

PMA Brethour Research

“The Future is Your Decision”

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Presented By:

ITR

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US GDP to Canada GDP 3/12 Rates-of-Change



Example: Revenue 12MMT

3

Monthly

Dec 09	1.47			12MMT=17.54	
Jan 10	1.51				
Feb 10	1.65	3MMT = 4.63			
Mar 10	1.75				
Apr 10	1.76				
May 10	1.64	3MMT = 5.14			
Jun 10	1.71				
Jul 10	1.74				
Aug 10	1.54	3MMT = 4.98			
Sep 10	1.44				
Oct 10	1.24	3MMT = 4.22			
Nov 10	1.26	3MMT = 3.95	12MMT = 18.70		
Dec 10	1.74	3MMT = 4.24	12MMT = 18.97	8.2%	

RATE-OF-CHANGE

$$\frac{\text{ACTUAL MONTHLY DATA AS OF 2/11}}{\text{ACTUAL MONTHLY DATA AS OF 2/10}} = 1/12$$

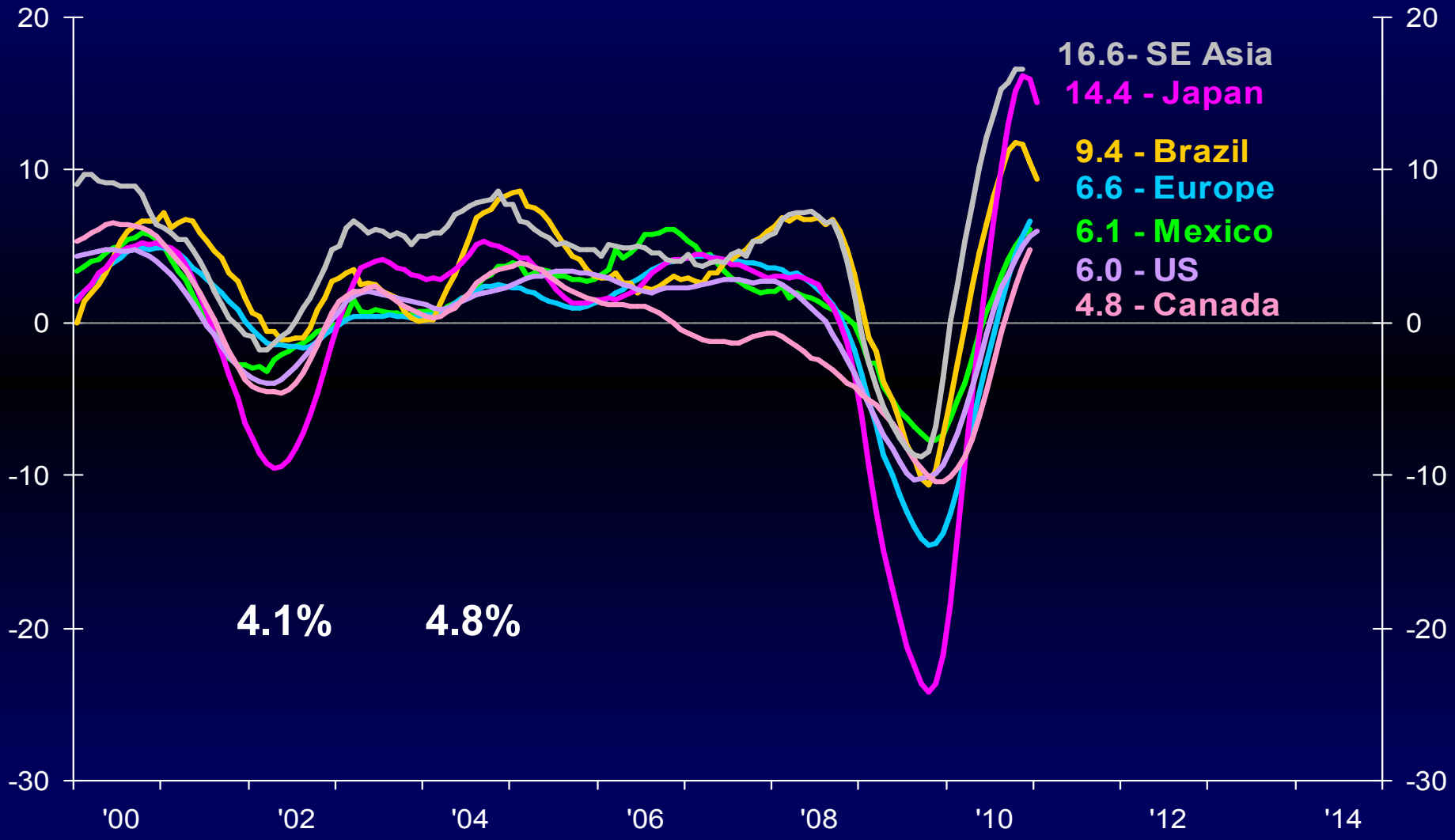
$$\frac{\text{3-MOS MOVING TOTAL (3MMT) AS OF 2/11}}{\text{3-MOS MOVING TOTAL (3MMT) AS OF 2/10}} = 3/12$$

$$\frac{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 2/11}}{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 2/10}} = 12/12$$



Global Industrial Production Indices

12/12 Rates-of-Change

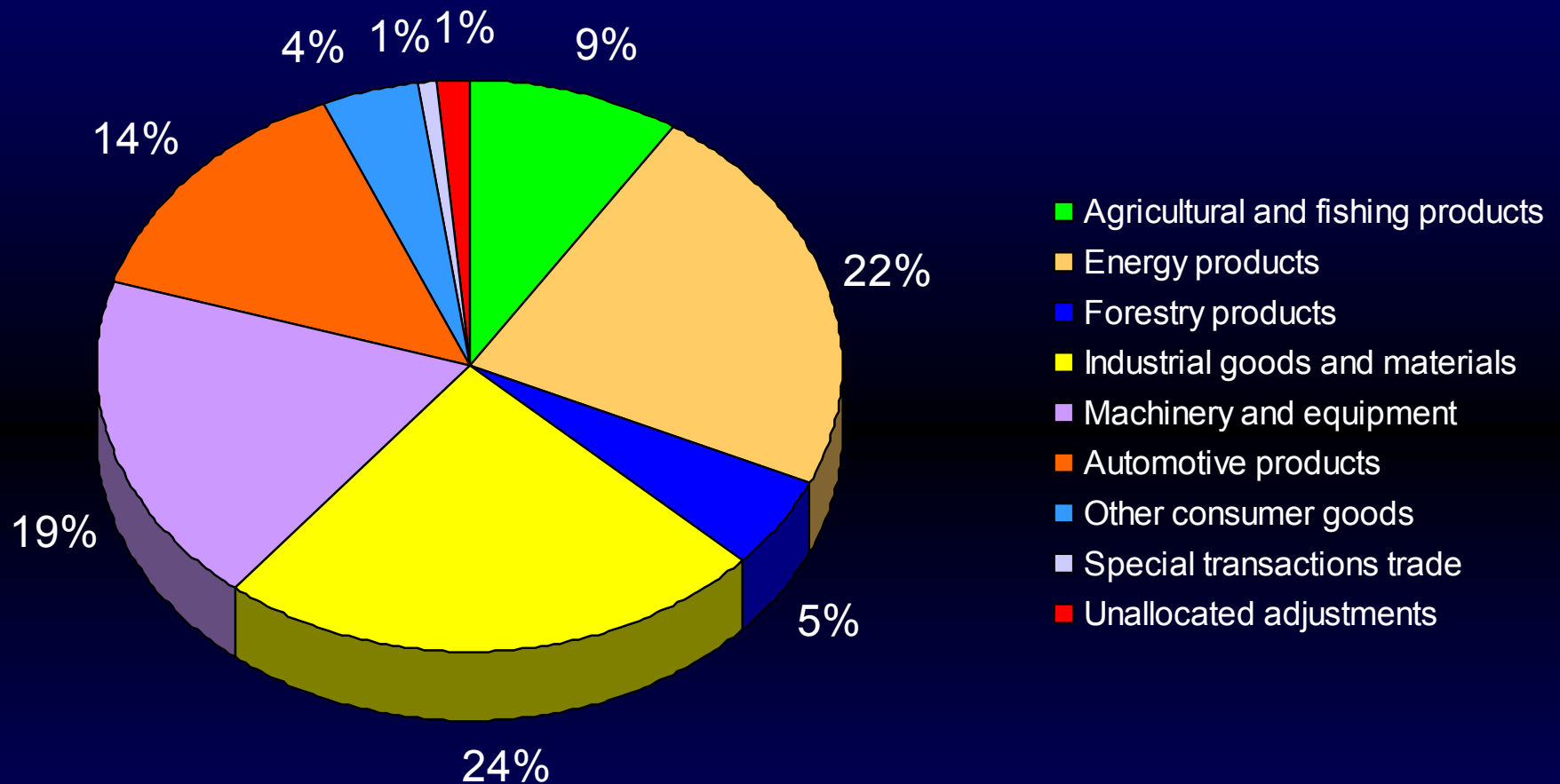


4.1% 4.8%



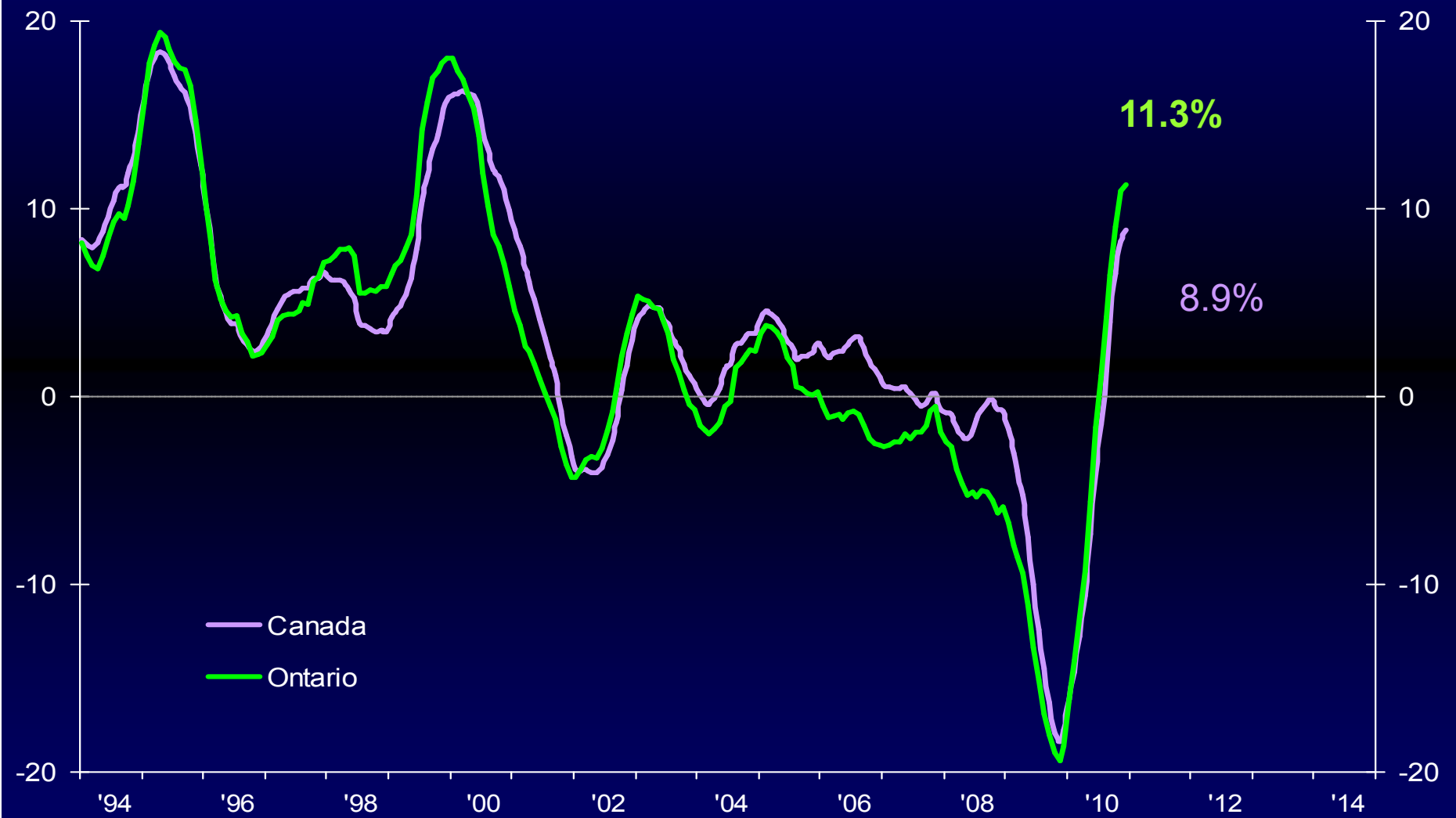
2010 Exports from Canada to the World

Billions of Dollars



<u>Economy</u>	<u>Ease of Doing Business Rank ▲</u>
Singapore	1
Hong Kong SAR, China	2
New Zealand	3
United Kingdom	4
United States	5
Denmark	6
Canada	7
Norway	8
Ireland	9
Australia	10

