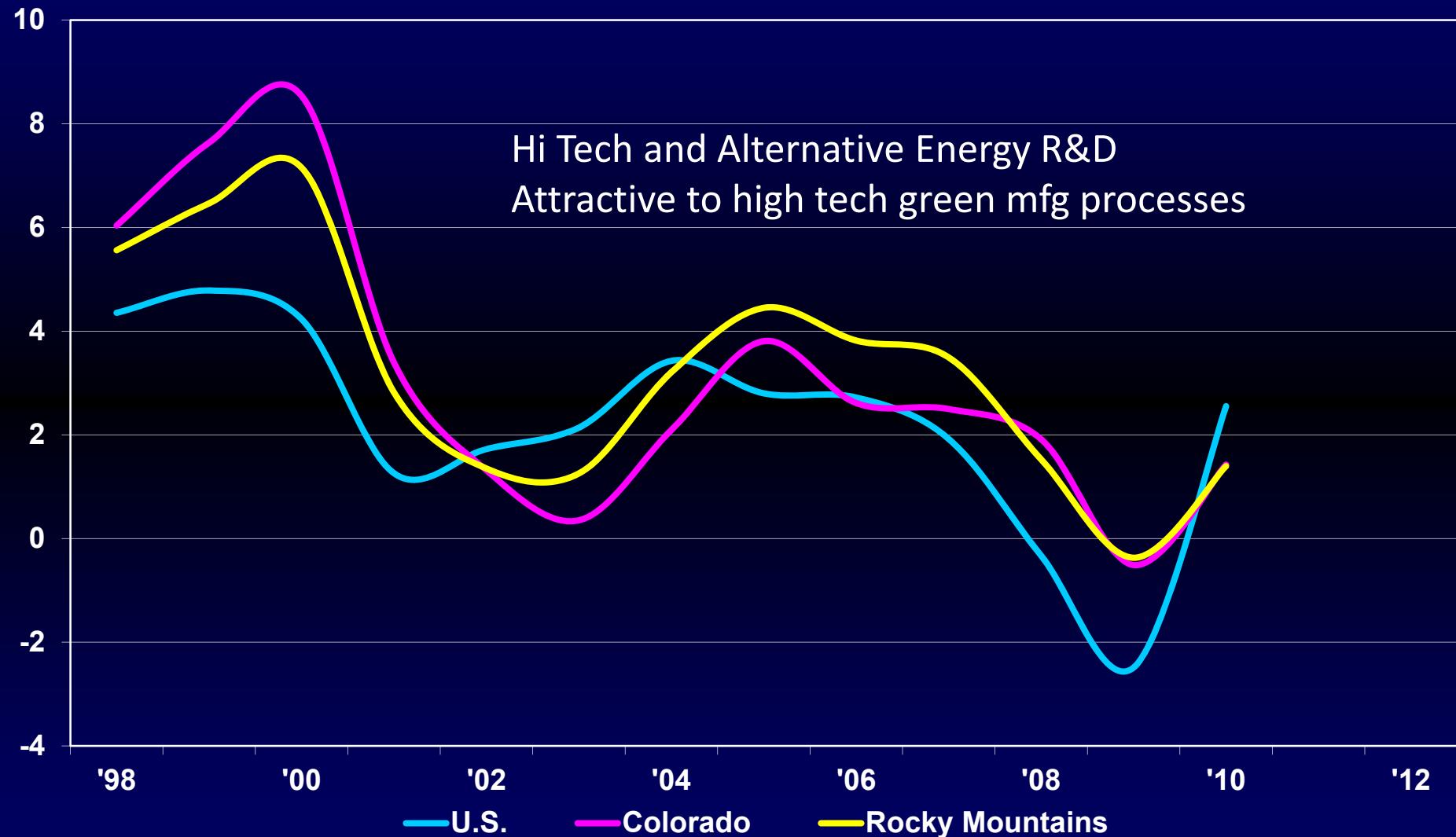
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Results for 2011

	F Date	Forecast	Actual
GDP	6/10	2.0%	2.9% (with normal 4Q)
US IP	1/11	93.1 (12MMA)	93.5 (through Nov)
EU IP	1/11	101.1 (12MMA)	101.3 (through Oct)
Retail Sales	6/10	\$2.116 Trillion	\$2.102 (through Nov)
Housing	7/10	579 Th Units	596 (through Nov)
Employment	4/10	141.1 million	139.9 (through Dec)
CPI	7/10	2.9%	3.0% (through Nov)

US, Colorado & the Rocky Mountains Annual GSP Growth Rate



US Industrial Production to Gross Domestic Product Year-over-year Quarter to Quarter (3/12)

4

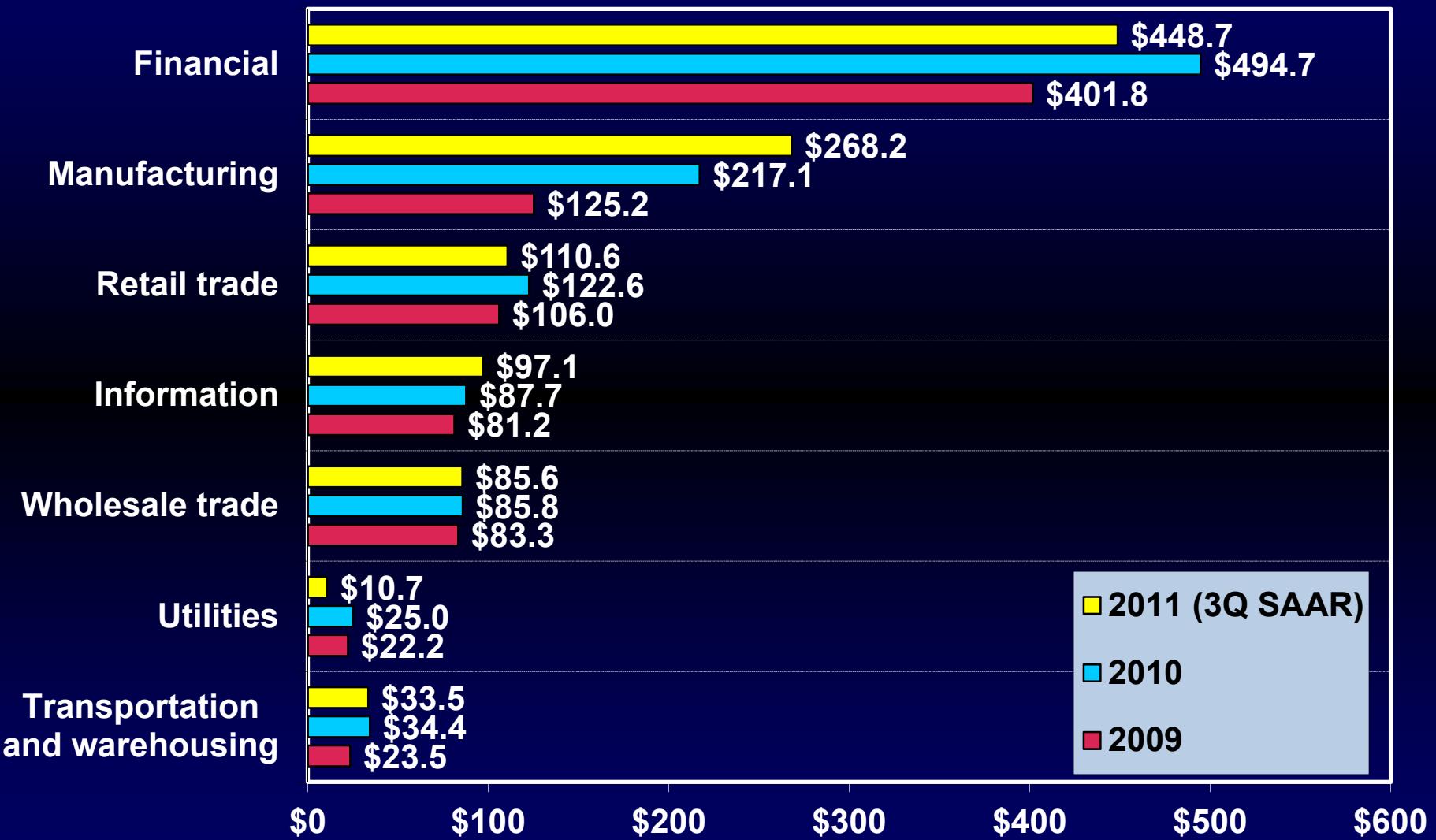


Recovery

- Leading indicators pointing up
- Liquidity is not an issue
- Exports are up
- Stimulative monetary policy
- Employment rising (companies right-sized)
- Banks are lending/Delinquencies down
- Normal seasonal rise in Retail Sales

Corporate Profits – 3rd Quarter Billions of \$

6



Source: BEA



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Recession in 2012

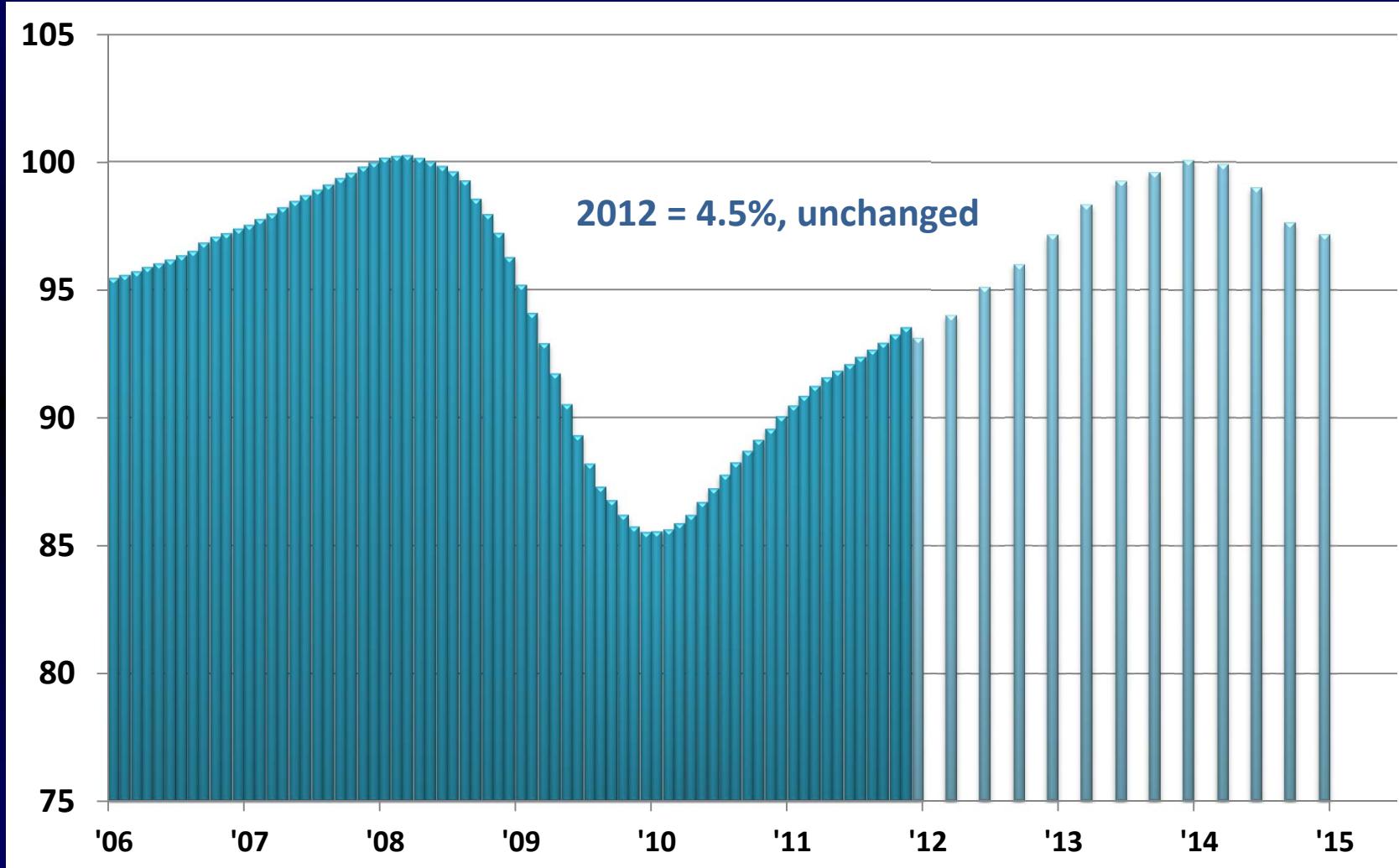
- Europe's financial troubles *might*
- International banking crisis *becomes*
- China's housing/inflation bubble *could*
- Oil prices *could* break through \$120
- USD *could* lose all credibility causing

Total U.S. Public Debt (% of GDP)



Annual US Industrial Production 12MMA Index, 2007=100

9



Example: Revenue 12MMT

10

Monthly

Dec 10

12MMT = 17.54

Jan 11

Feb 11

3MMT = 4.63

Mar 11

Apr 11

May 11

3MMT = 5.14

Jun 11

Jul 11

Aug 11

3MMT = 4.98

Sept 11

Oct 11

3MMT = 4.22

Nov 11

3MMT = 3.95

12MMT = 18.70

Dec 11

3MMT = 4.24

12MMT = 18.97

8.2%



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RATE-OF-CHANGE

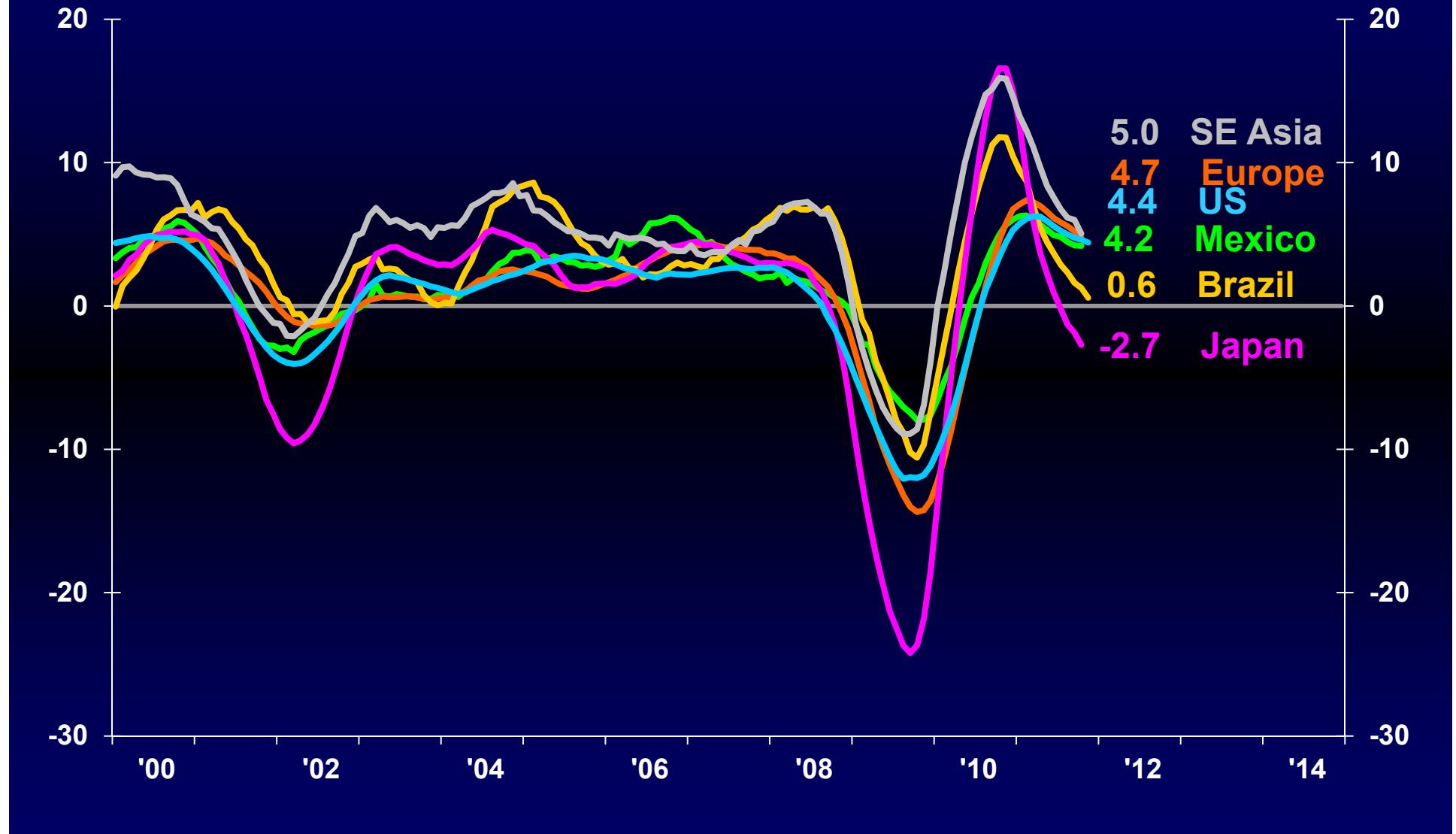
ACTUAL MONTHLY DATA AS OF 12/11 = 1/12
ACTUAL MONTHLY DATA AS OF 12/10

3-MOS MOVING TOTAL (3MMT) AS OF 12/11 = 3/12
3-MOS MOVING TOTAL (3MMT) AS OF 12/10

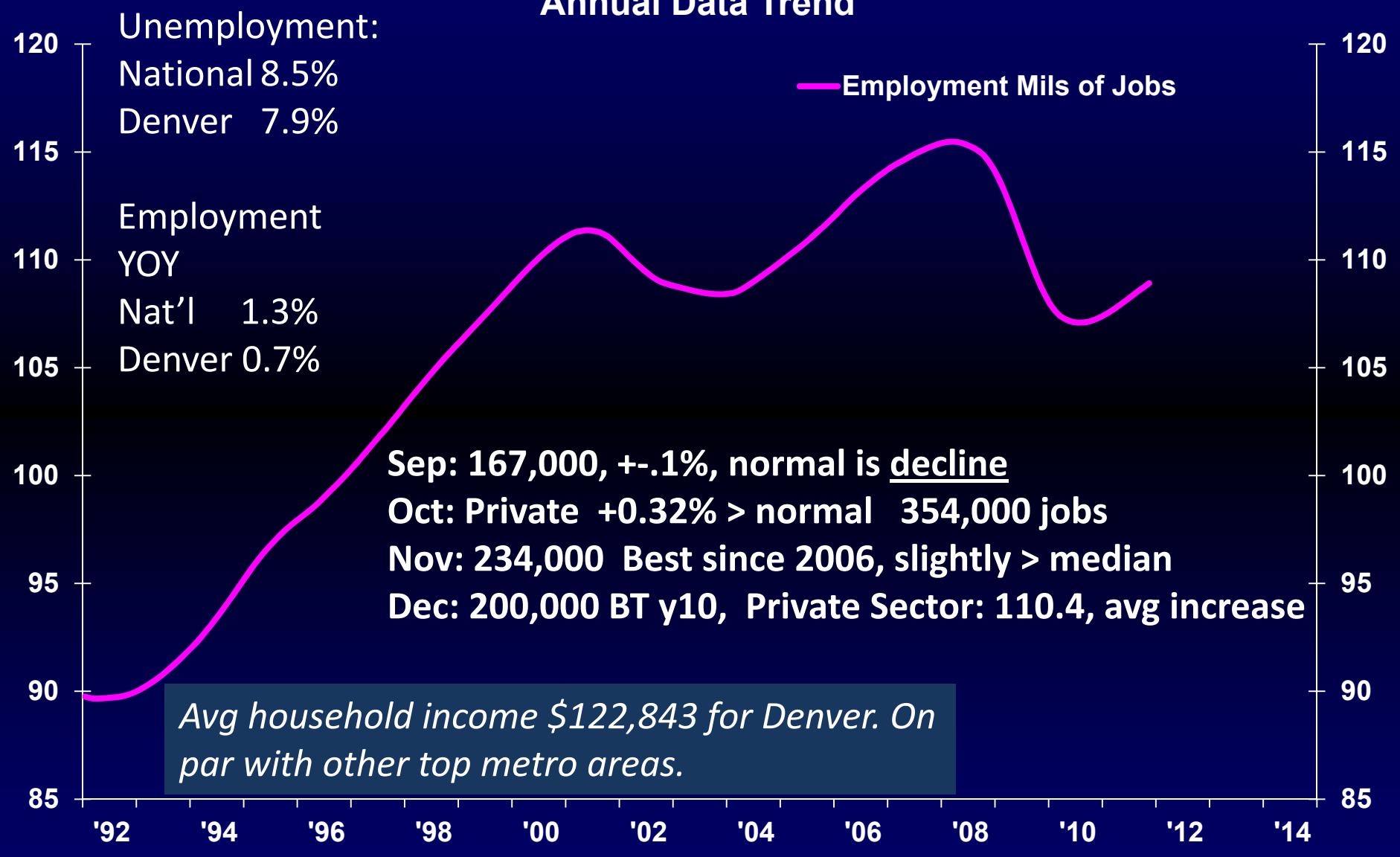
ANNUAL MOVING TOTAL (12MMT) AS OF 12/11 = 12/12
ANNUAL MOVING TOTAL (12MMT) AS OF 12/10

Global Industrial Production Indices

12/12 Rates-of-Change



Employment – Private Sector Annual Data Trend



Denver to Colorado

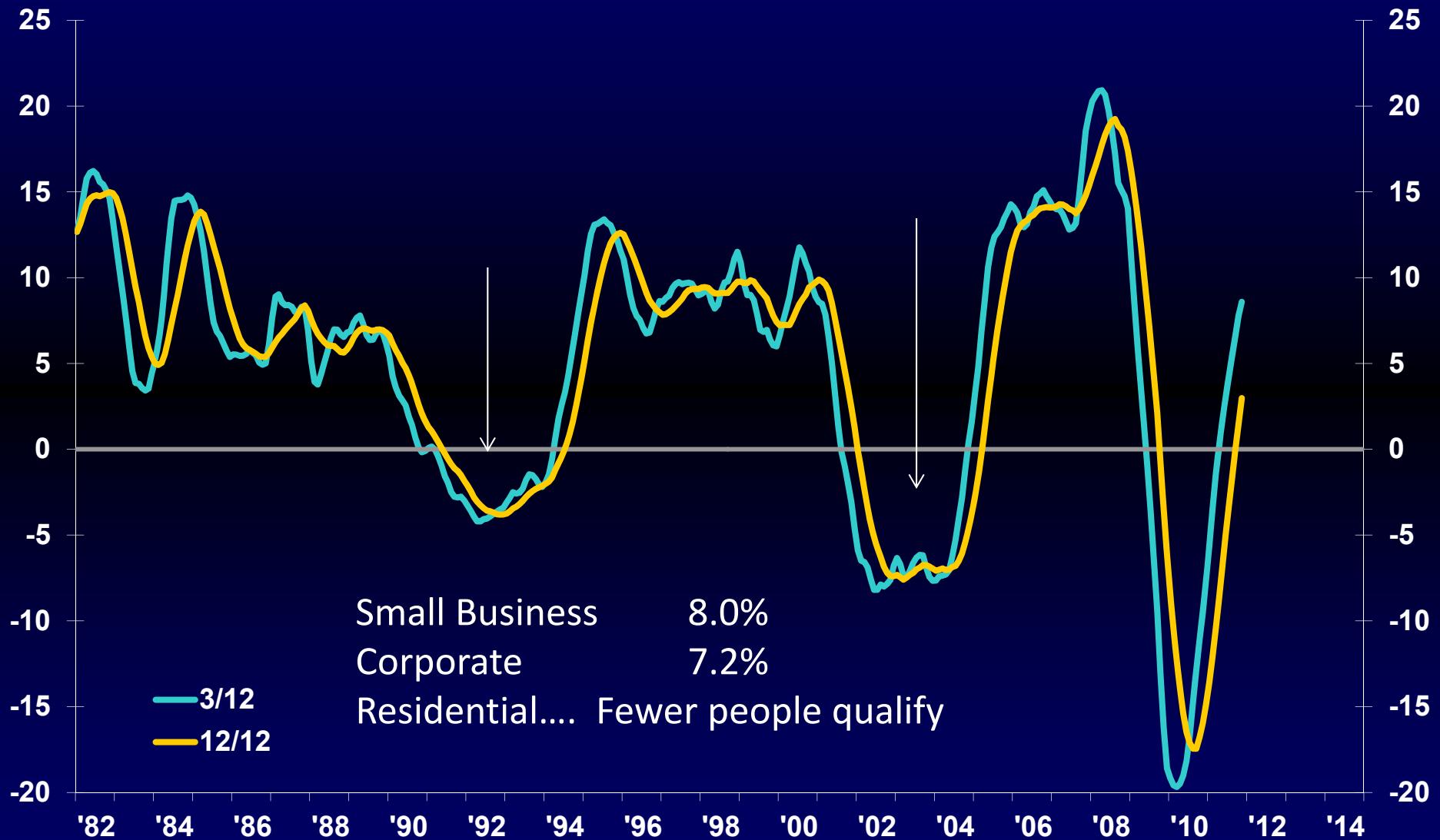
Industry	Denver County, Colorado
Base Industry: Total, all industries	1
Natural resources and mining	0.87
Construction	0.63
Manufacturing	0.78
Trade, transportation, and utilities	0.96
Information	0.99
Financial activities	1.23
Professional and business services	1.21
Education and health services	1.04
Leisure and hospitality	0.91
Other services	1.11
Unclassified	0.29

Location Quotient: Private employment compared to a base region. The comparison is to the *share* of jobs, not to the simple number of jobs. E.g. 1.29 means that the city/state has a 29% greater concentration of a particular job than is found in the base region.