Canada to Ontario Shipments 12/12 Rates-of-Change

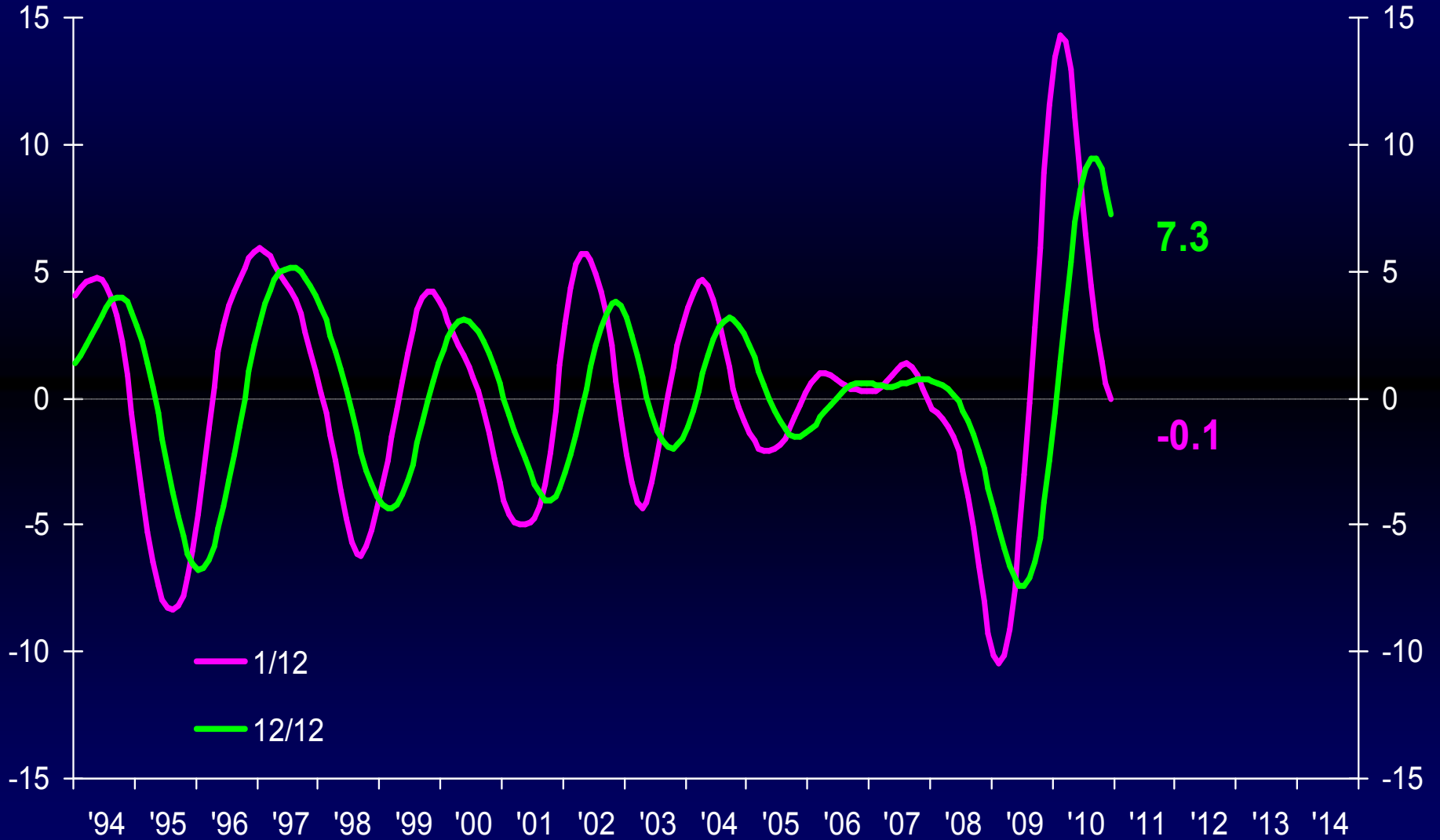


— Canada
— Ontario





Canadian Leading Indicator Rates-of-Change

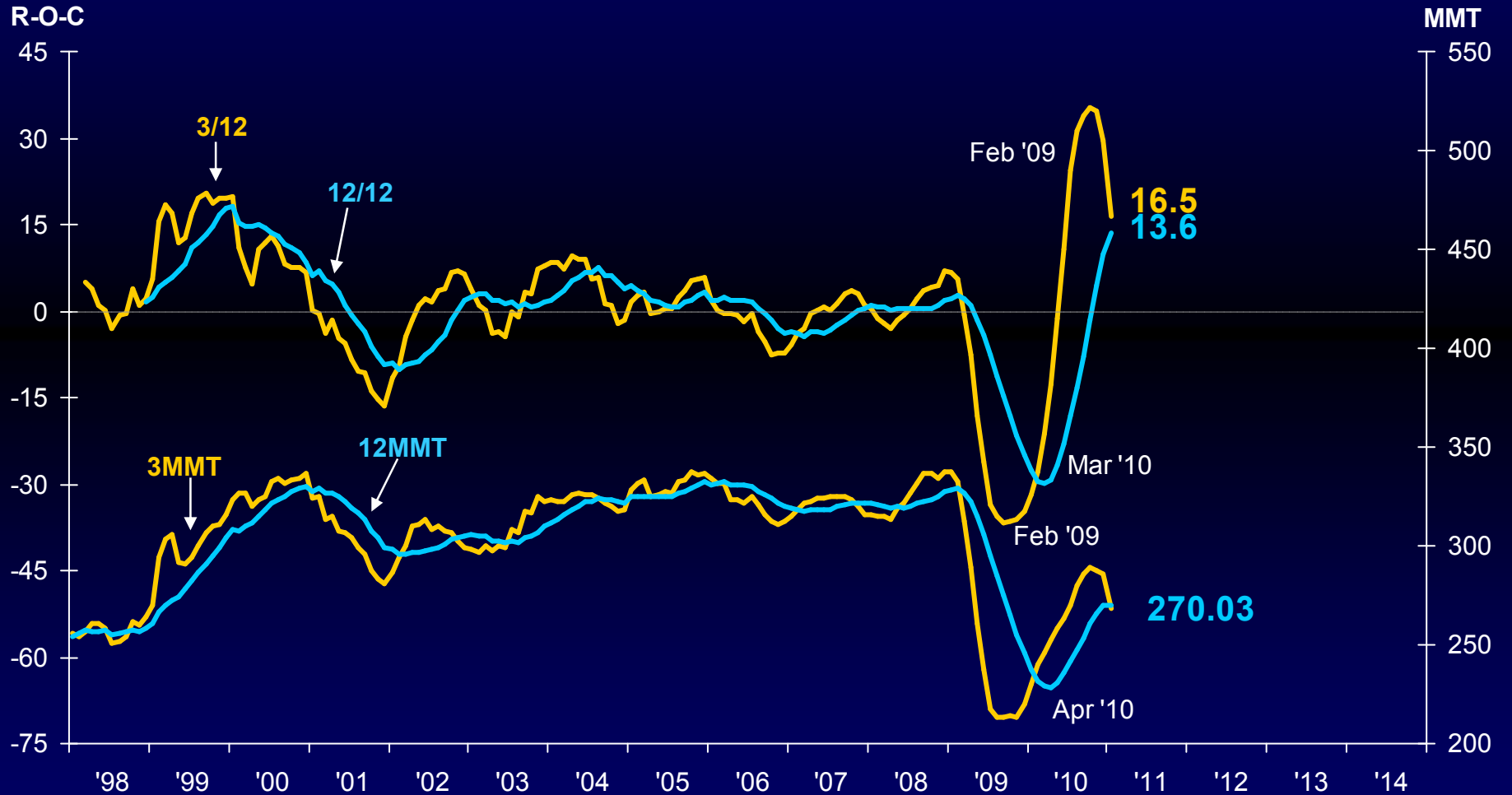


Canada Purchasing Managers Index



Canada Durable Goods New Orders

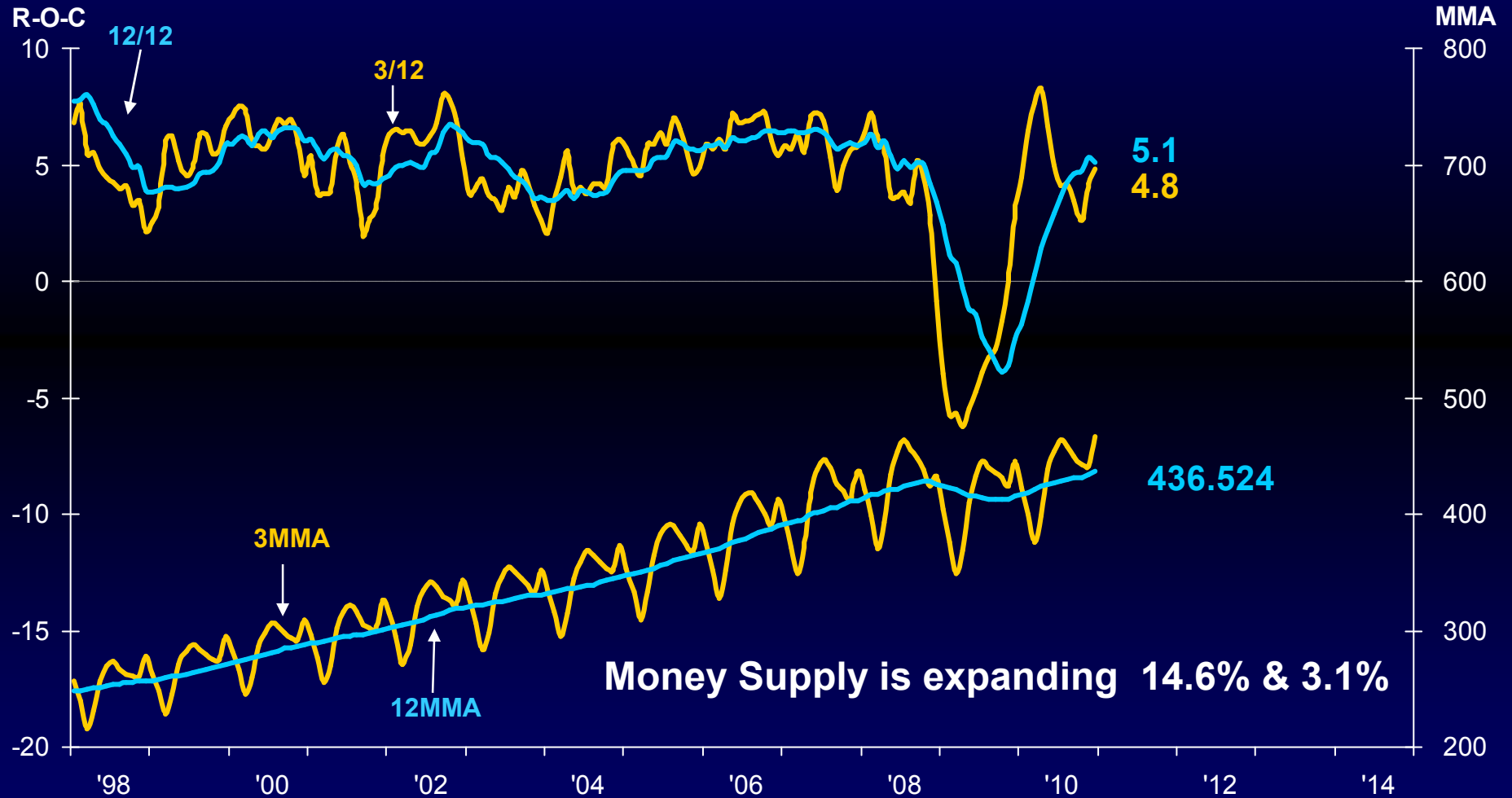
Billions of C\$



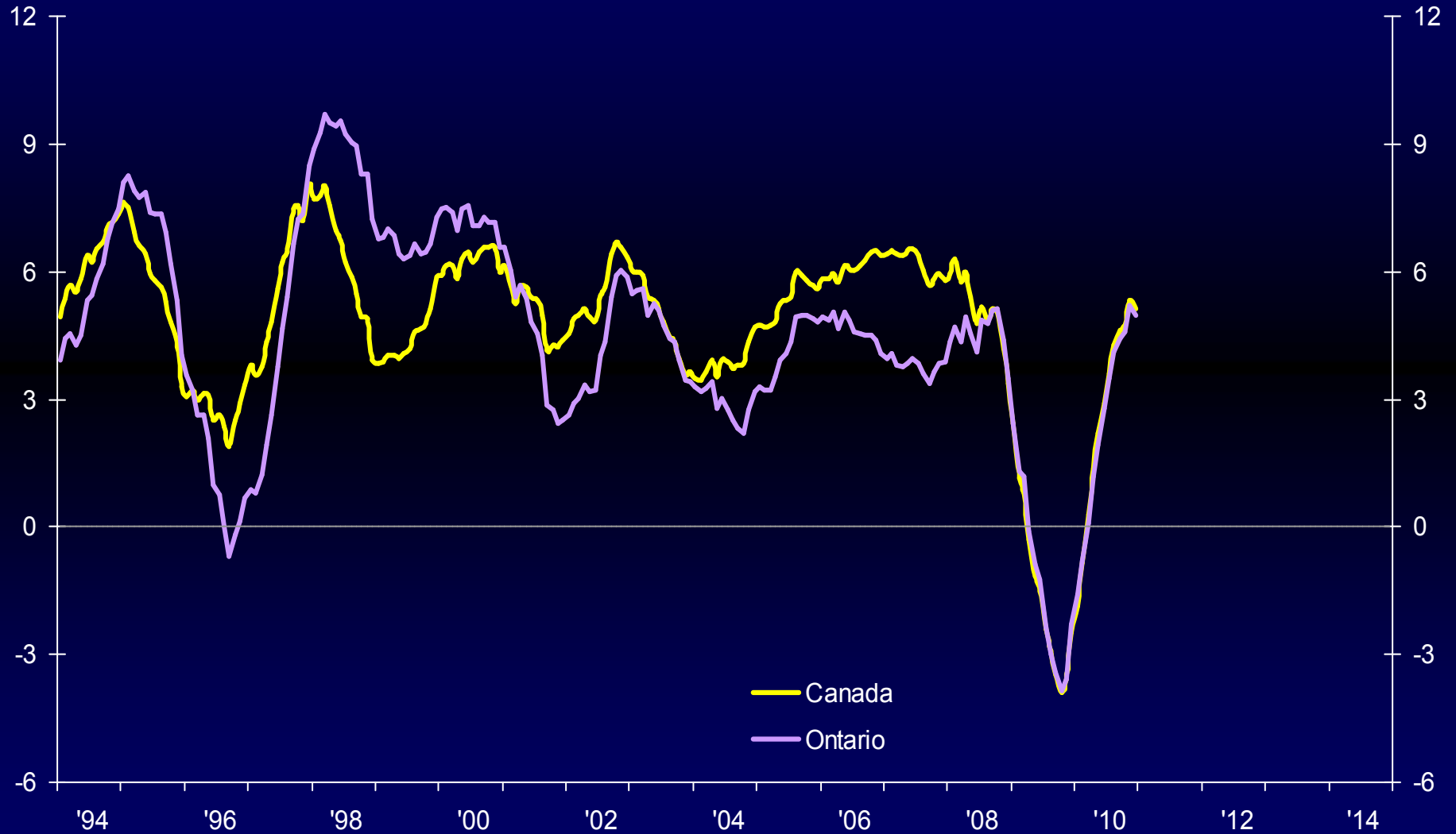


Canada Retail Trade GDP

Billions of C\$