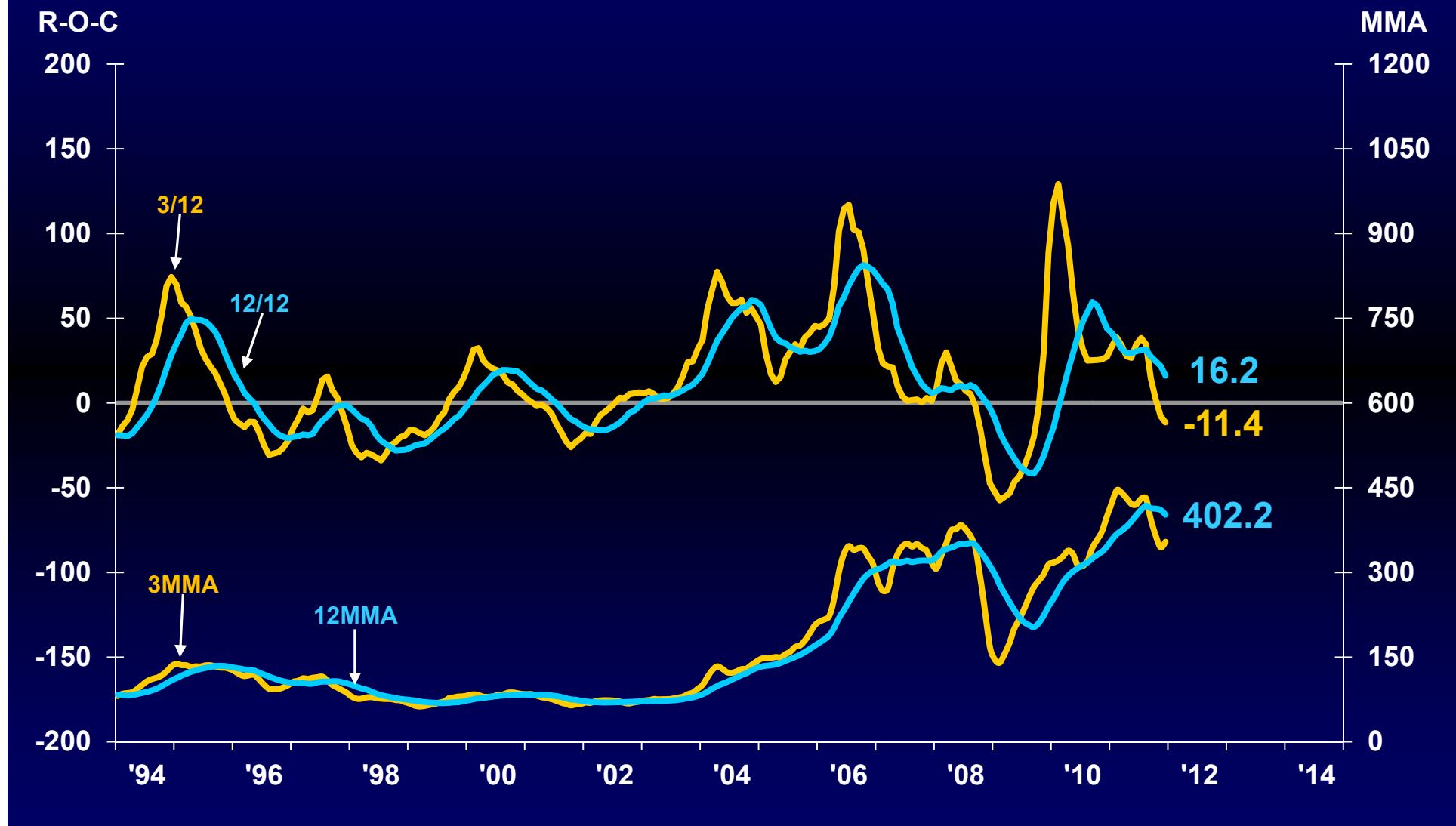
Commercial & Industrial Loans at Commercial Banks