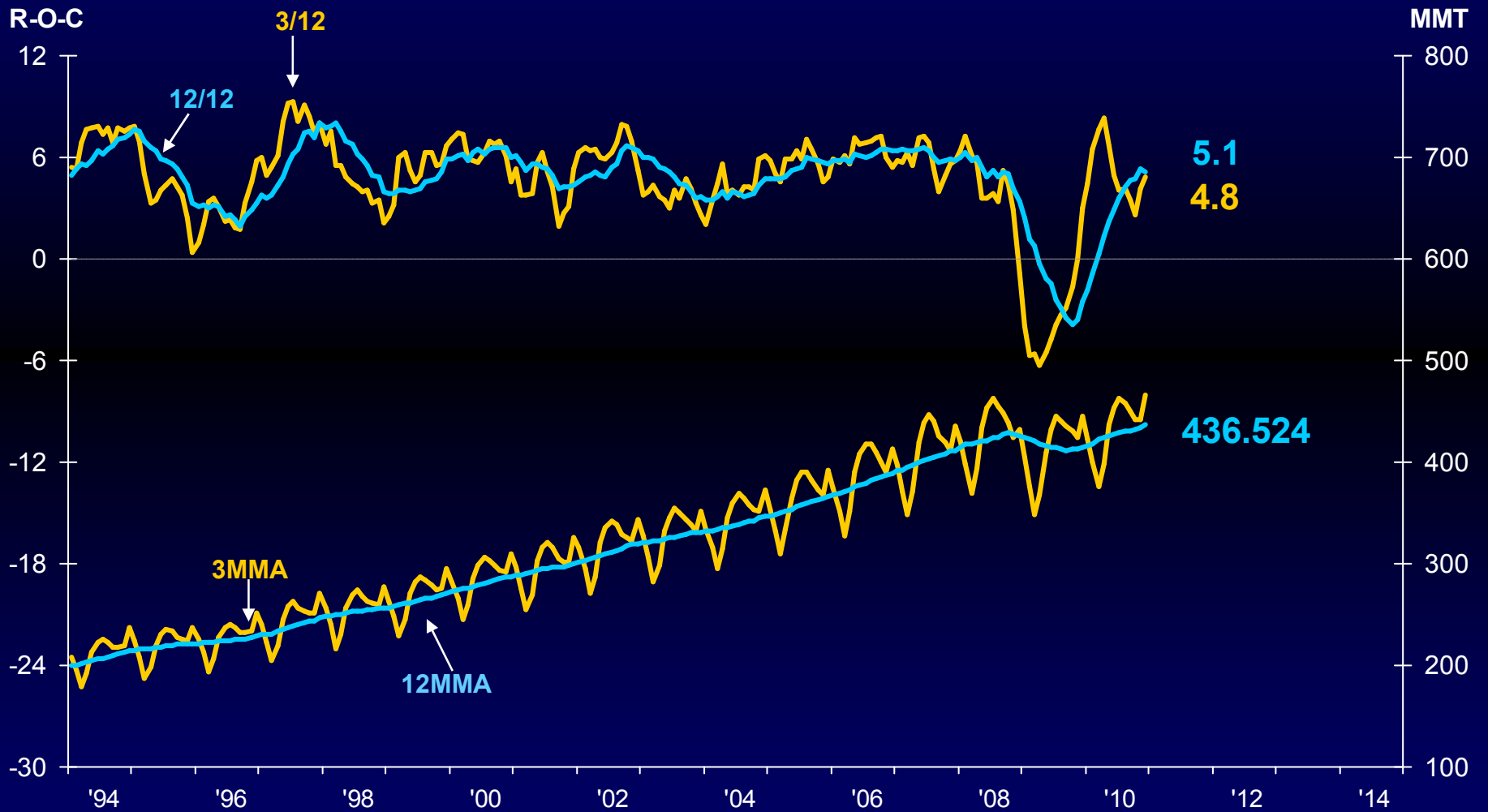


Canada to Ontario Retail Sales 12/12 Rates-of-Change



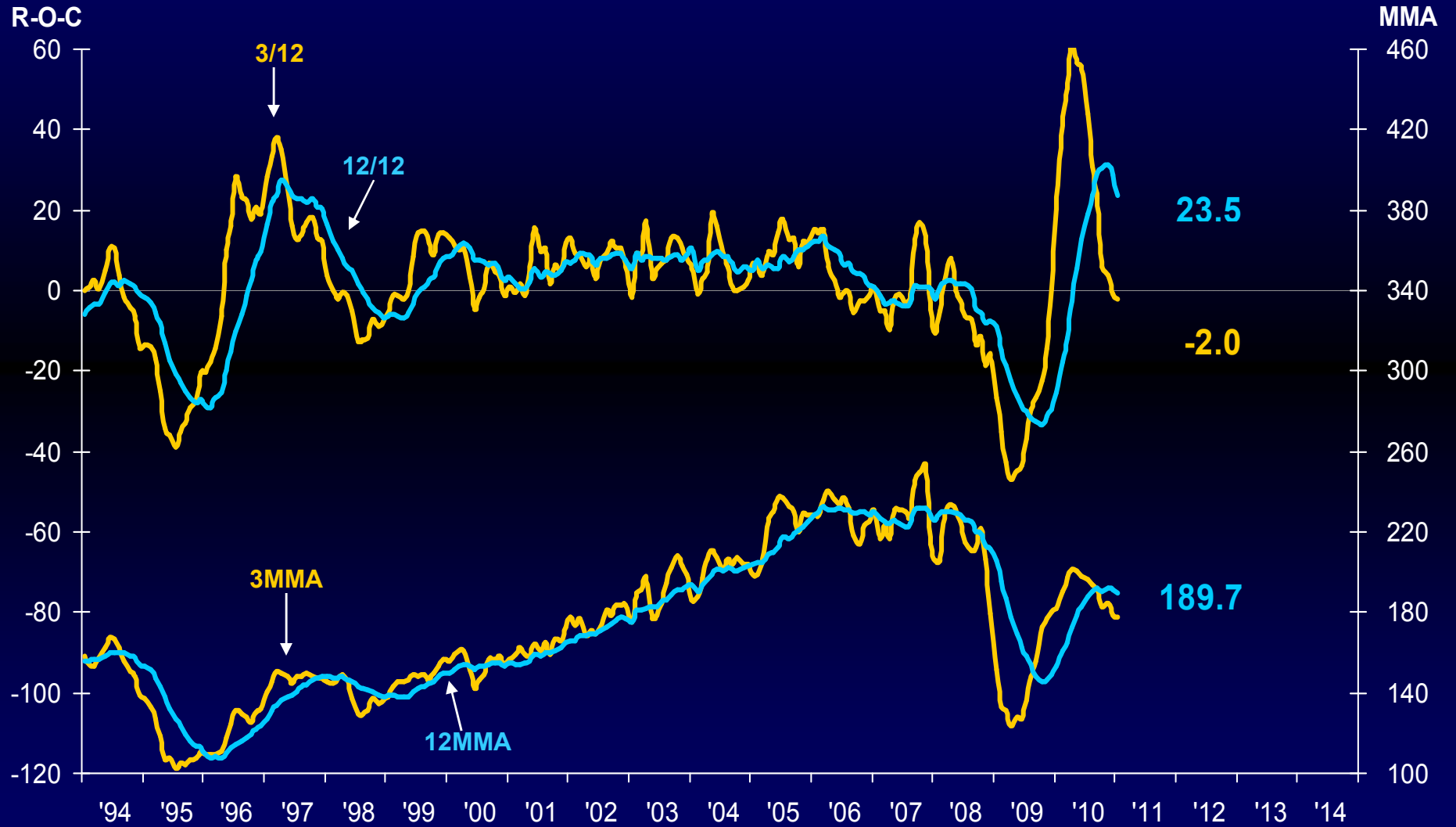
Ontario Retail Sales

Millions of \$

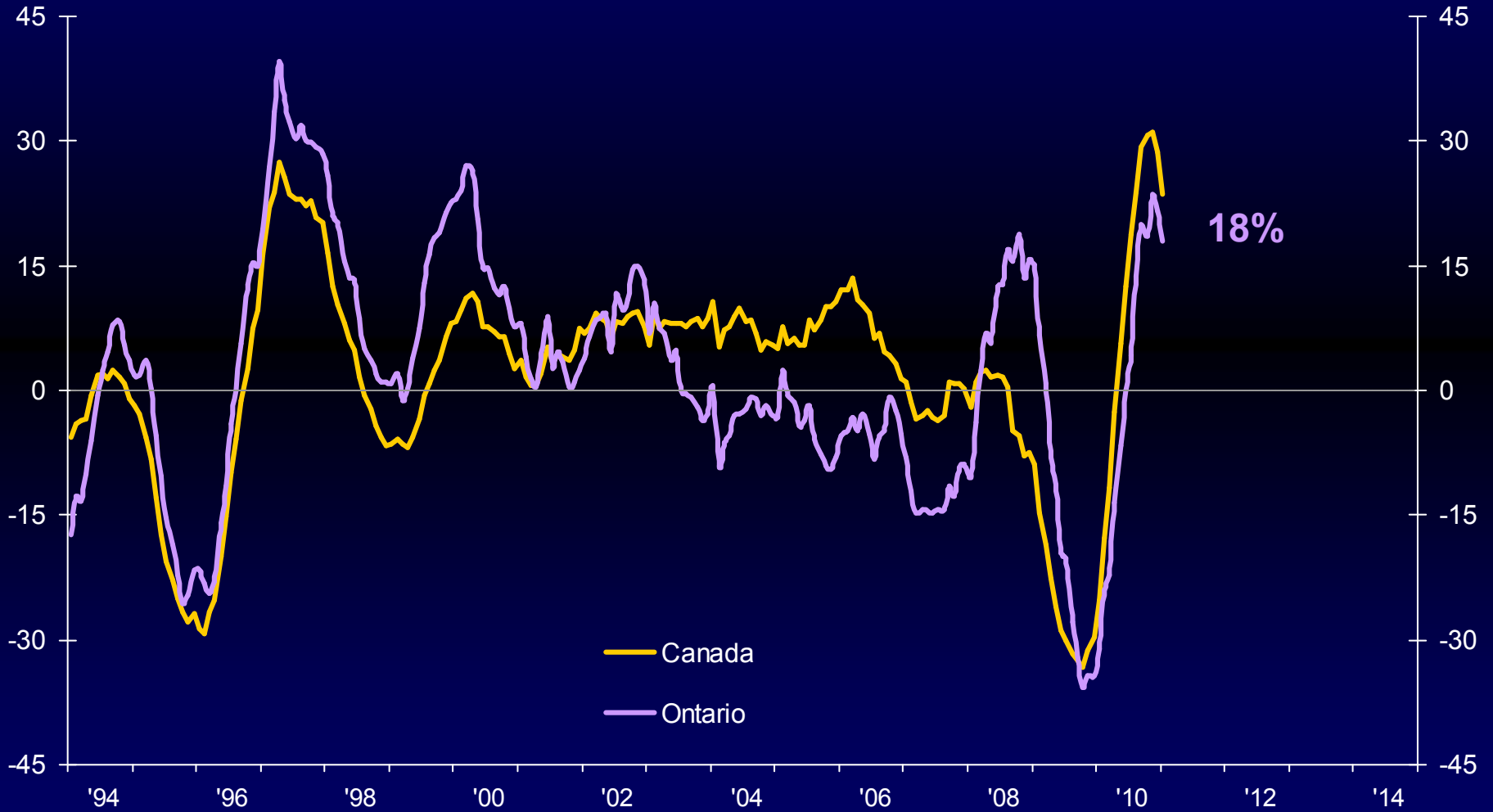


Canada Housing Starts

Thousands of Units, SAAR

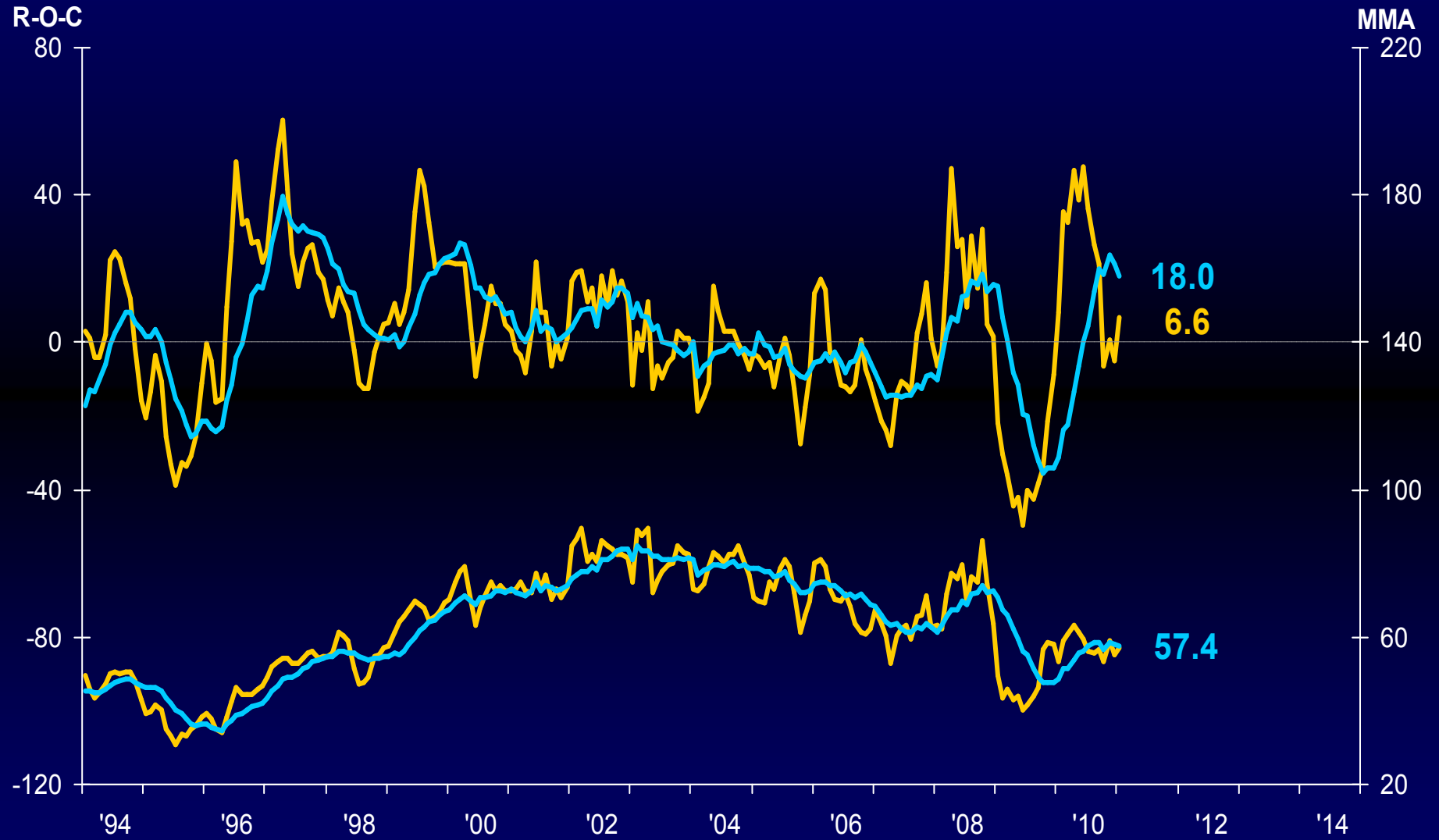


Canada to Ontario Housing Starts Growth 12/12 Rates-of-Change



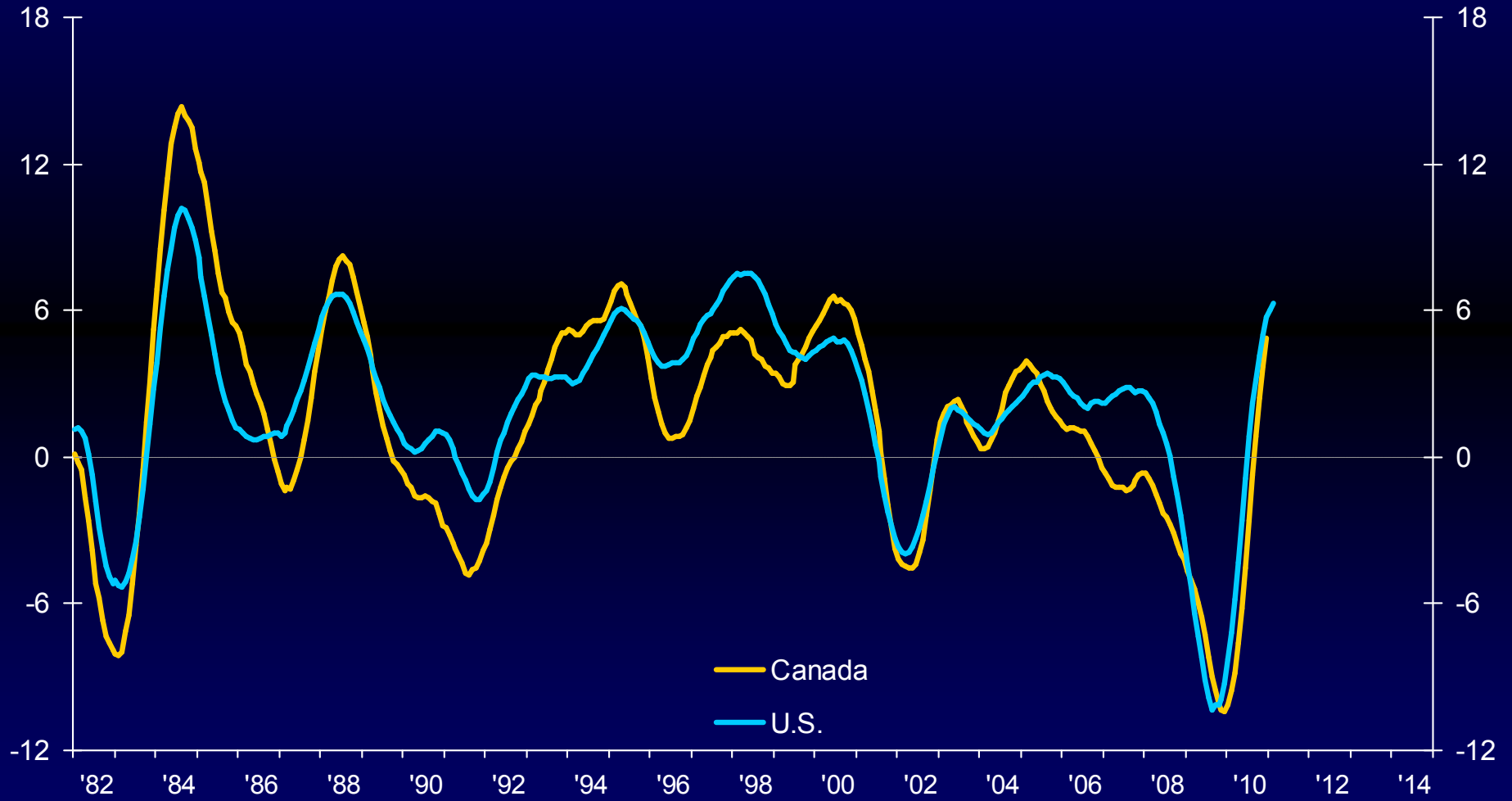
Ontario Housing Starts

Thousands of Units



<u>Province</u>	<u>Average House Price</u>	<u>12 Month Change</u>
British Columbia	\$494,000	+ 4.1 %
Alberta	\$349,000	+ 0.3 %
Ontario	\$335,000	+ 2.6 %
Quebec	\$252,000	+ 5.8 %
Newfoundland / Labrador	\$230,000	+ 12.9 %
Saskatchewan	\$236,000	+ 2.5 %
Manitoba	\$216,000	+ 6.6 %
Nova Scotia	\$191,000	- 1.0 %
Prince Edward Island	\$147,000	+ 2.8 %
New Brunswick	\$152,000	- 0.1 %
Canadian Average	\$331,000	- 0.0 %

US Industrial Production to Canadian Industrial Production 3/12 Rates-of-Change



US Industrial Production to Gross Domestic Product 3/12 Rates-of-Change

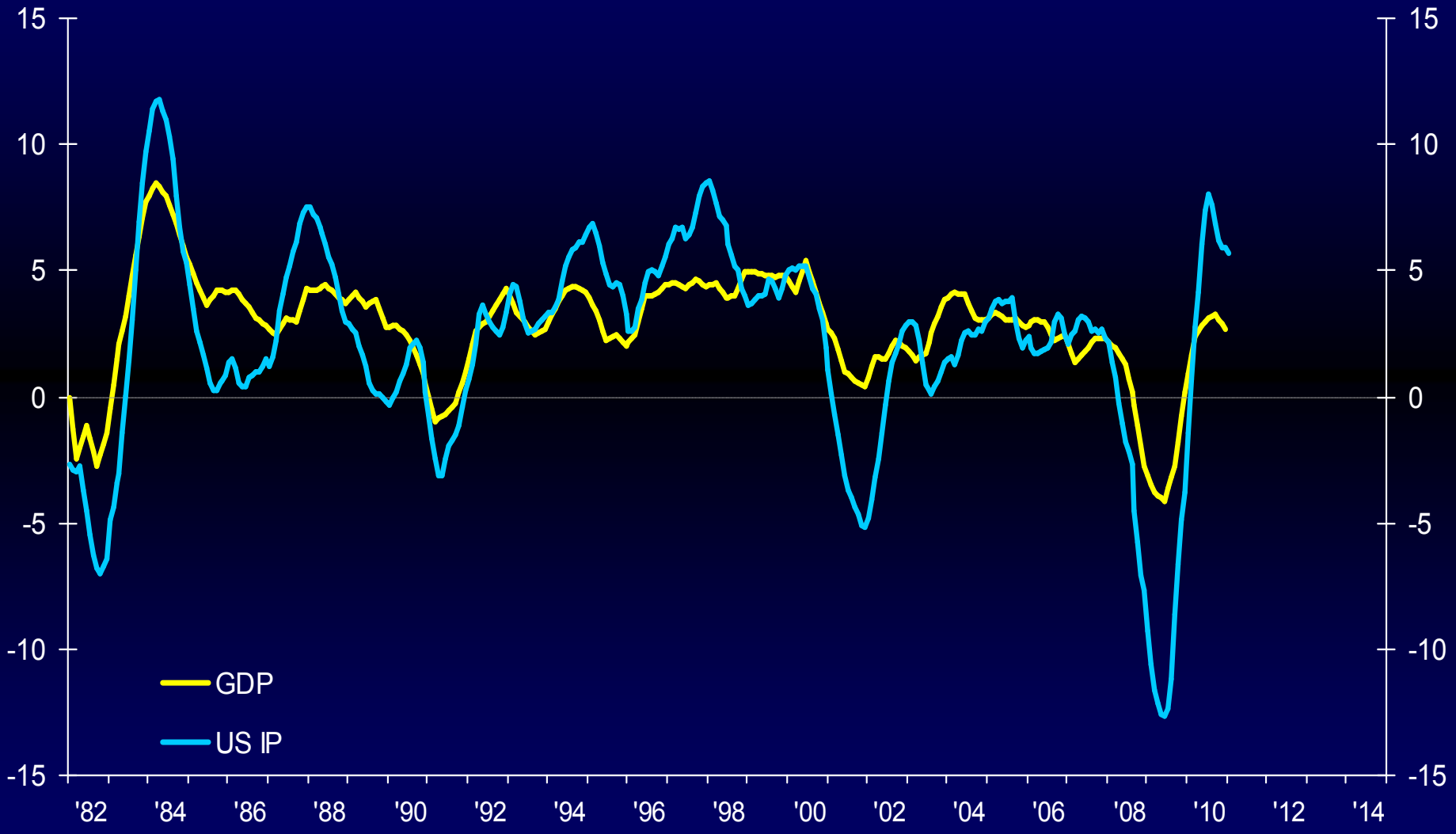
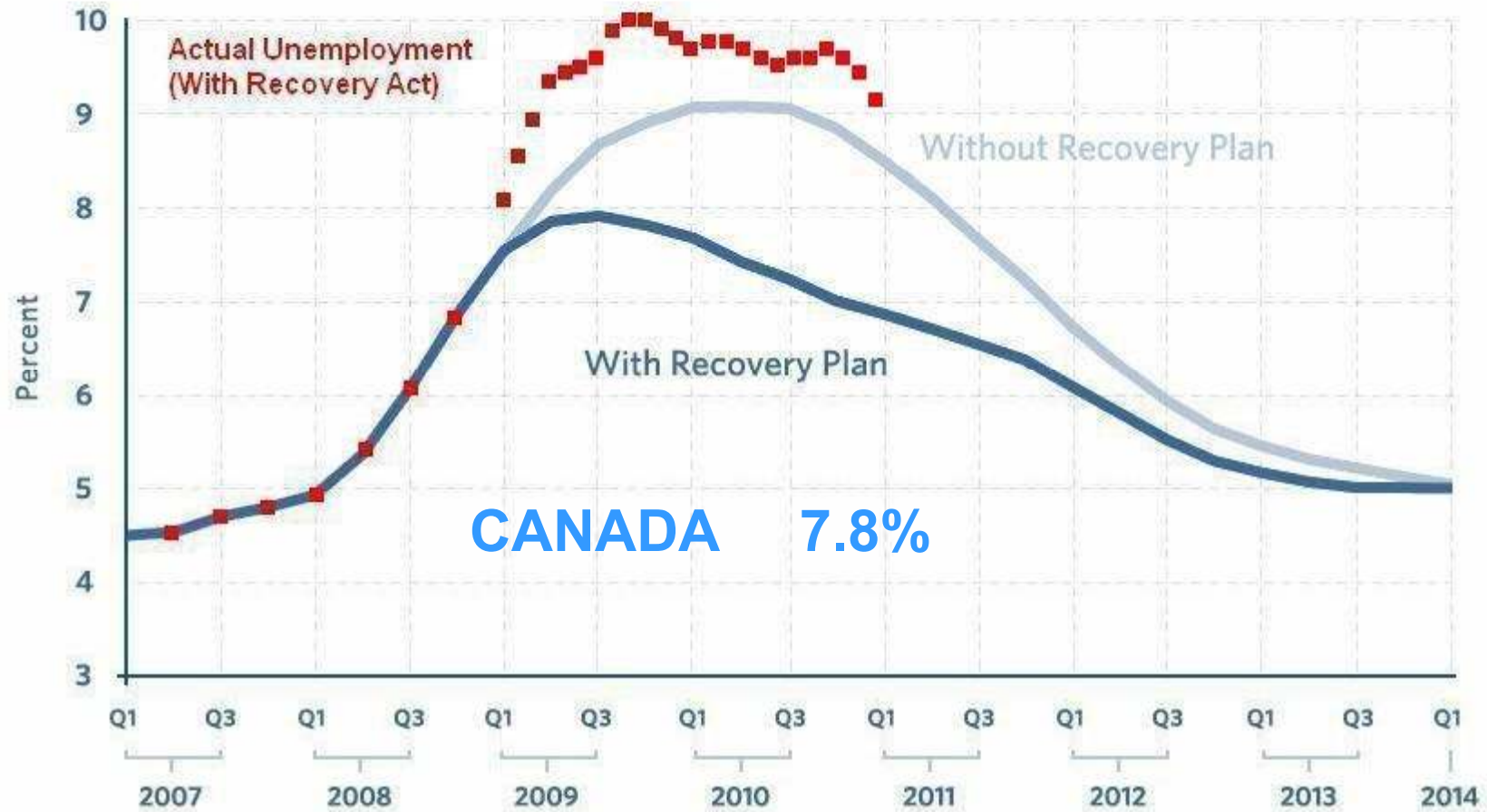
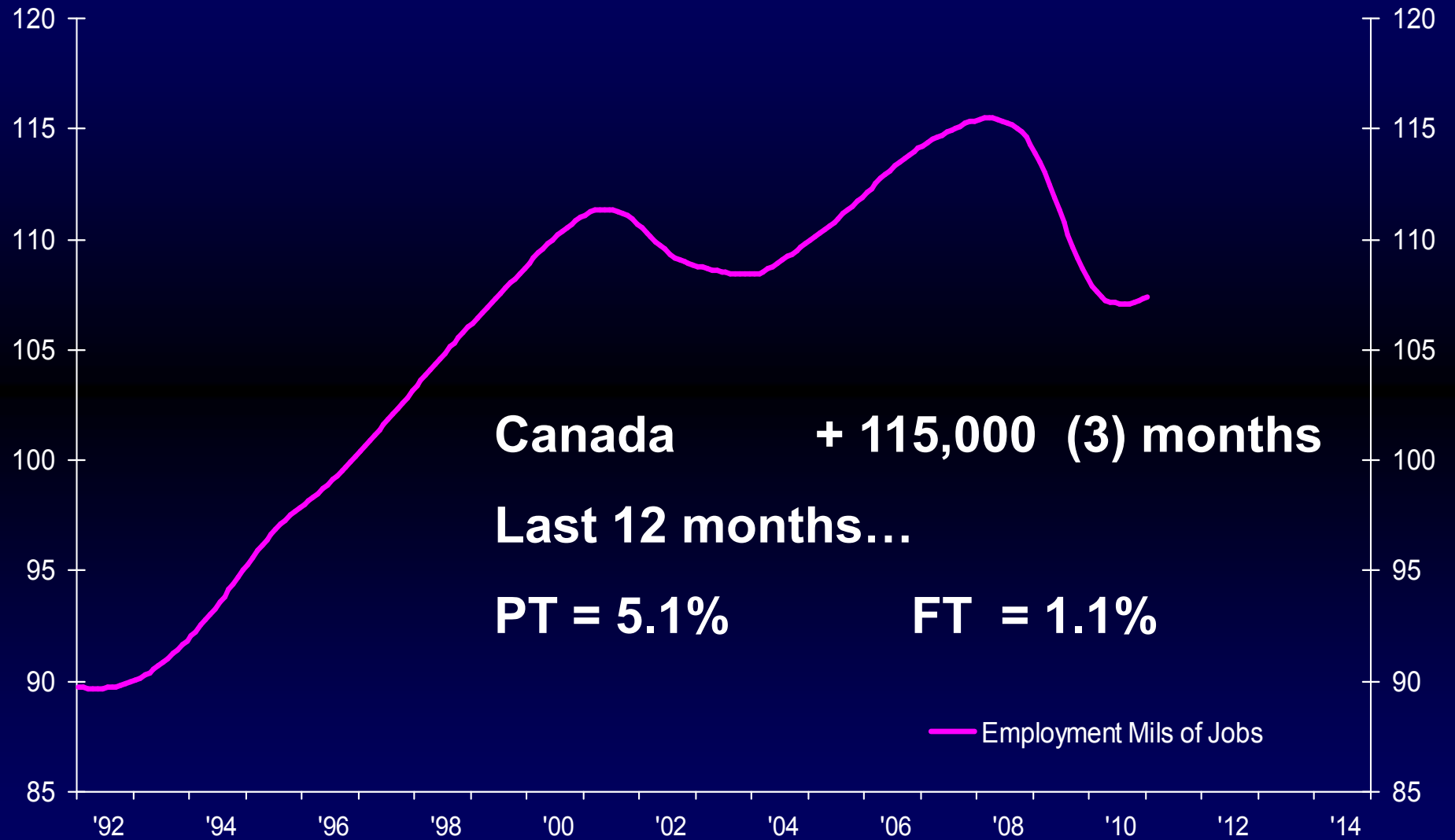


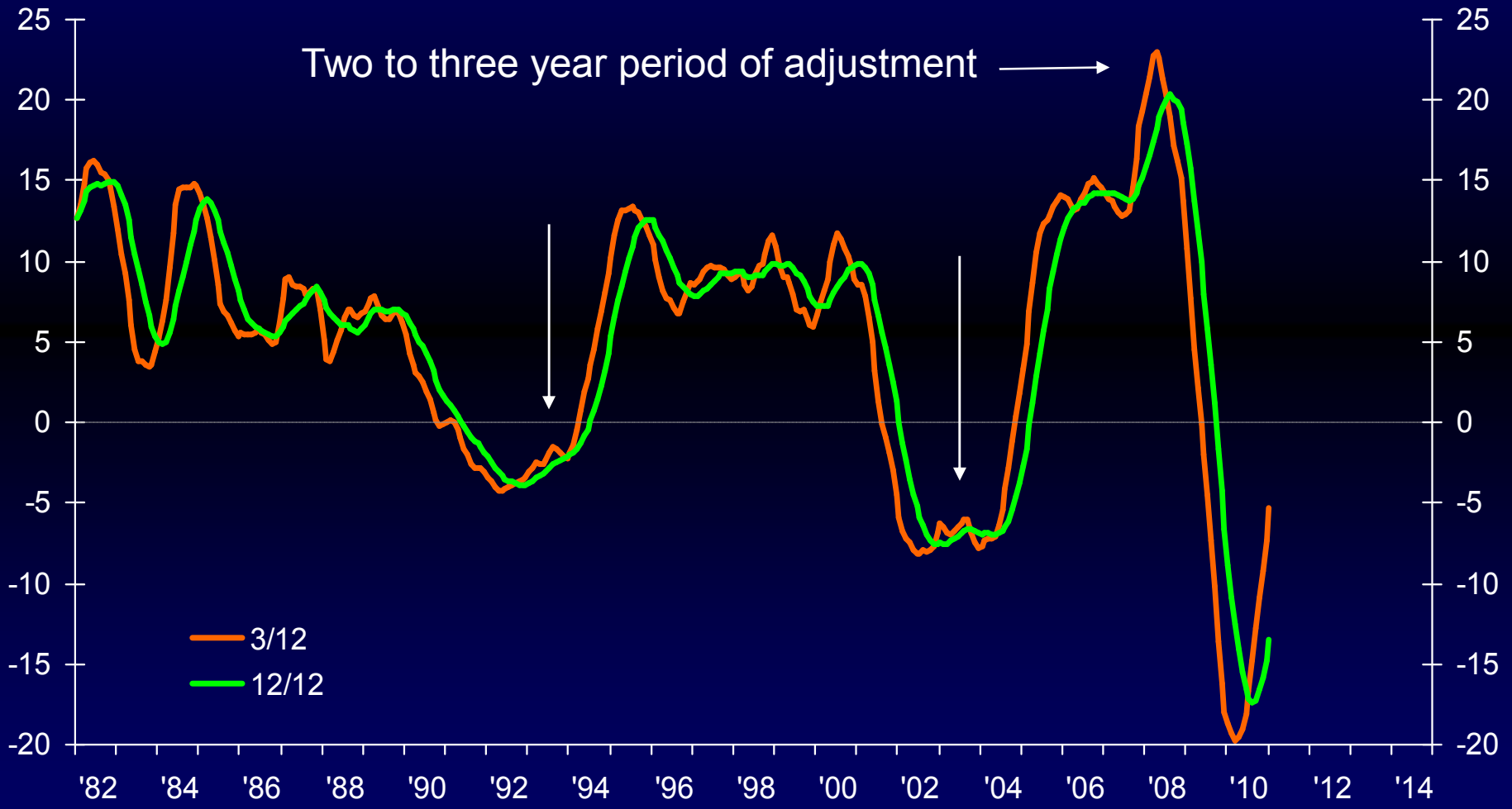
Figure 1
Unemployment Rate With and Without the Recovery Plan