Rates-of-Change

15



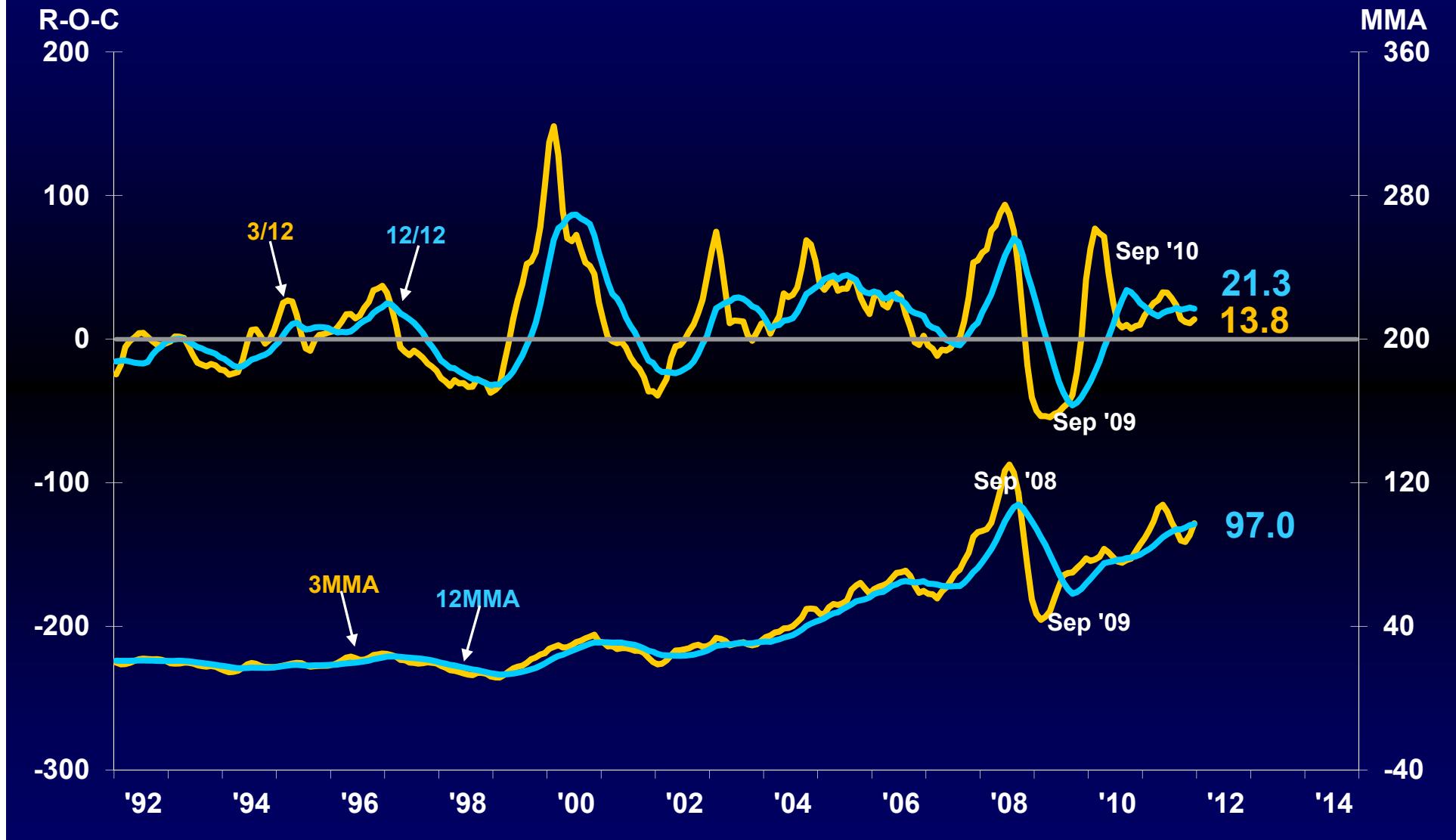
Copper Futures Prices Cents per Pound



Crude Oil Futures Prices

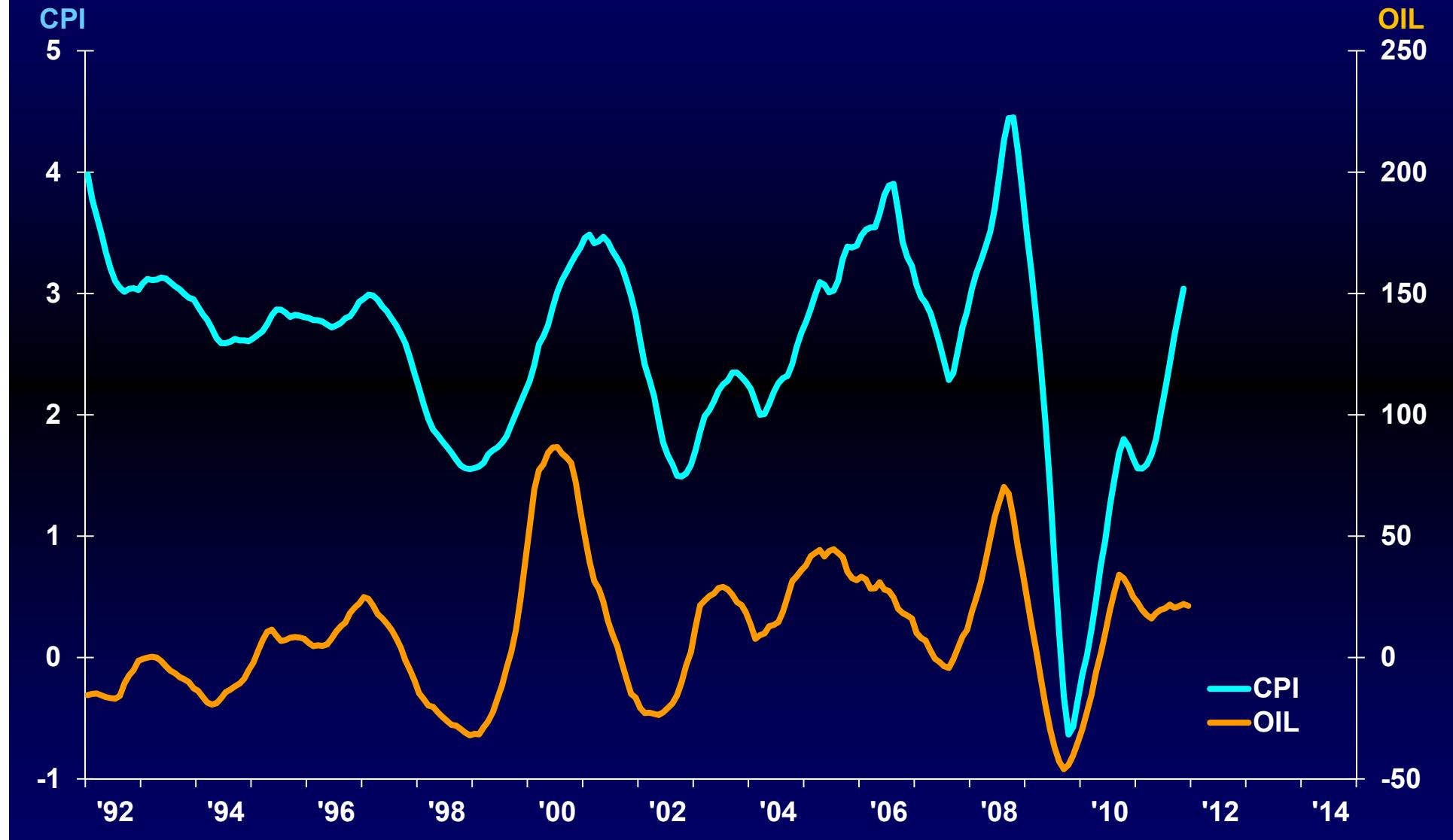
Light & Sweet \$ per Barrel

17



Consumer Price Index to Crude Oil Futures Prices 12/12 Rates-of-Change

18

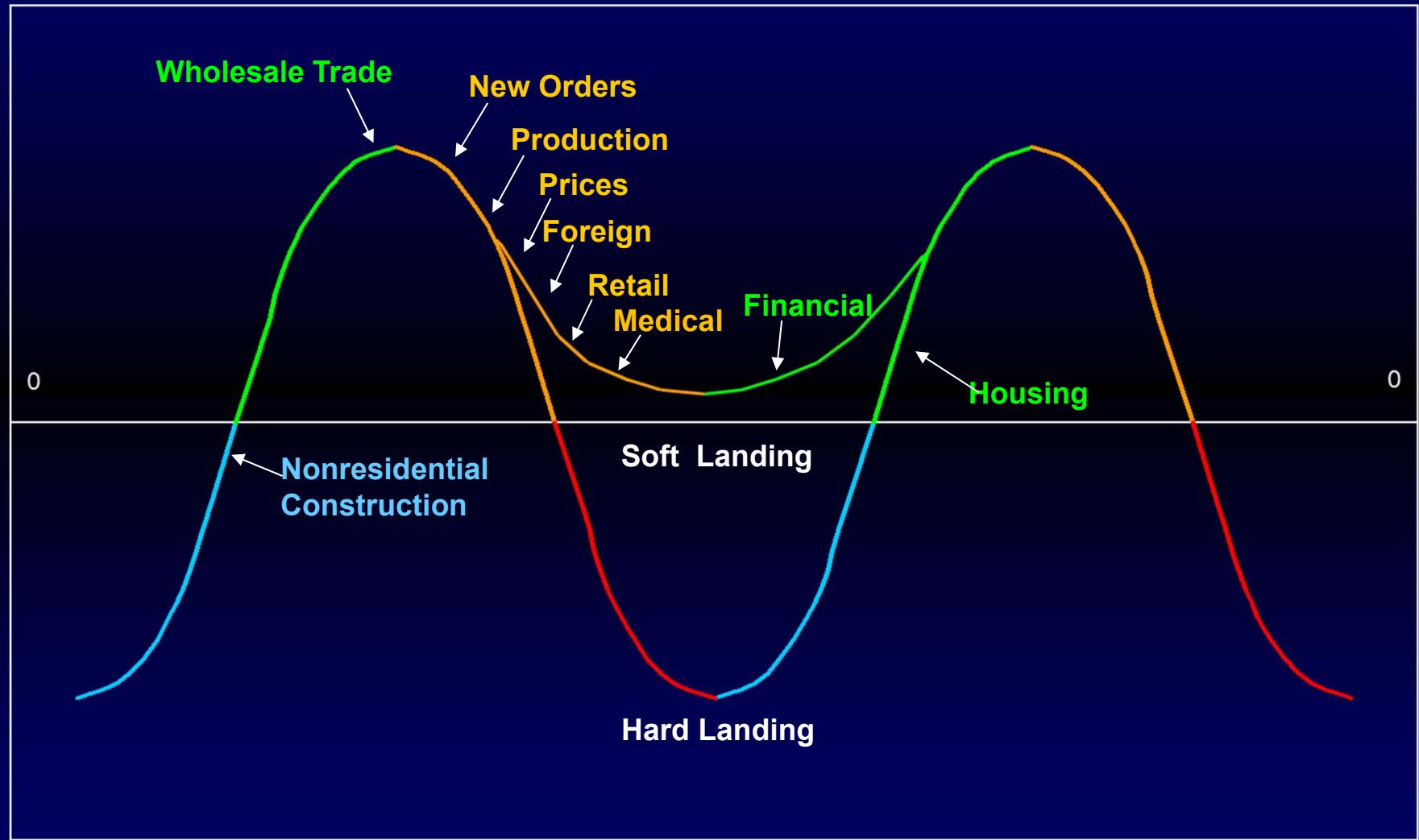


Managing Inflationary Pressures

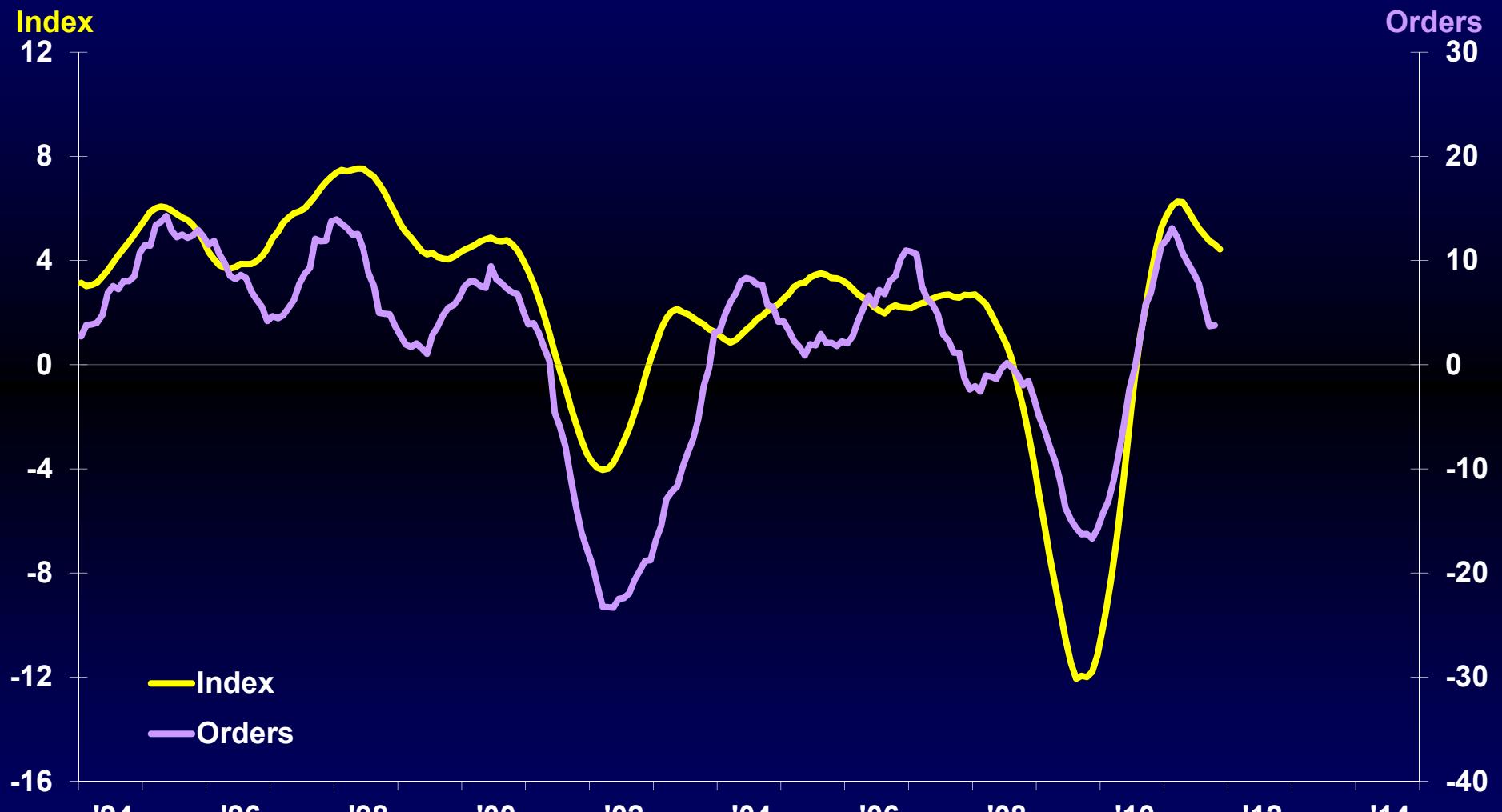
- Phase B raise prices (as justified)
- Consider real cost of living vs. nominal CPI
- Highlight quality, content, service ~ competitive advantage
- Borrow now – fixed as long as possible
 - Inflation favors debtors
 - Purchase land/property – leasing rises with inflation
 - Build in efficiencies for long-term cost savings
- Lower fixed costs ~ increase variable costs for increased flexibility
- Re-assess domestic sources (inflation will be imported)
- Rigorous cost controls – hire the best accountant/CFO
- R & D ~ substitute products and materials
- Move liquid assets off shore
- Hire now and/or lock in labor rates
- Select price indices that magnify inflation negotiating with customers
- Select price indices that minimize inflation negotiating with vendors
 - Get Vendors to agree to longer-term price commitments
- Sell overseas

Trends 10

20

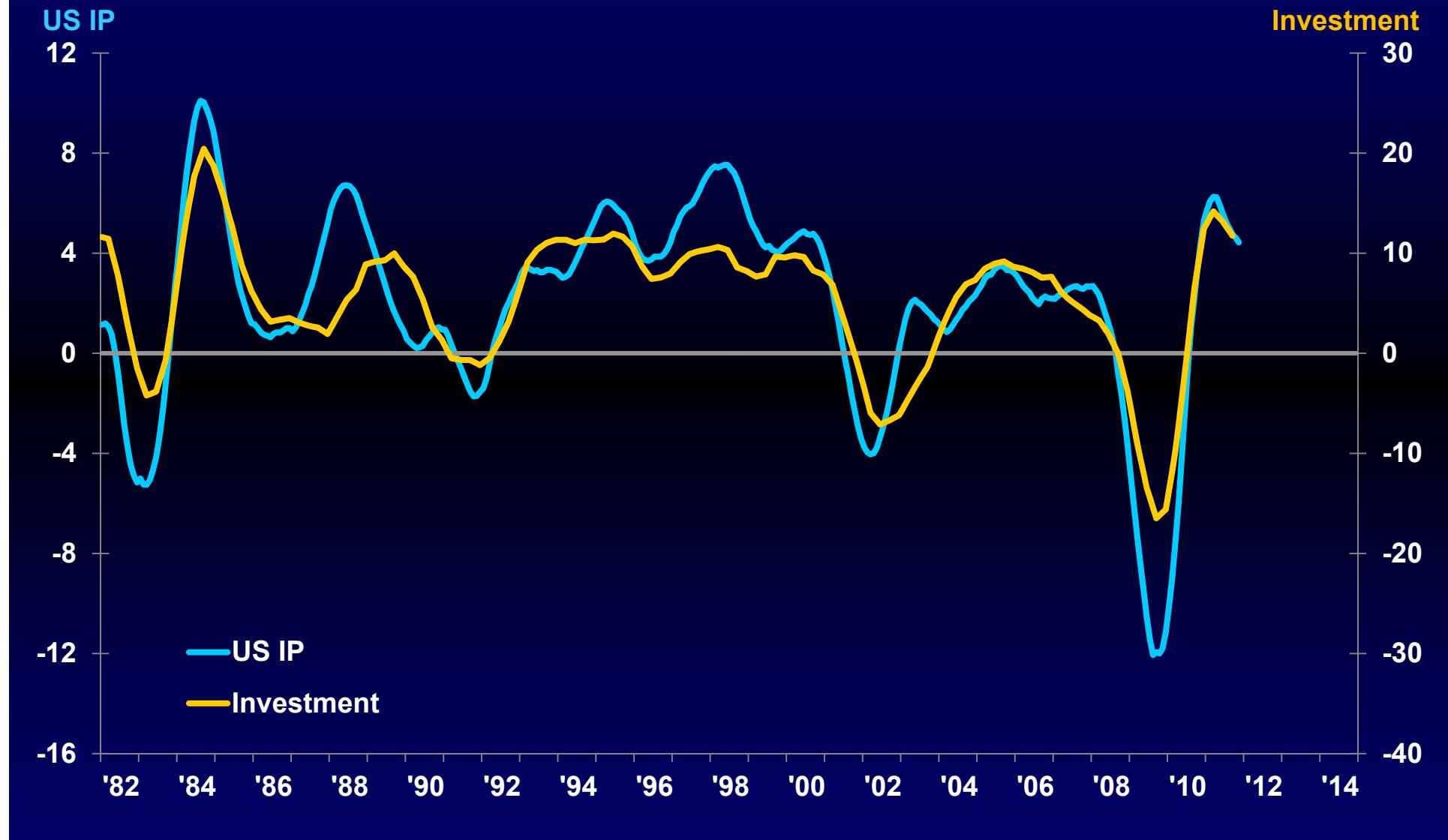


US Industrial Production to Information Technology New Orders 21 12/12 Rates-of-Change