Employment – Private Sector Annual Data Trend



Commercial & Industrial Loans at Commercial Banks Rates-of-Change



M2 Money Supply

Trillions of 82\$

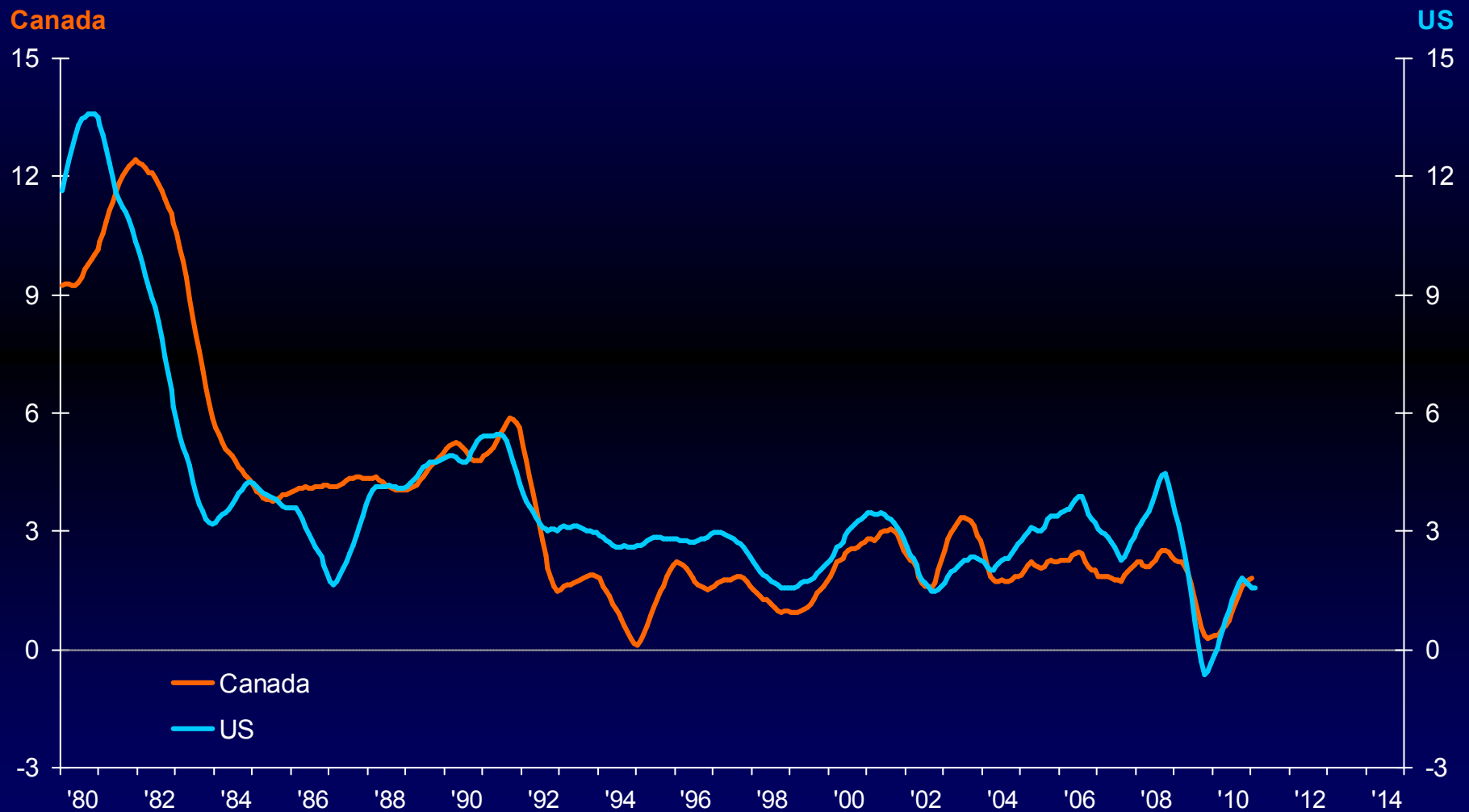


Crude Oil Futures Prices

Light & Sweet \$ per Barrel



US Consumer Price Index to Canada Consumer Price Index 12/12 Rates-of-Change

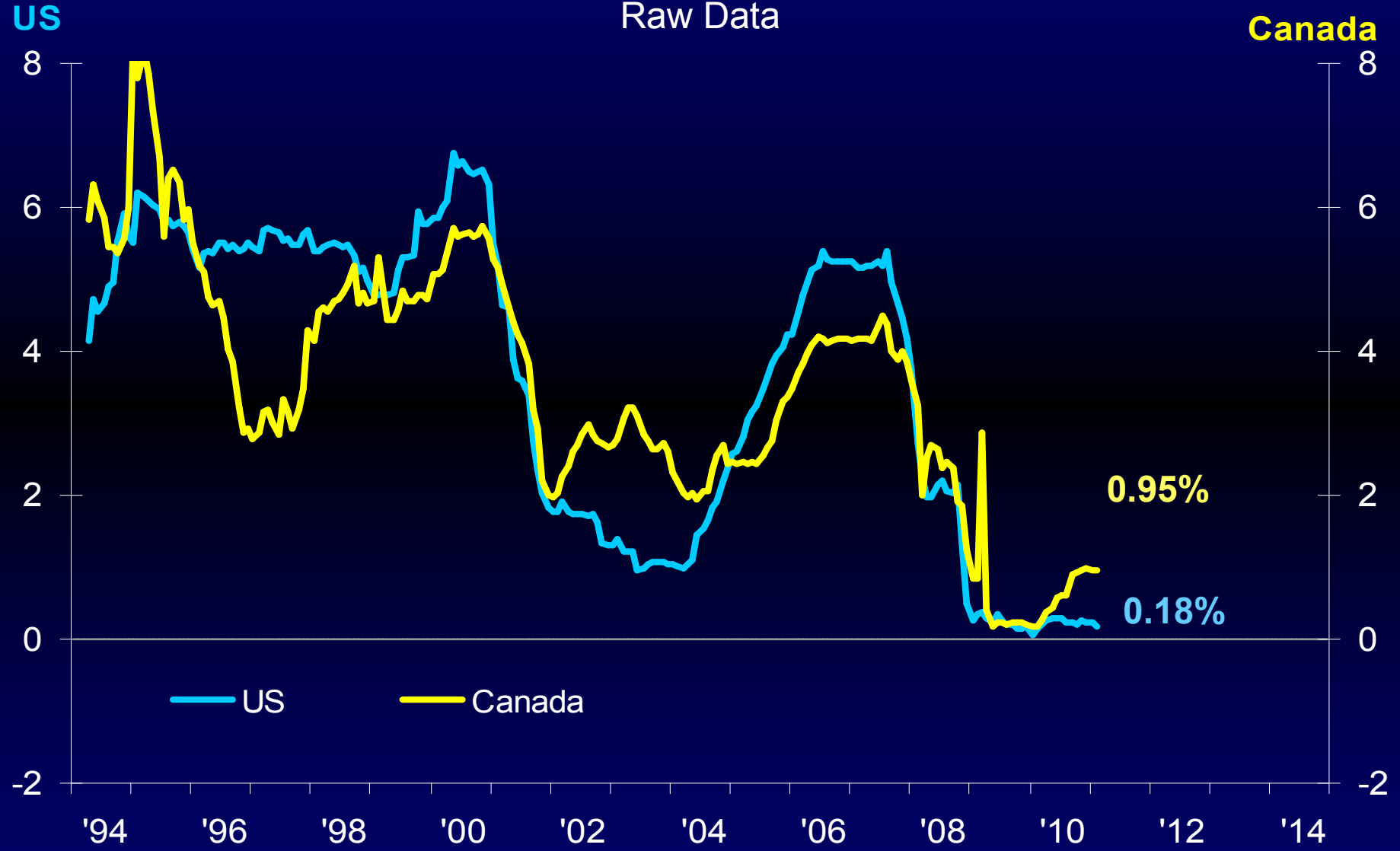


Canada Consumer Price Index 2002 = 100



US 3-Month Money Market Rate to Canada 3-Month Money Market Rate

Raw Data

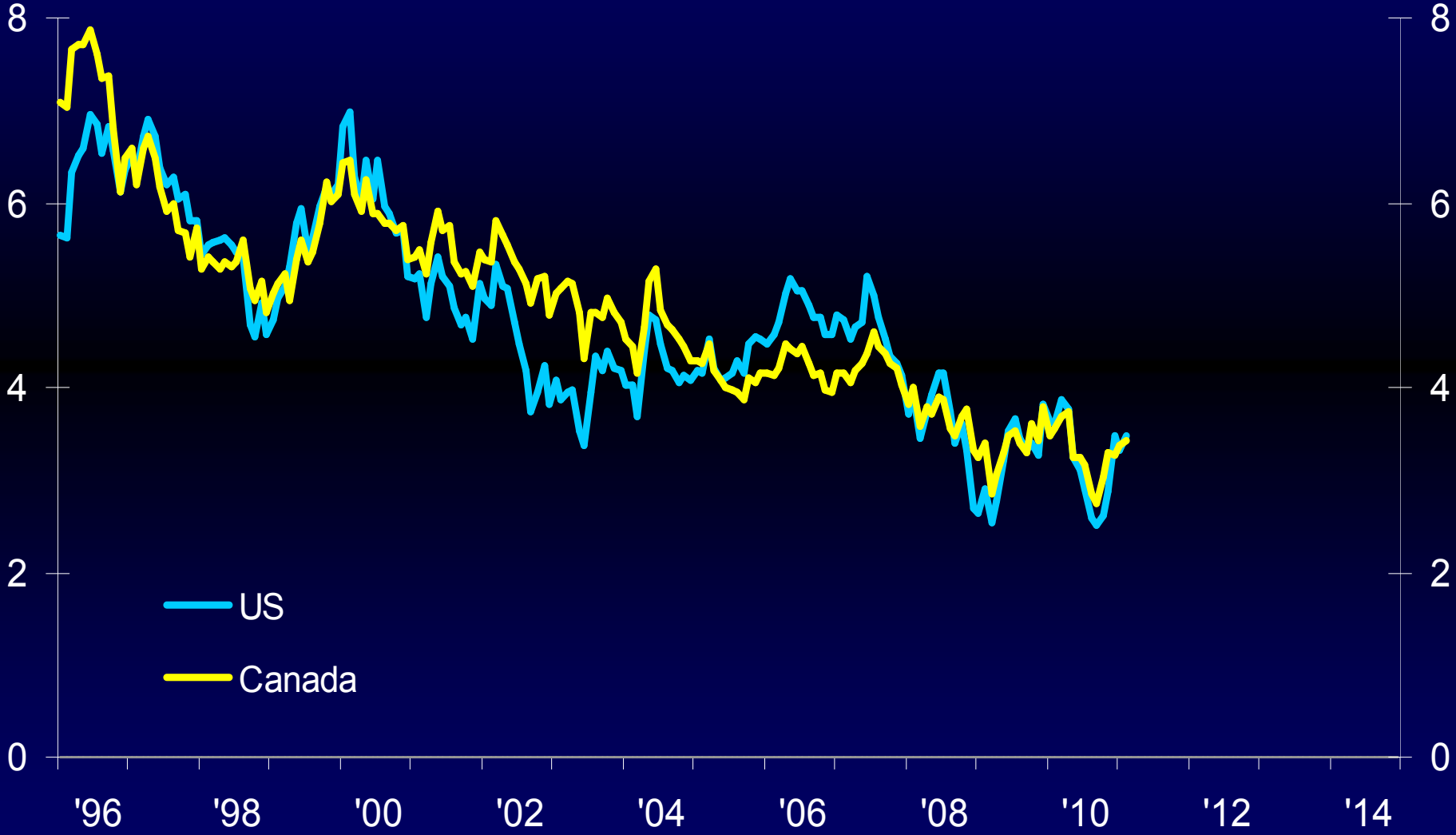