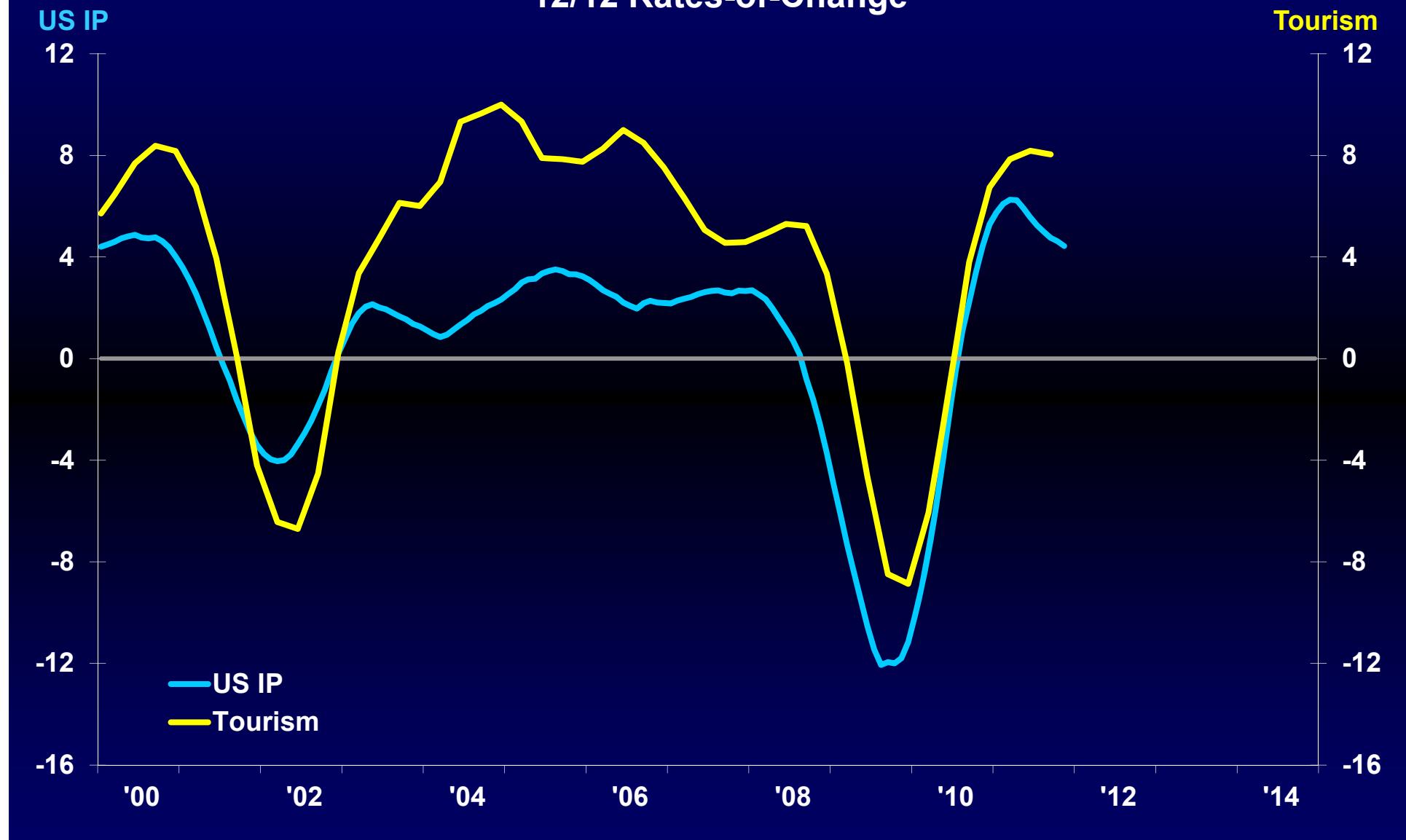


US Industrial Production to Equipment & Software Investment ²²

12/12 Rates-of-Change

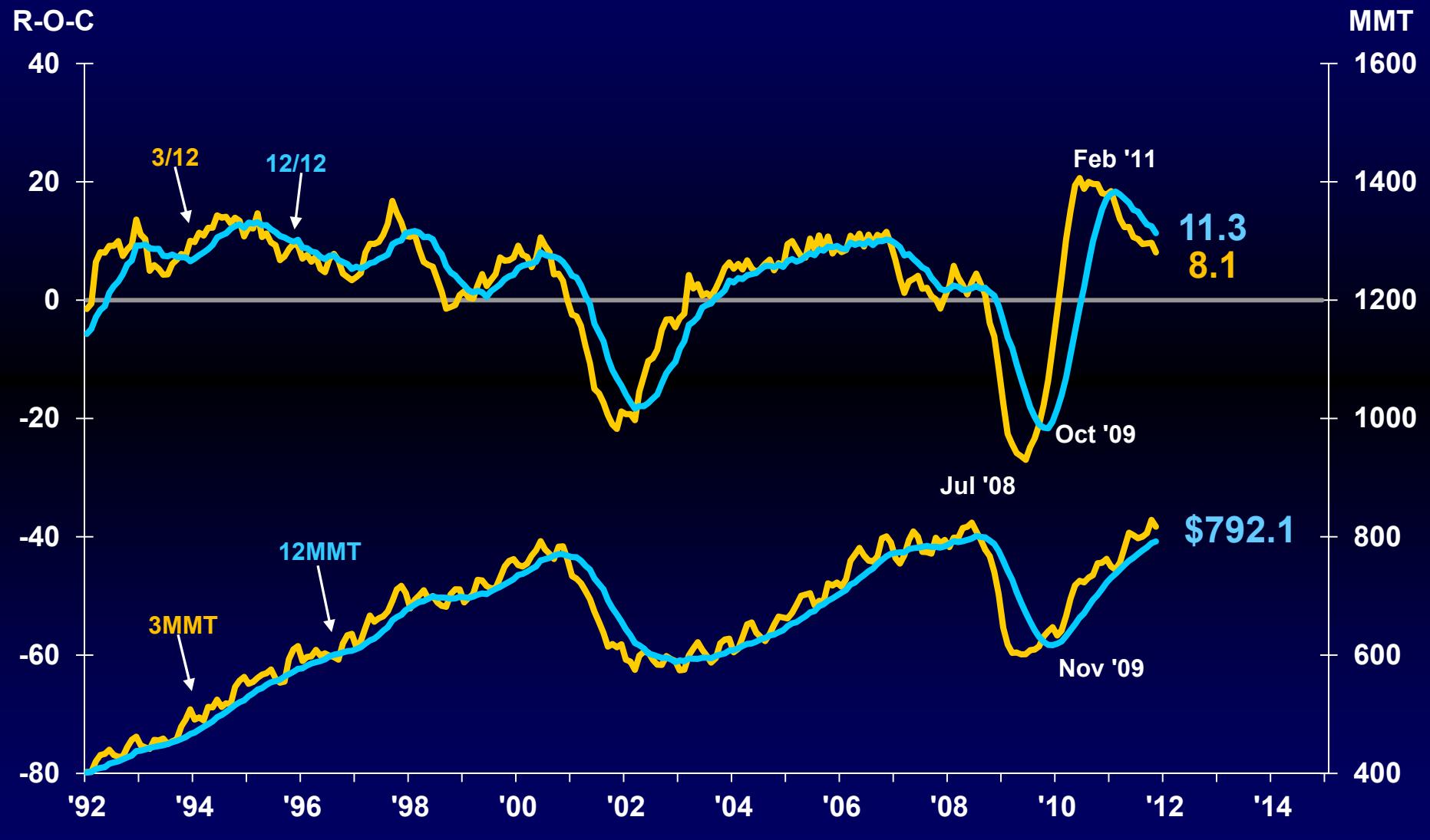


US Industrial Production to Tourism 12/12 Rates-of-Change

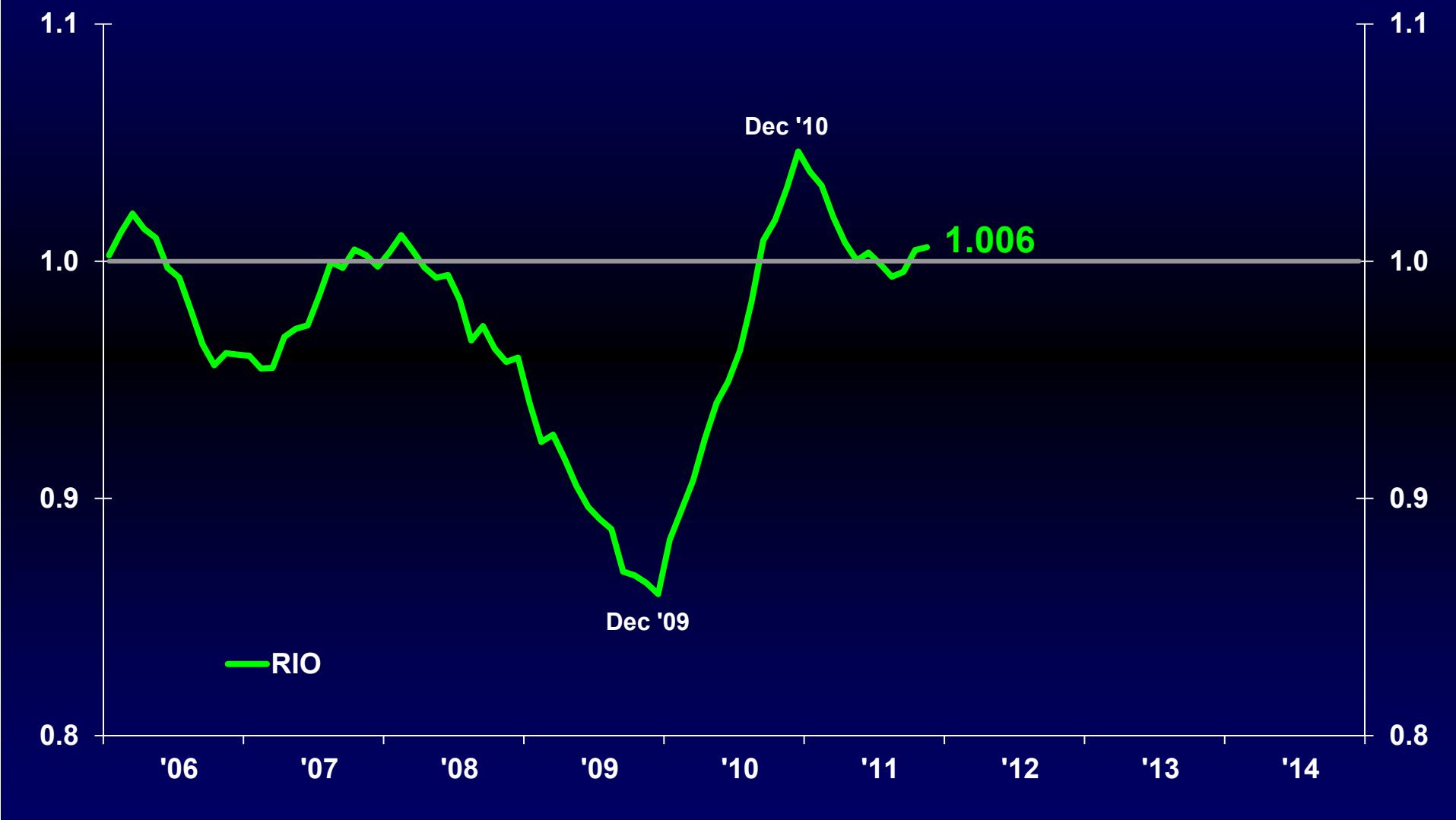


Nondefense Capital Goods New Orders w/o Aircraft Billions of \$

24



Ratio of Inventories to New Orders Raw Data



Purchasing Managers Index Raw Data



US Leading Indicator

1996 = 100



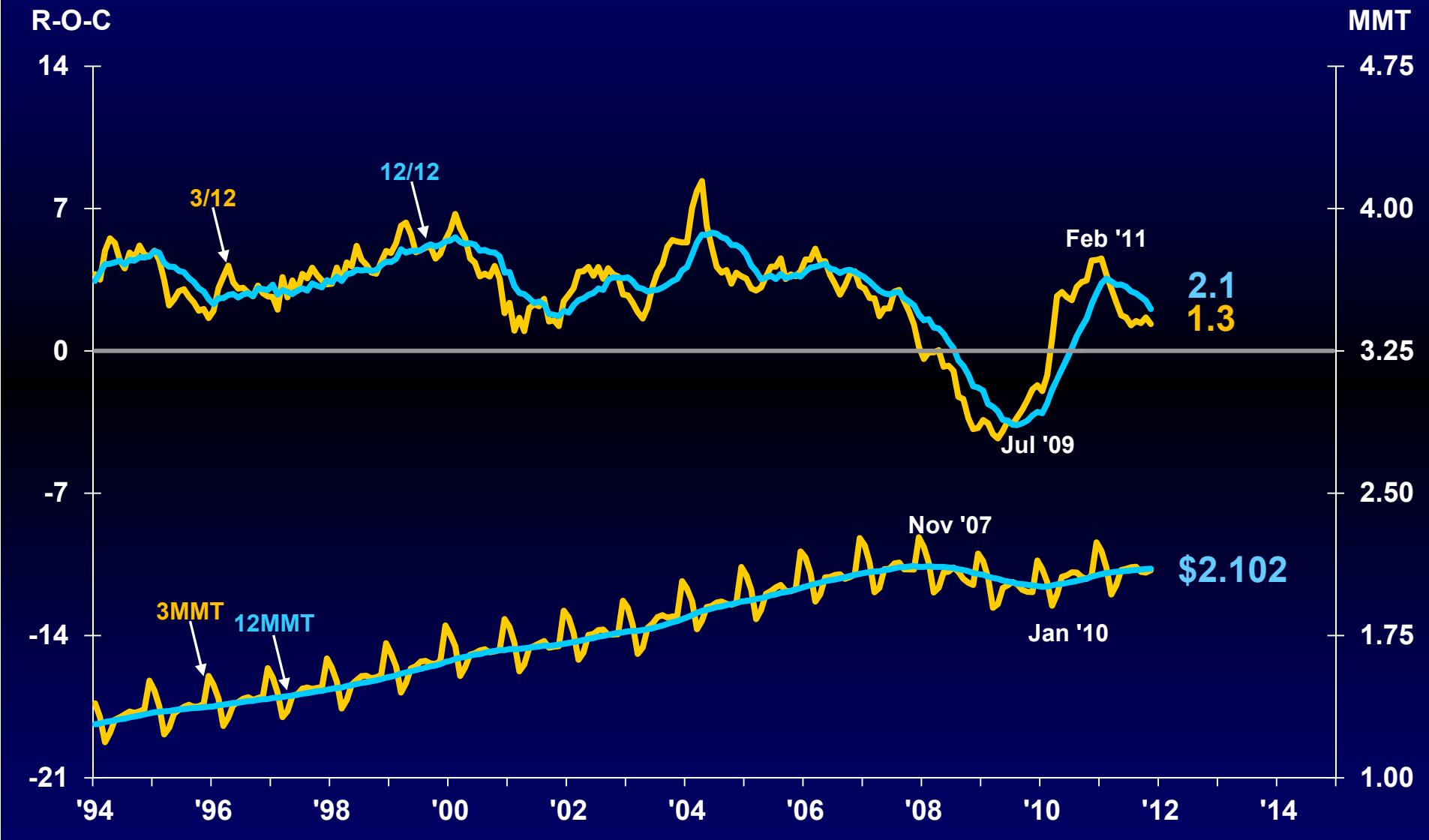
Stock Prices Index S&P 500, 1941-43 = 10