US 10 Year Government Bond Yields to Canada 10 Year Government Bond Yields

Raw Data

US

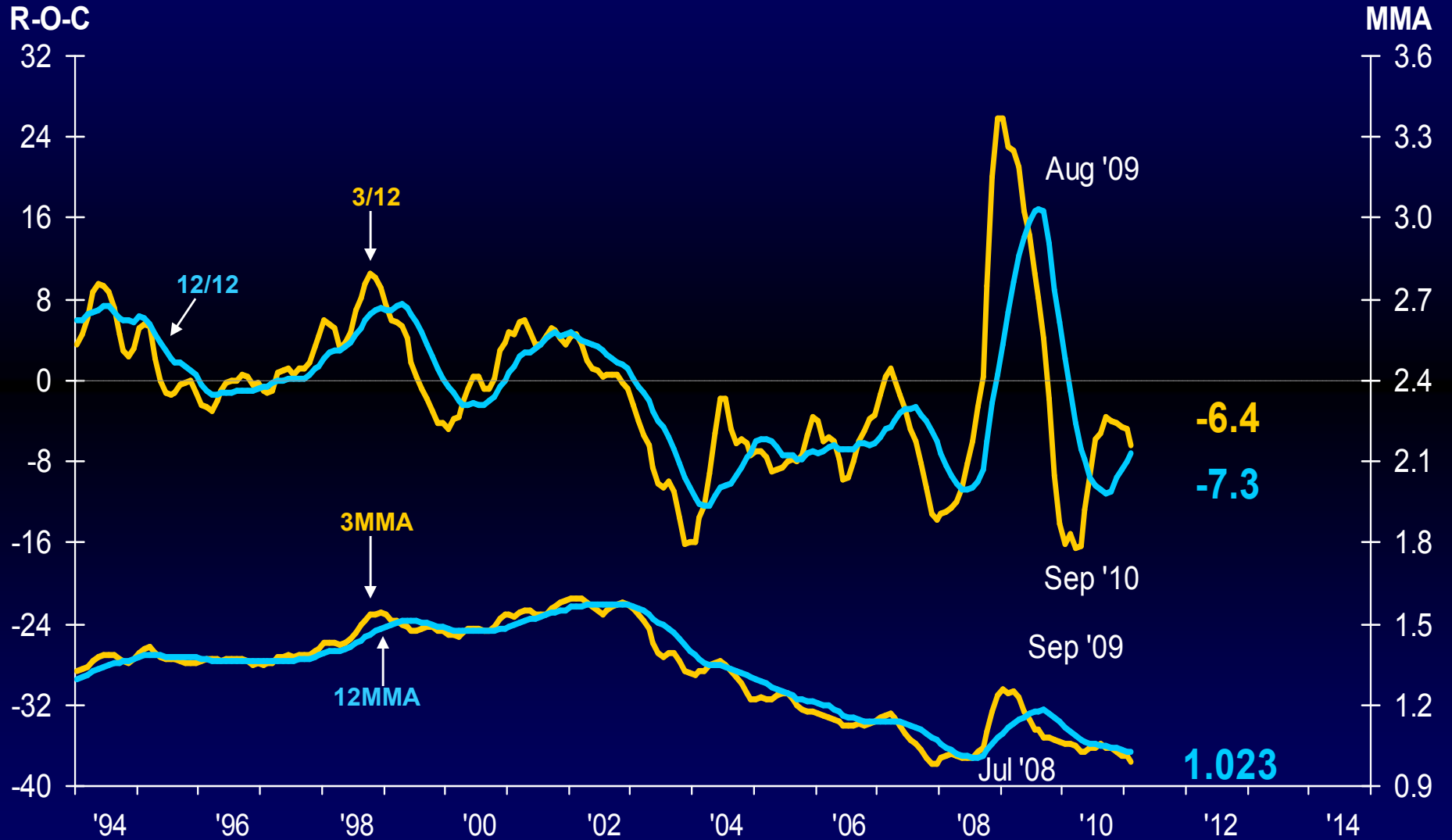
Canada



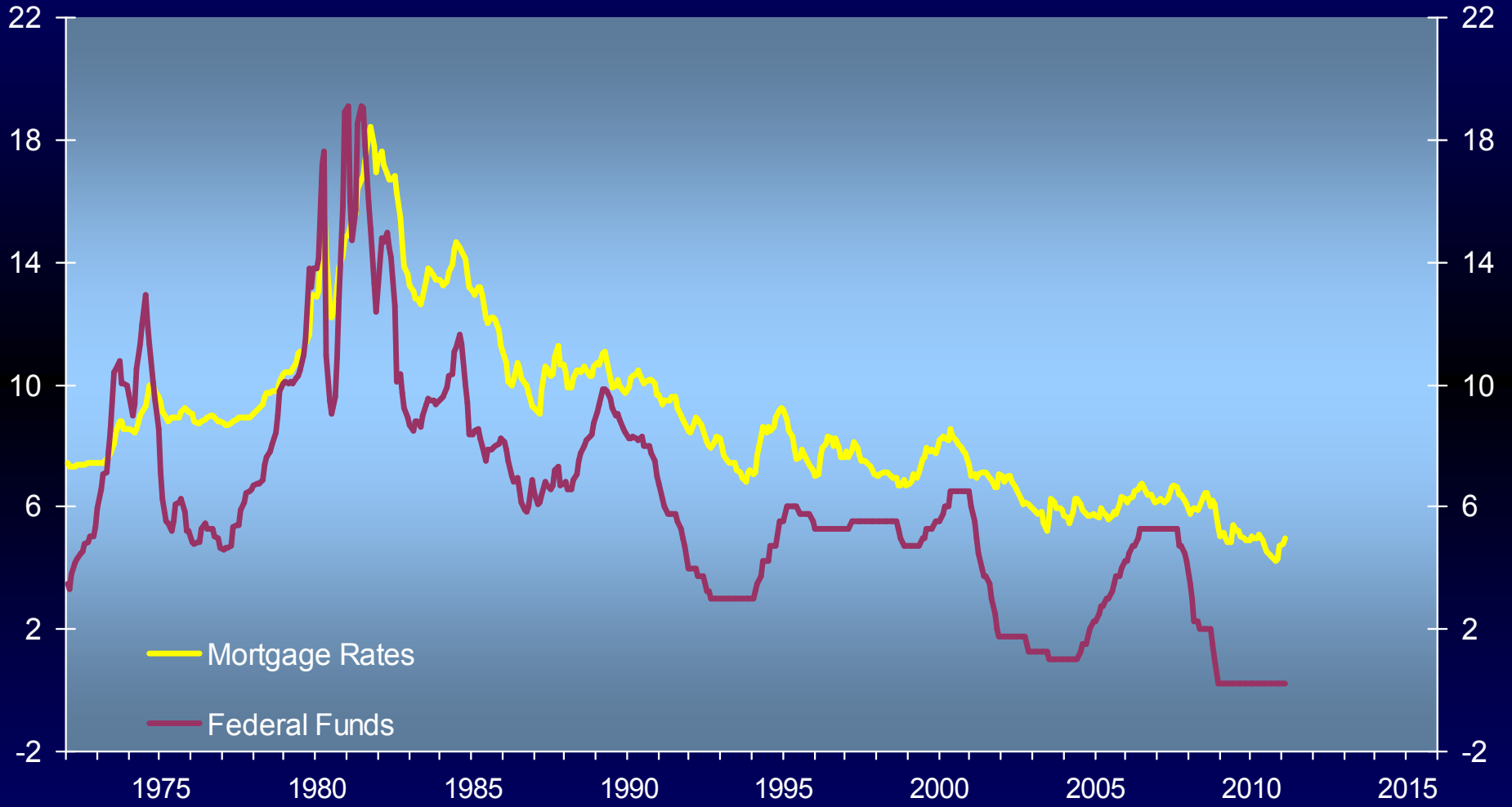
— US
— Canada



Canada Exchange Rate C\$ per US Dollar

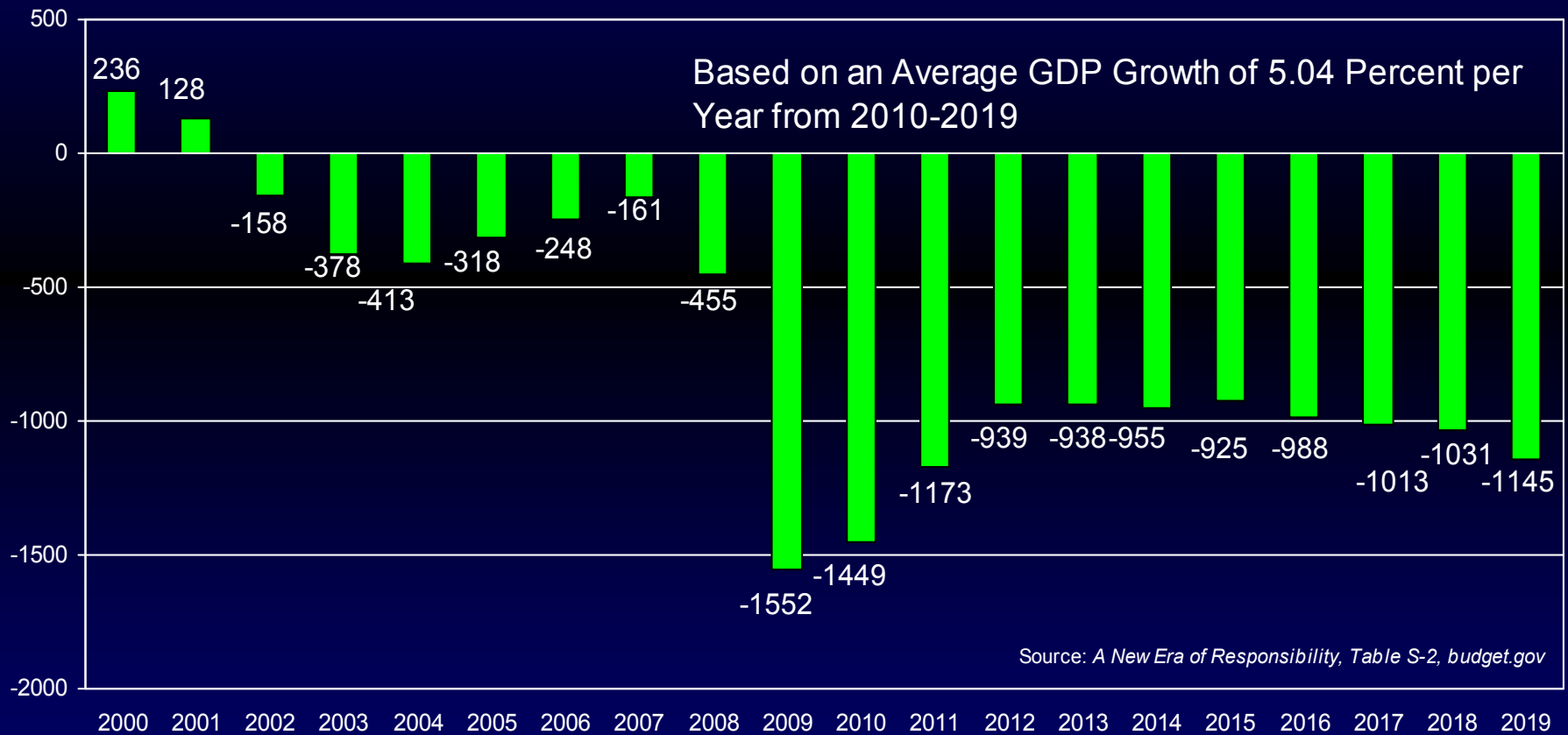


Mortgage Rates to Federal Funds Raw Data



OMB's 10-Year Deficit Projections (Baseline of Current Policy) Billions of Dollars

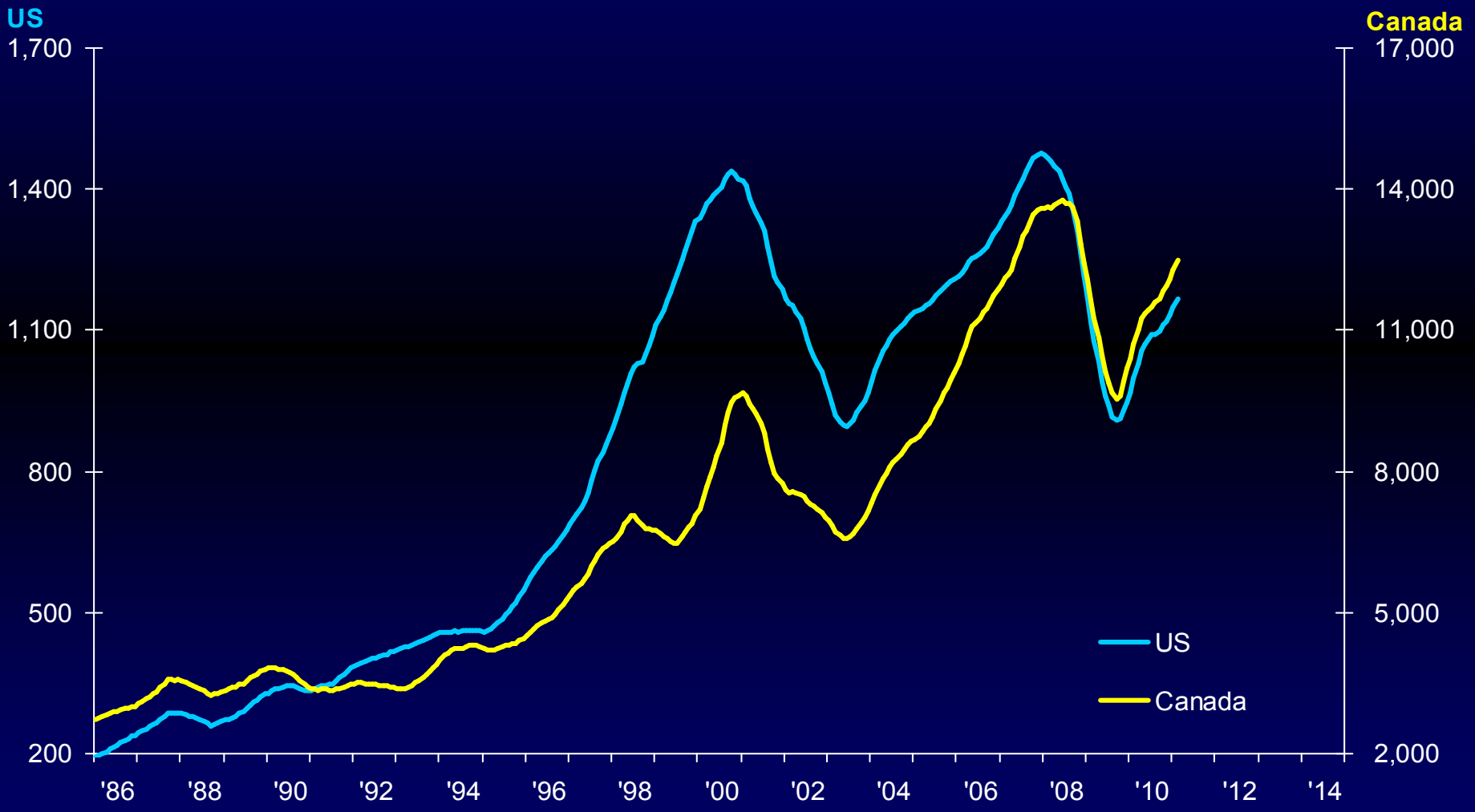
US 97.1% \$14.2 Trillion \$45,809/citizen