28

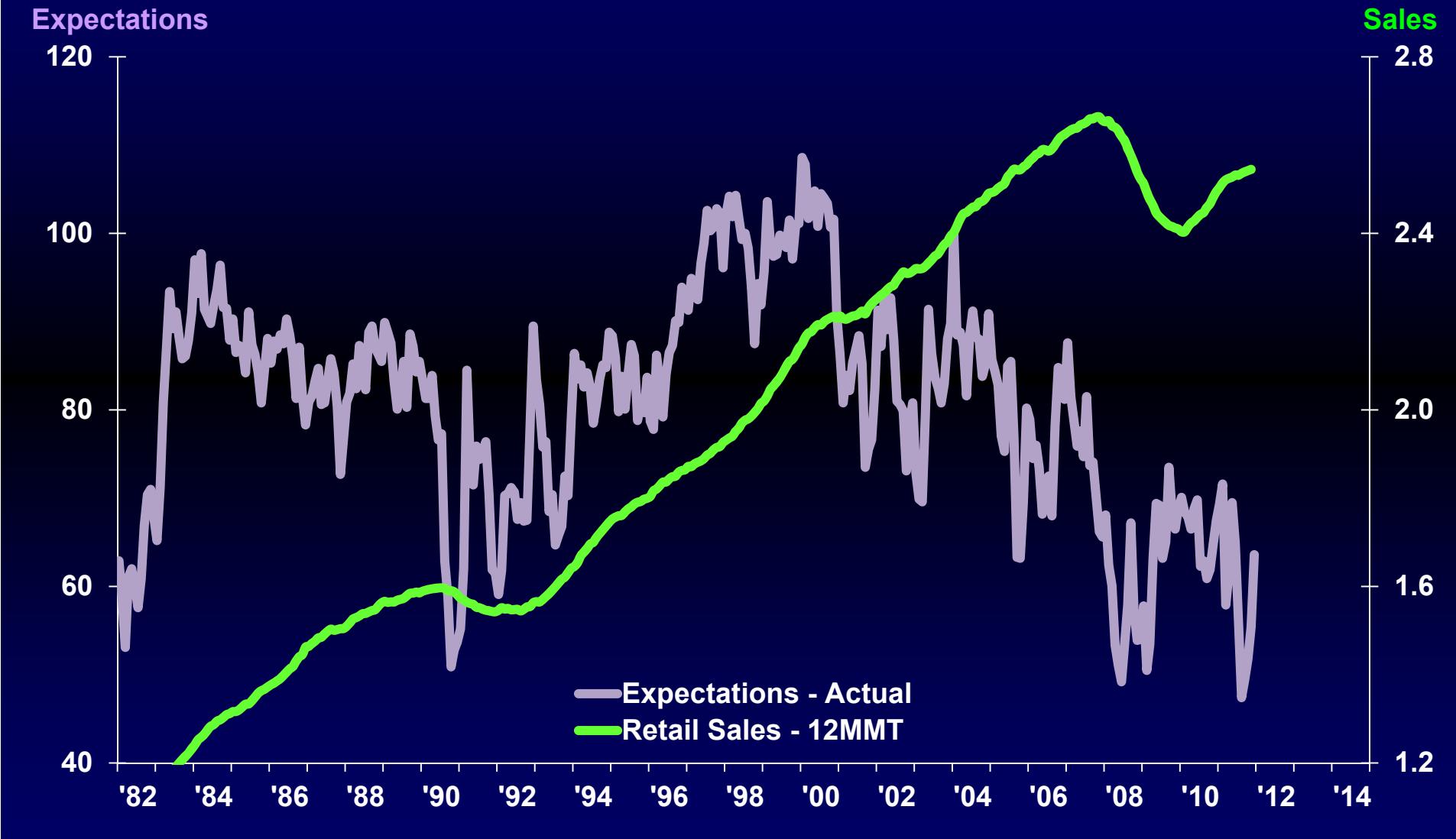


Retail Sales Excluding Automobiles

Trillions of 82-84\$



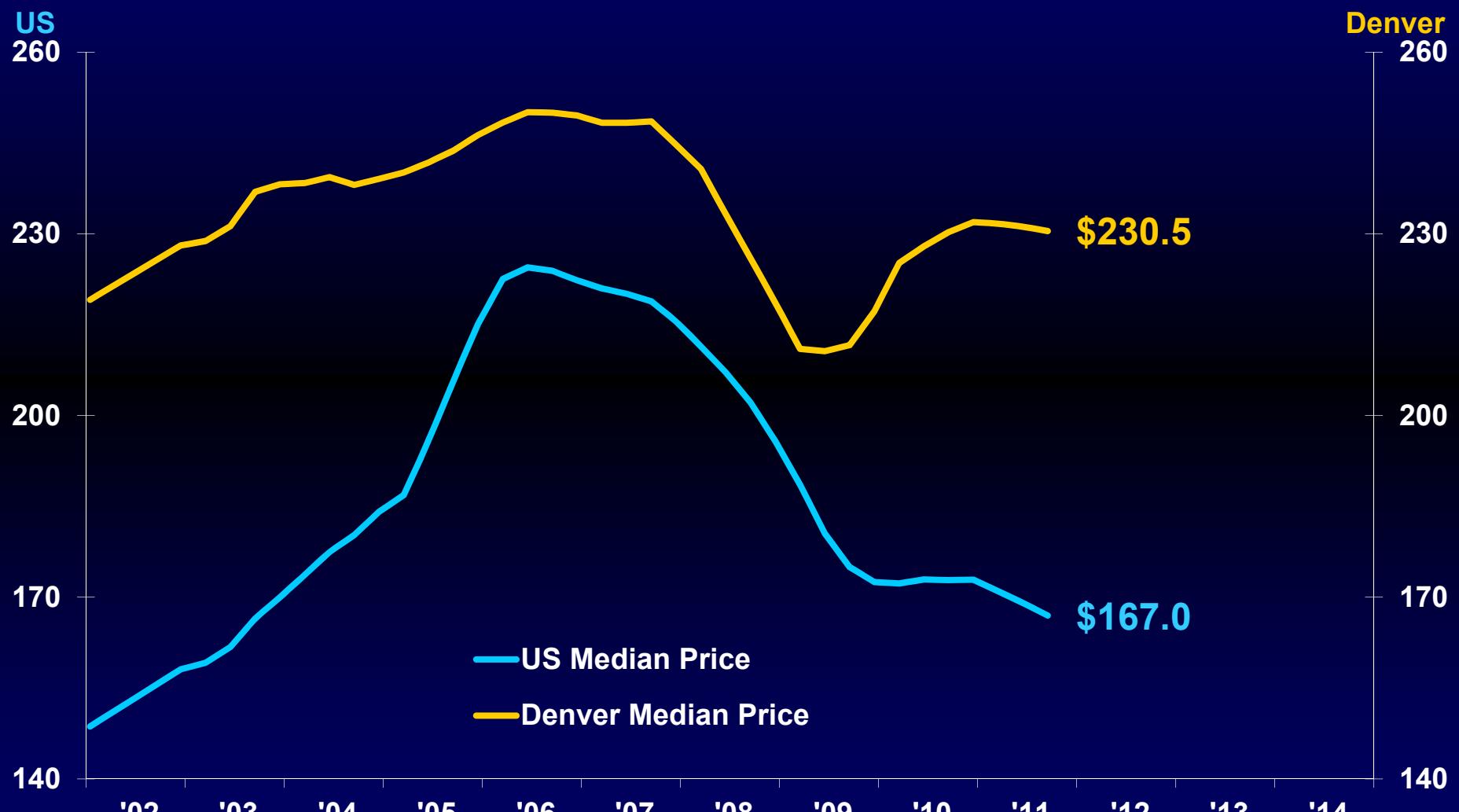
Consumer Expectations and Retail Sales



Housing Starts Millions of Units



US to Denver Median Home Sale Prices Annual Data Trends



Denver Building Permits

Thousands of Units

R-O-C

200

150

100

50

0

-50

-100

-150

MMT

105

100

95

90

85

80

75

70

'98

'00

'02

'04

'06

'08

'10

'12

'14

3/12

12/12

12MMT

3MMT

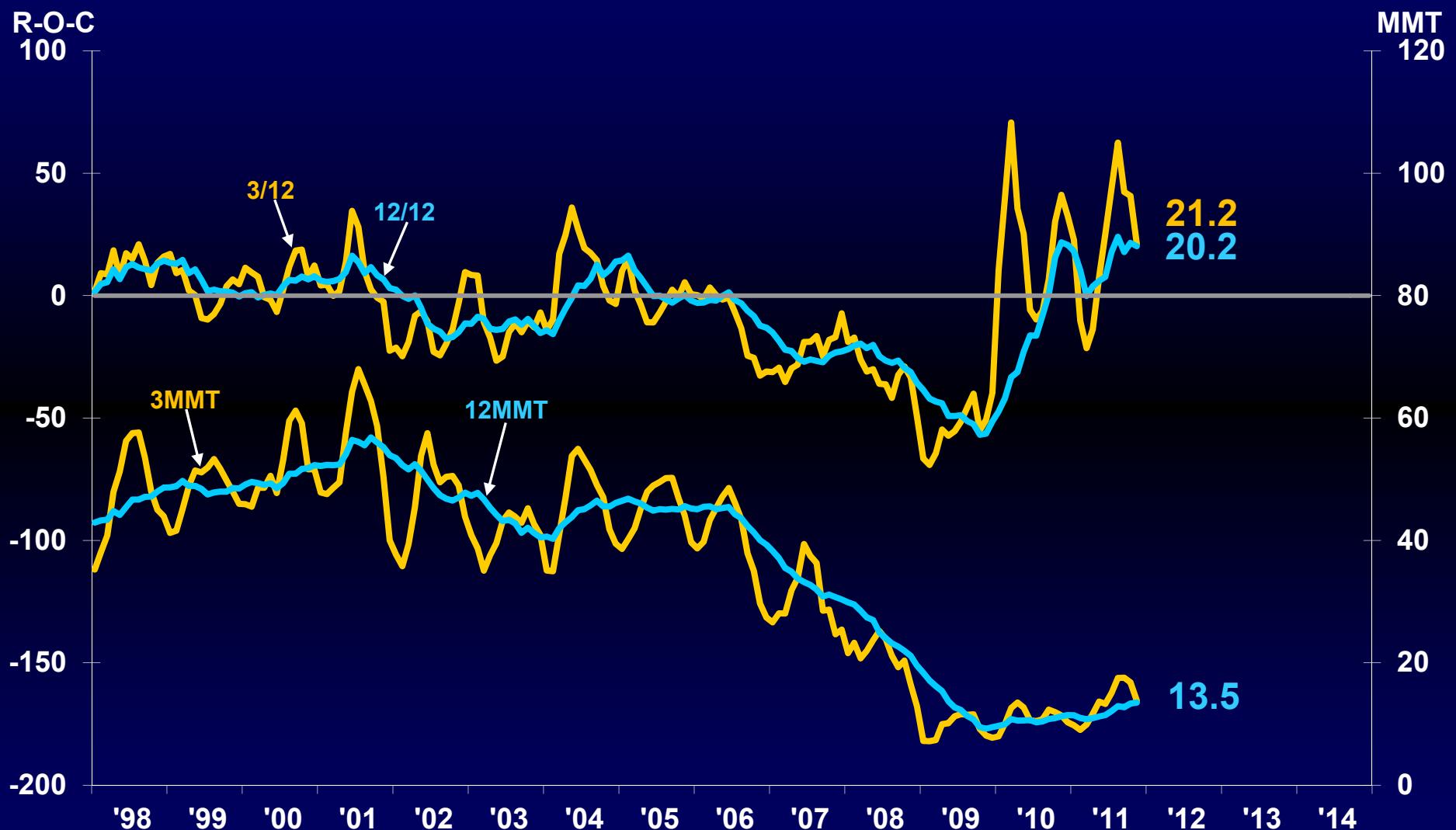
147.1

28.3

5.490

Colorado Building Permits

Thousands of Units



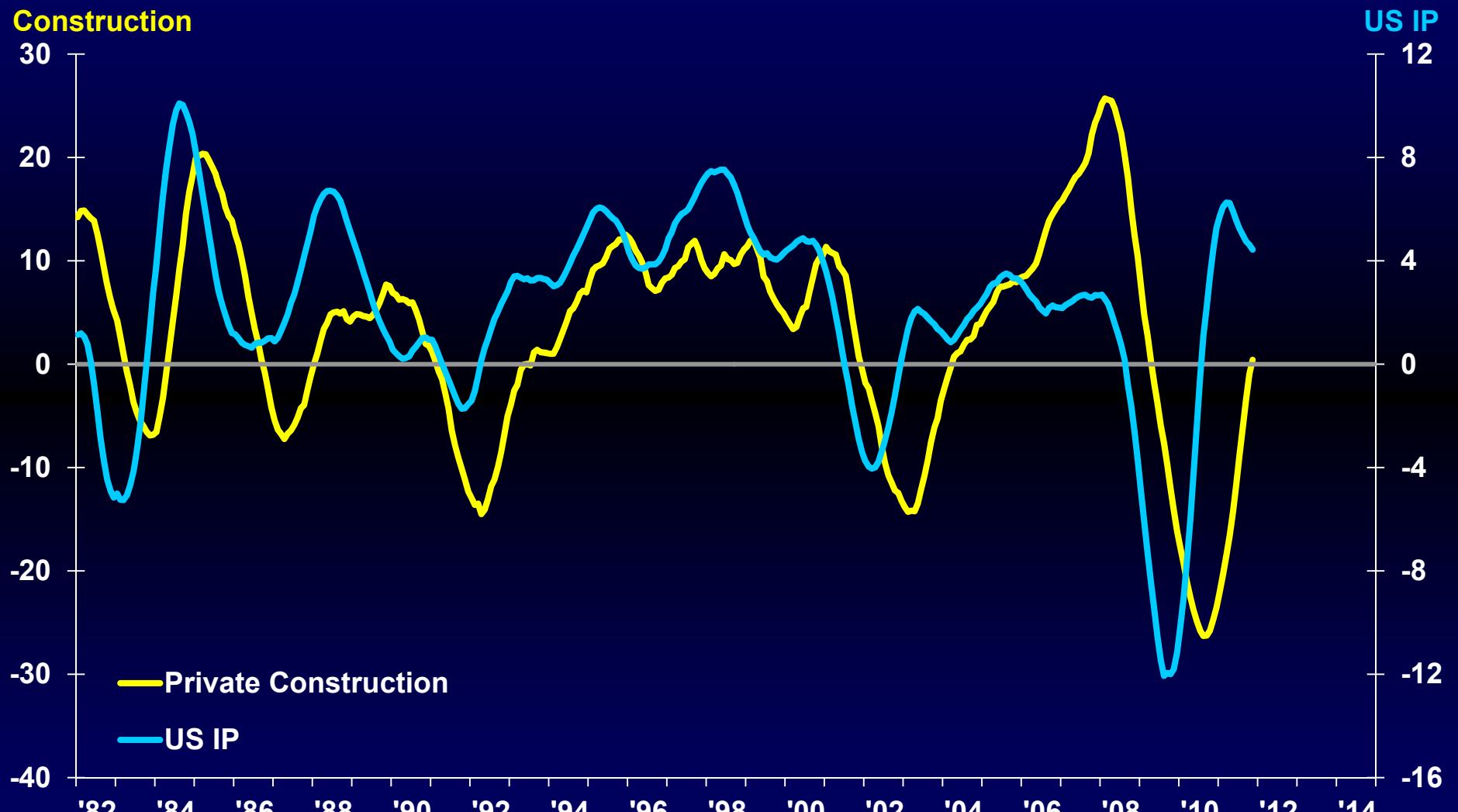
Colorado Housing Price Index

Year over Year % Change

35

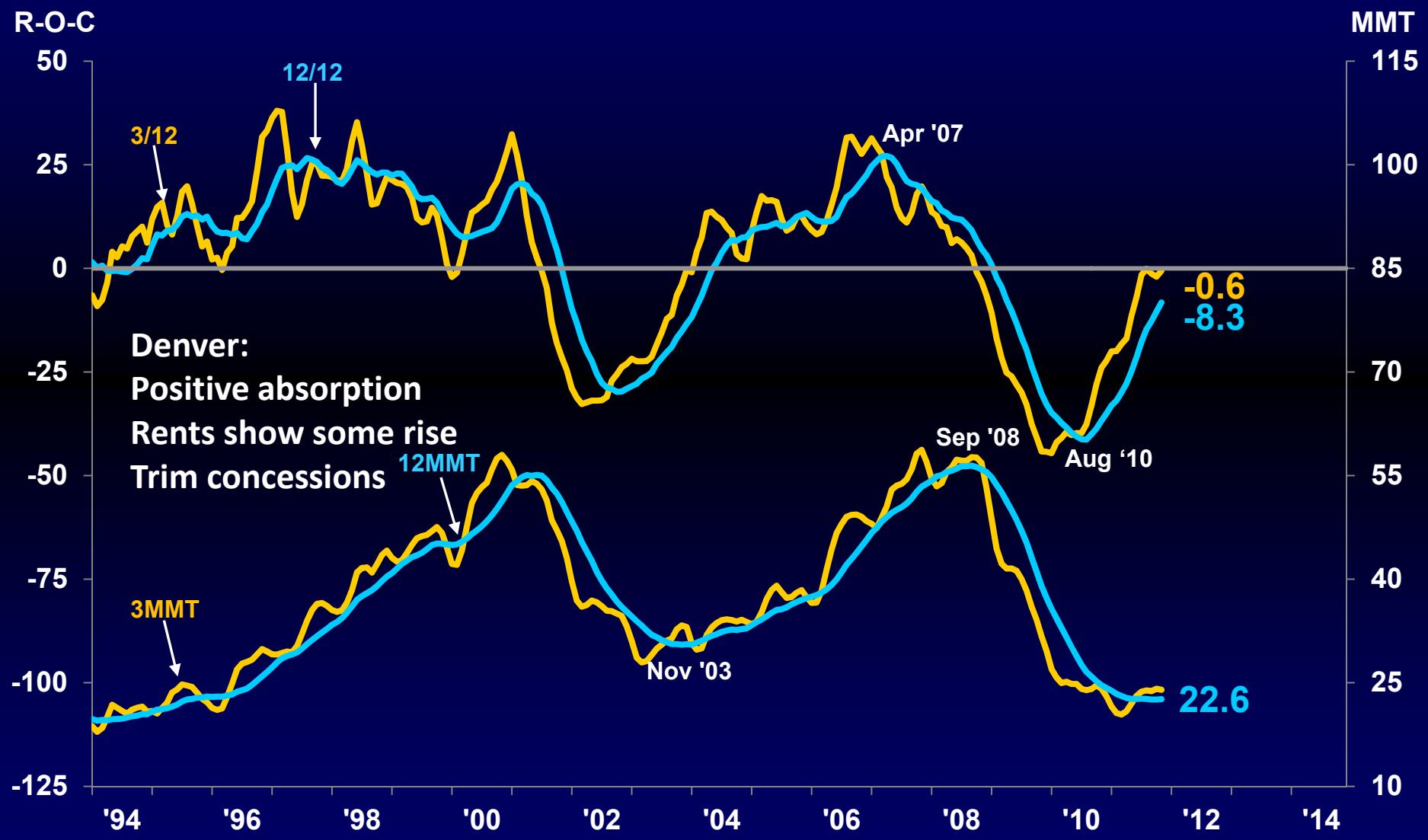


US Industrial Production to Private Non-Residential Construction ³⁶ 12/12 Rates-of-Change



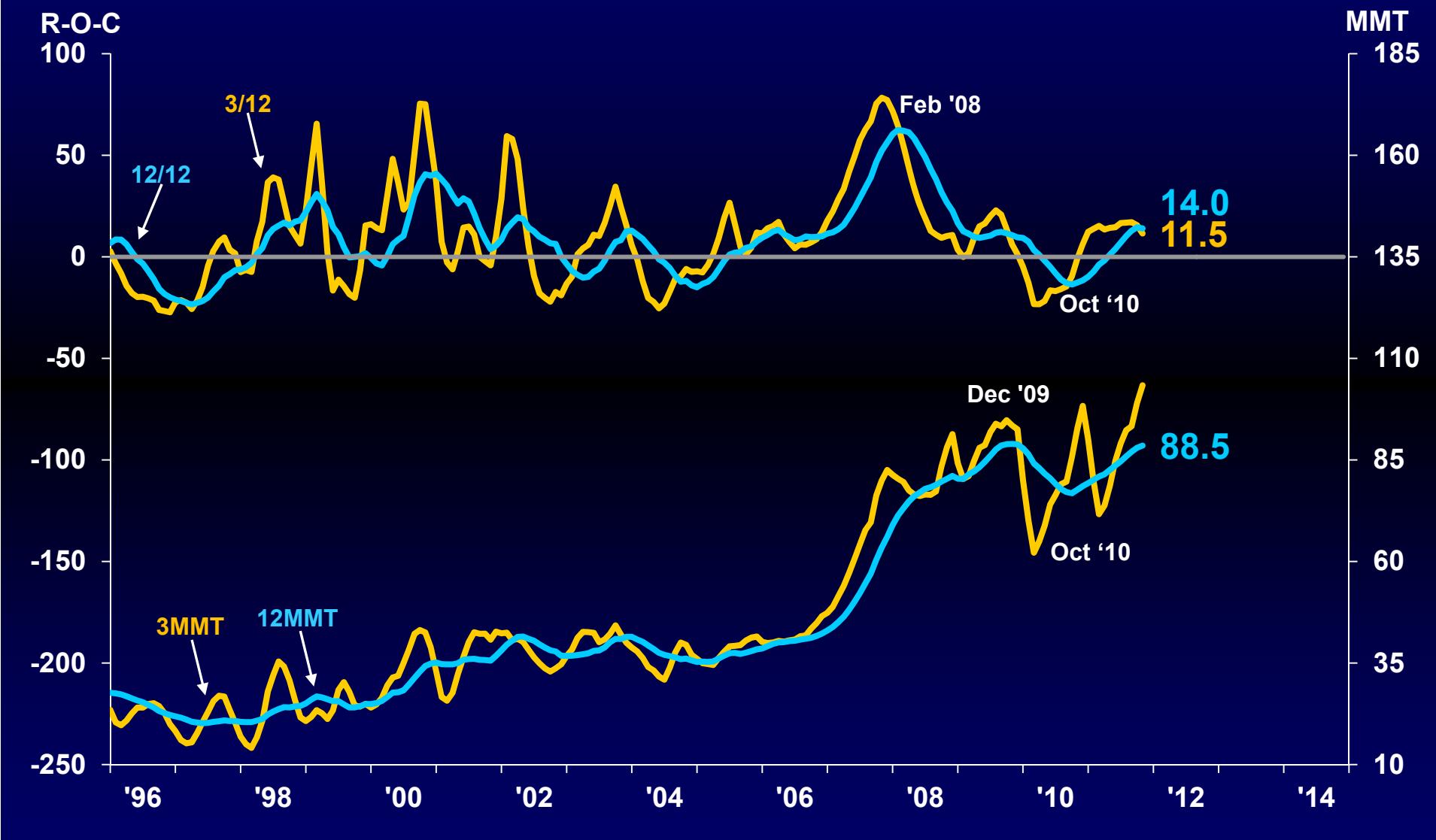
Office Buildings Construction

Billions of \$

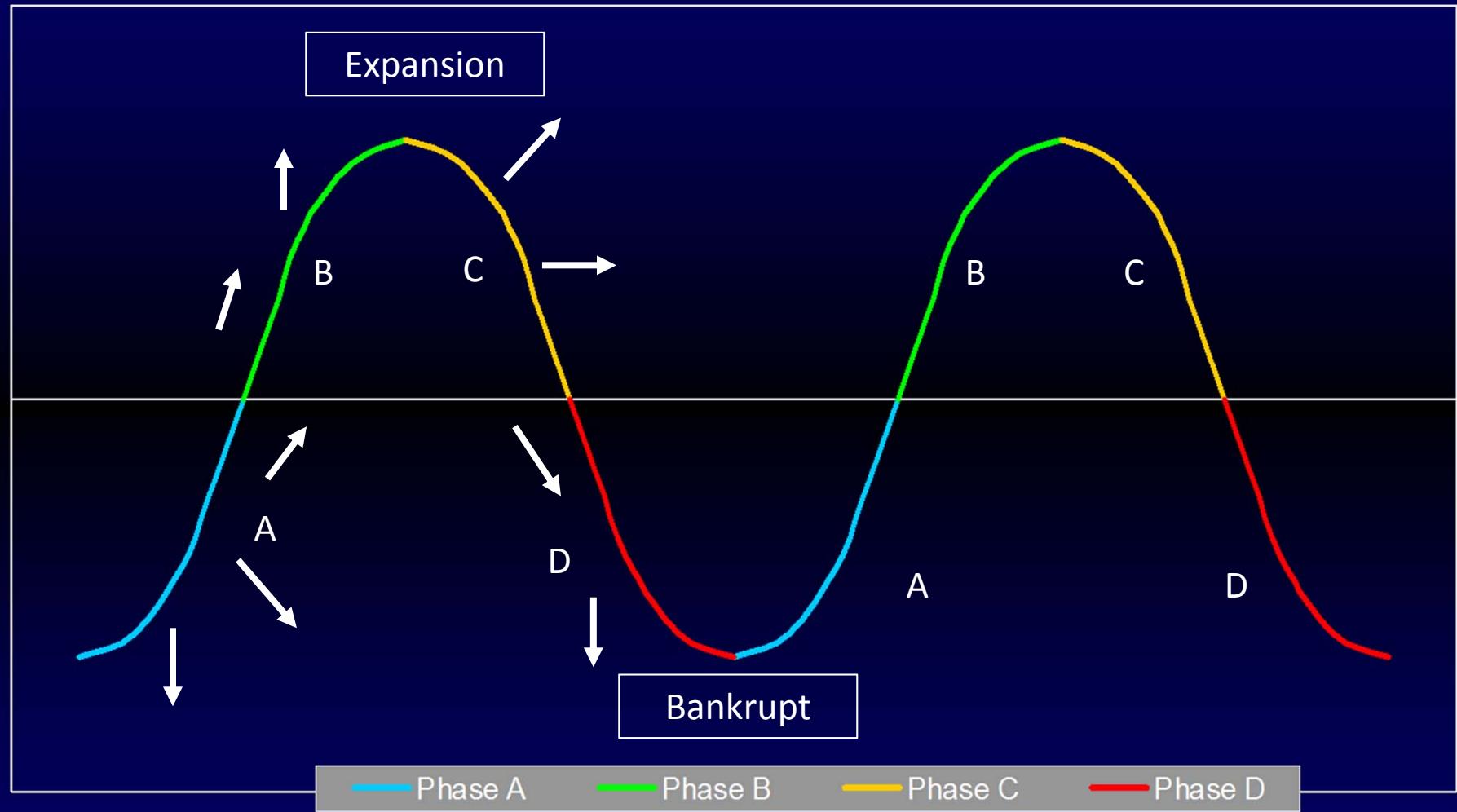


Power Construction Billions of \$

38



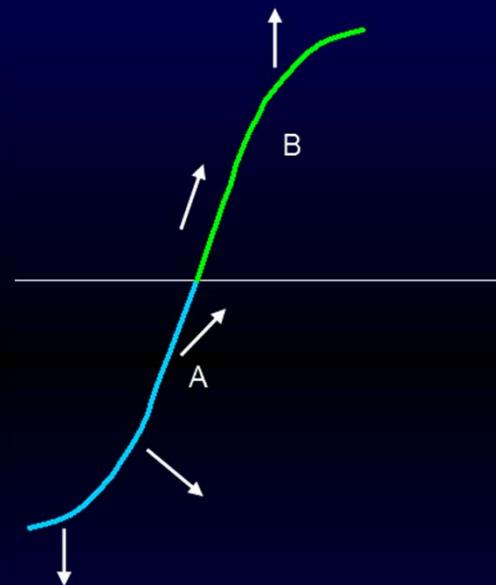
Make Your Move



Phase Management Objectives™:

Phase Late A – Recovery

1. Positive leadership modeling (culture turns to behavior)
2. Add Sales Staff and Hire Top People
3. Training programs
4. Plans to increase prices
5. Invest in customer market research (know what they value)
6. Judiciously expand credit
7. Check distributions systems for readiness to accommodate increased activity
8. Review and uncover competitive advantages
9. Improve efficiencies with investment in technology and software
10. Spend \$ on new products, marketing, advertising
11. Work on “what’s next”

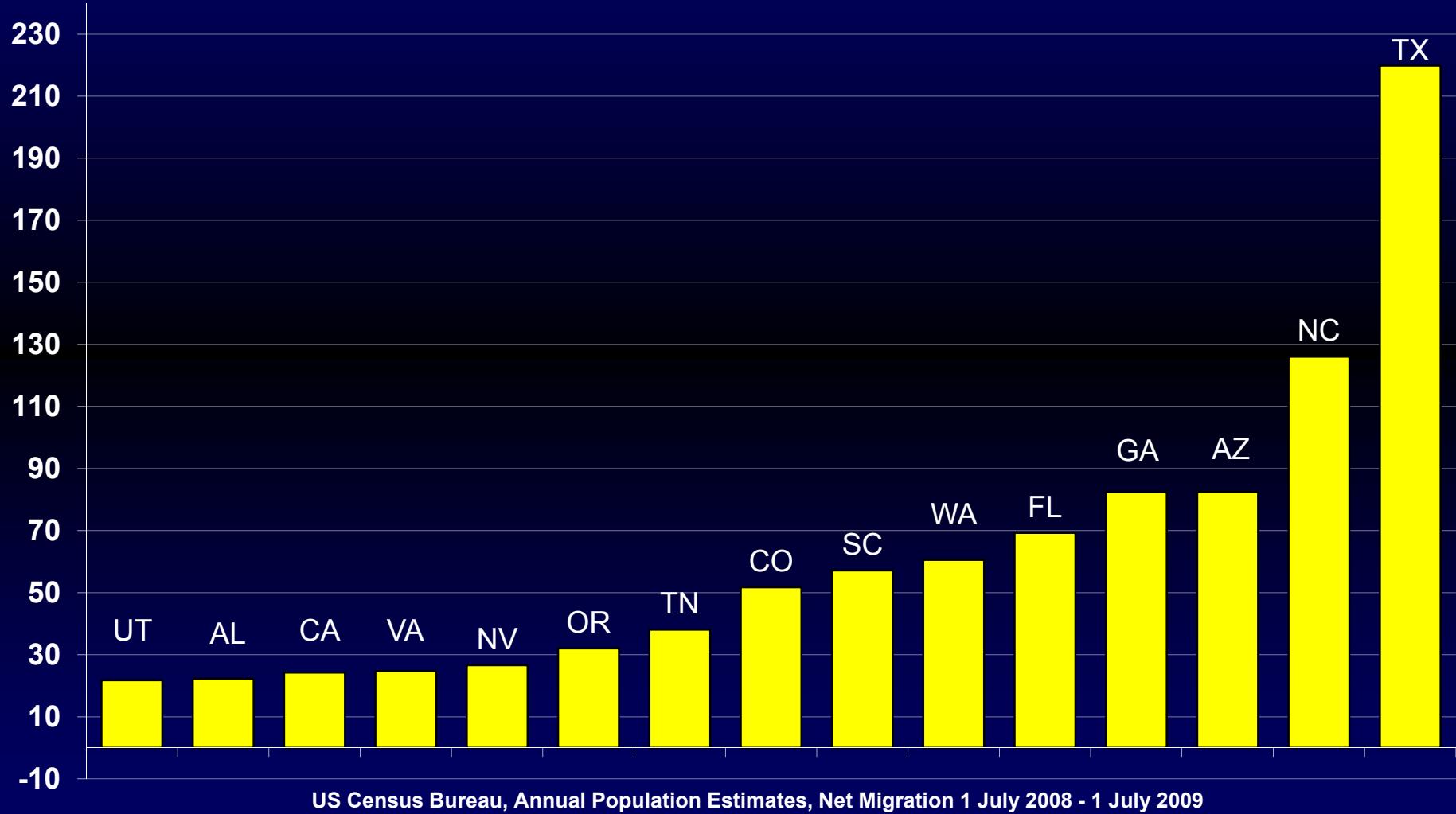


Find a way to business in the “counter-cyclical” or largely unaffected areas:

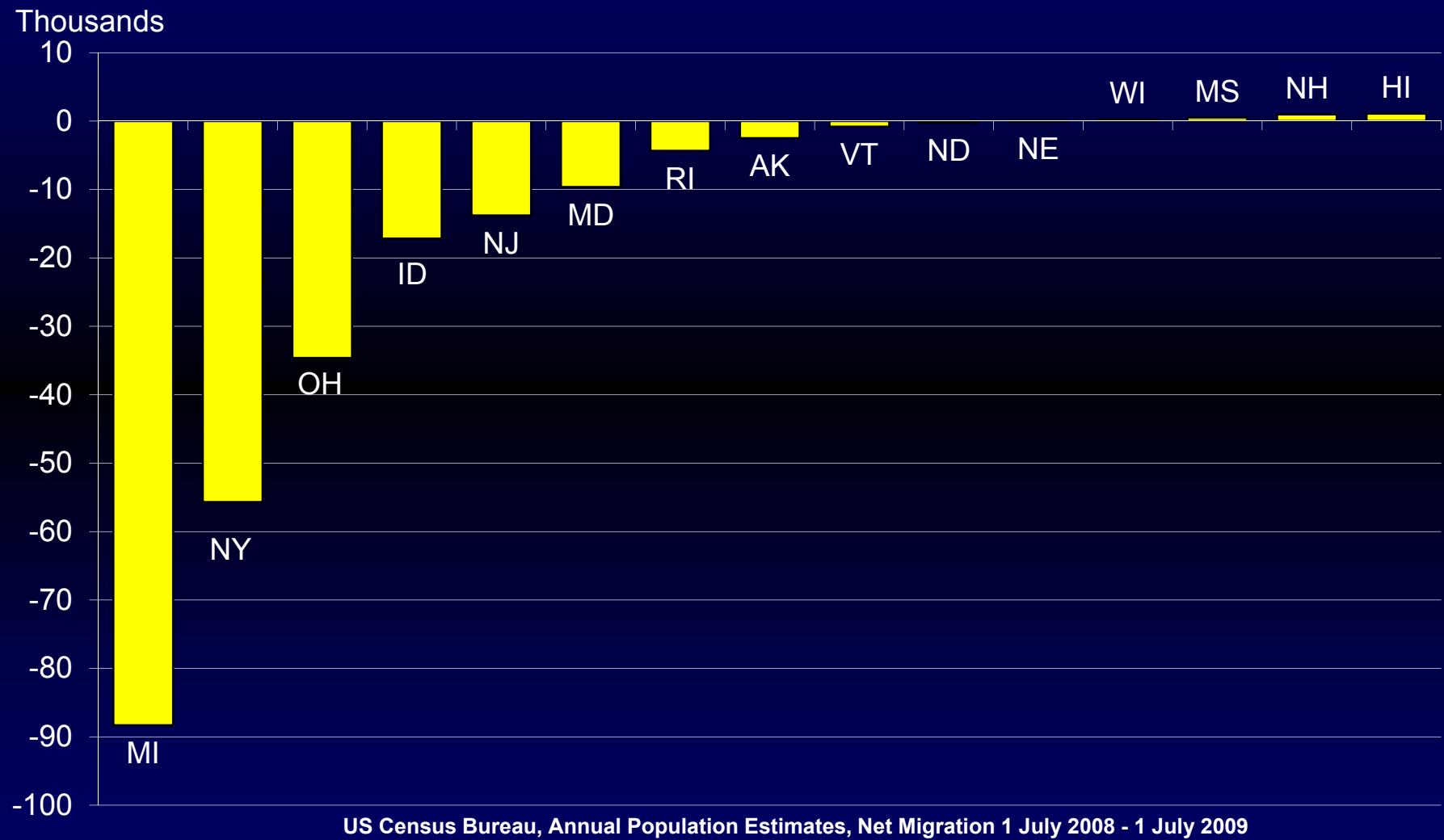
- ★ Energy
- ★ Green
- ★ Water
- ★ Canada/Exports
- ★ Higher Education
- ★ Health Care Practices
- ★ Food
- ★ Pets
- ★ Funeral Services
- ★ Alcohol
- ★ Security
- ★ Legal Services (Diversified)

Net Migration – Top 15

Thousands



Net Migration – Bottom 15



7 Must Watch Items

- ❖ Money Supply
- ❖ Corporate Bonds Rate-of-Change
- ❖ US Leading Indicator
- ❖ Purchasing Managers Index
- ❖ Retail Sales
- ❖ Employment
- ❖ Nondefense Capital Goods New Orders

Available from ITR via *ITR Trends Report*,
the *ITR Advisor*, or on the web



The Road Ahead

(actual results may vary stay tuned!)

45

2011	Slower rate of recovery
2012	Ongoing recovery
2013	Flattens out; recession begins
2014	Recession
2015	Growth
2016	Growth
2017	Growth

Opportunity

Continue Your Quest in Seeing Tomorrow Today

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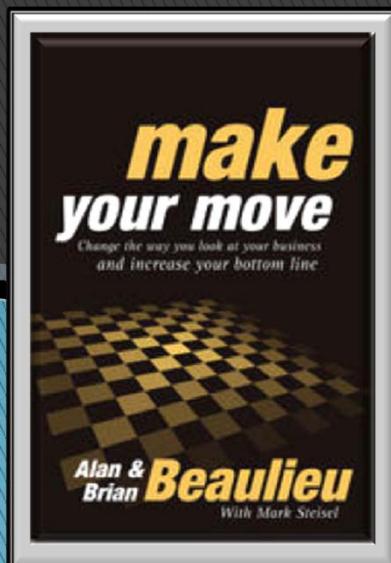
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