Canada: approx \$562 billion 41.9% of GDP, \$16,935/citizen



US Stock Price Index to Canada Stock Price Index Data Trends



Stock Prices Index

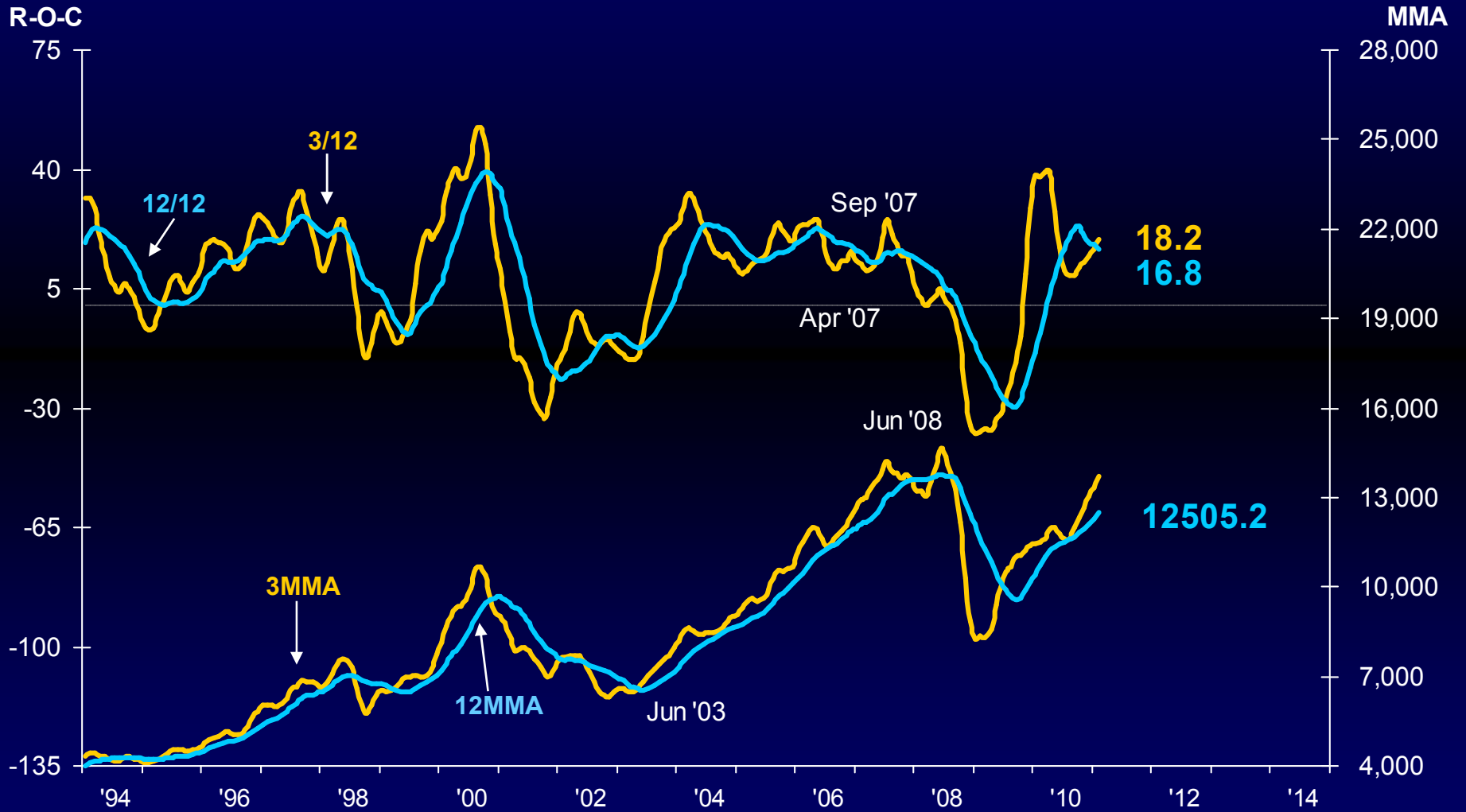
S&P 500, 1941 - 43 = 10



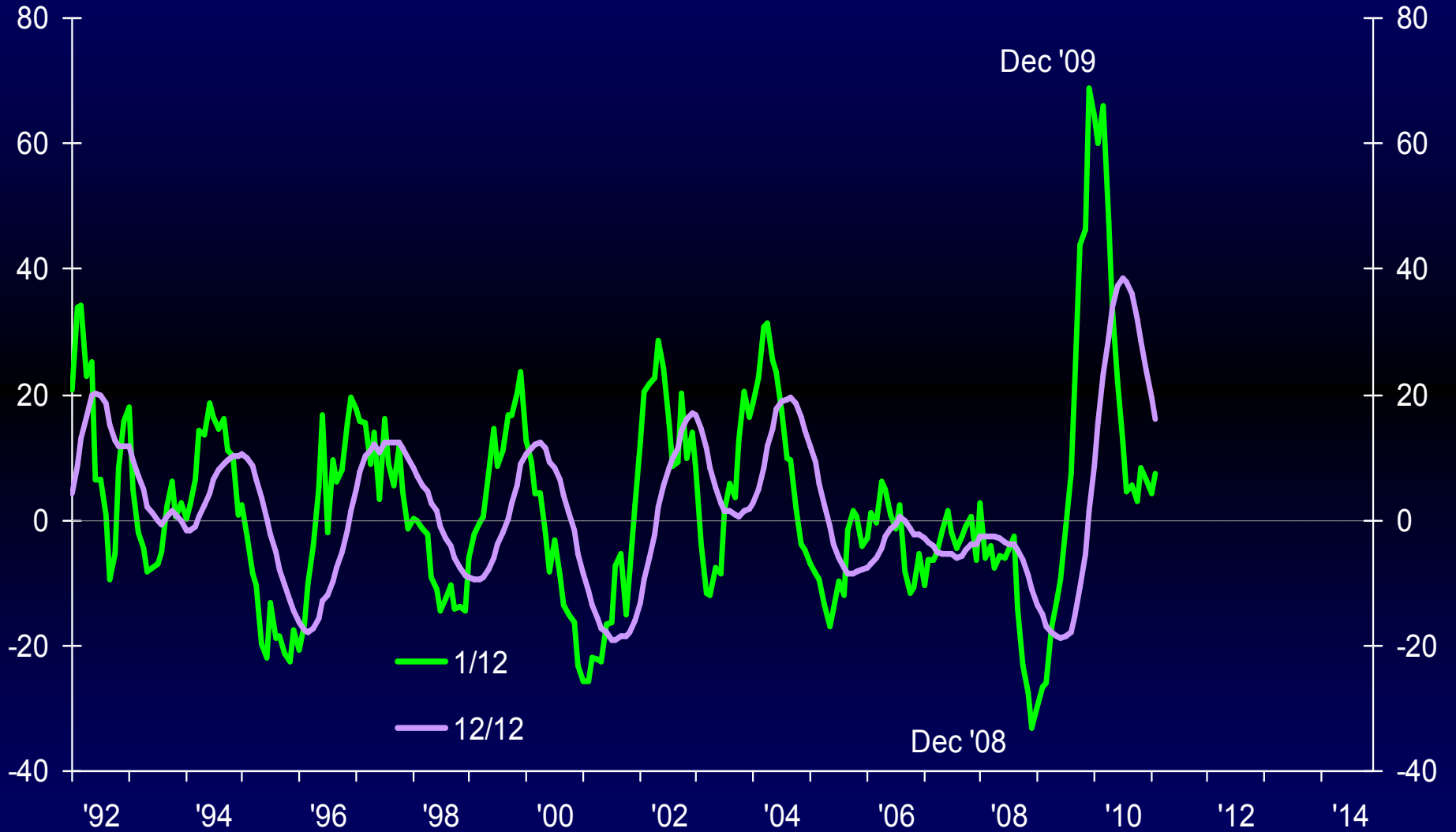
Find a way to do business in the “counter-cyclical” or largely unaffected areas:

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

Toronto Stock Exchange 300 Composite Index C\$, 1975 = 1000



Purchasing Managers Index ISM



U.S. Composite Leading Indicator

1996 = 100

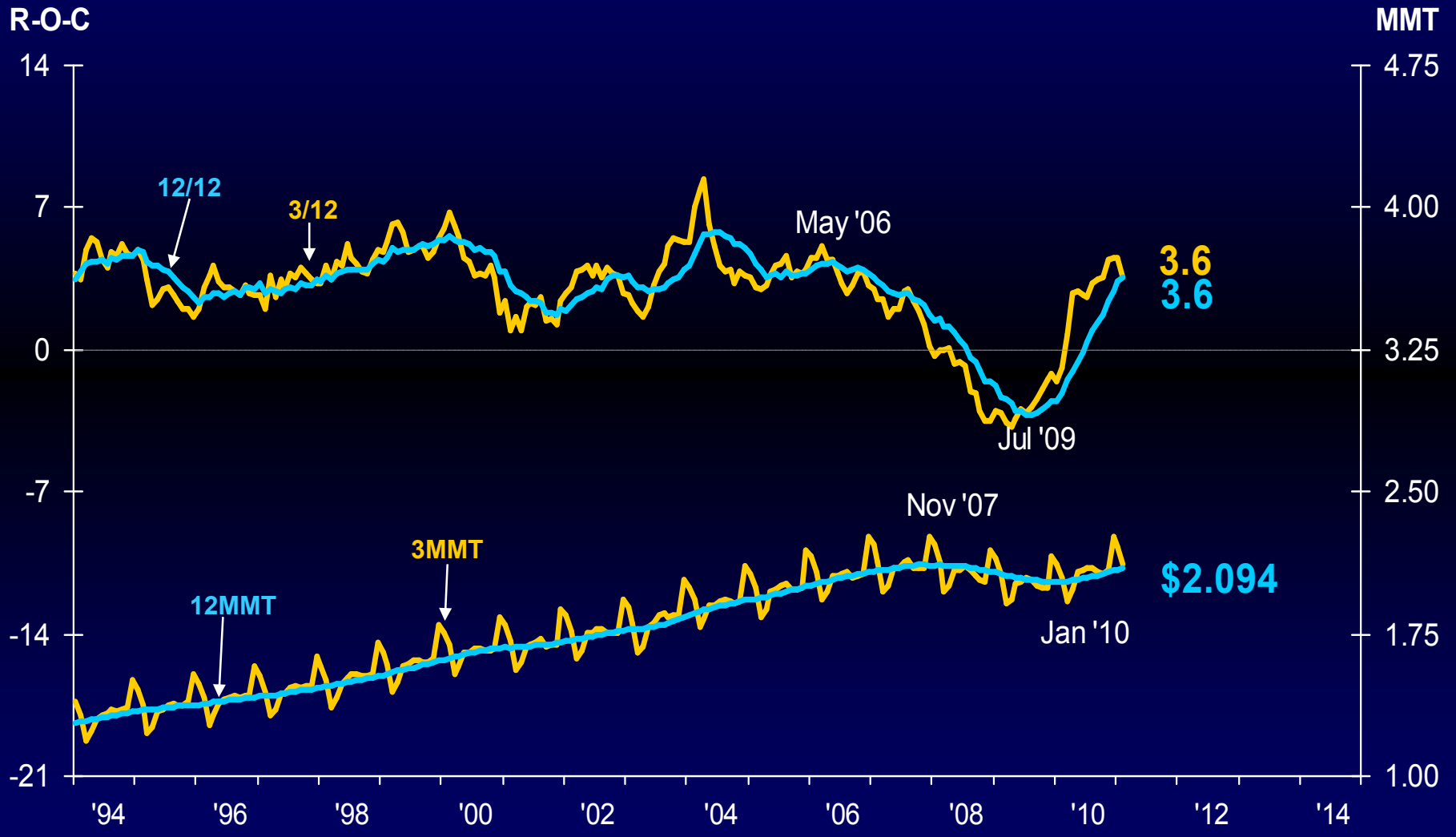


Company X to US Leading Indicator Rates-of-Change



Retail Sales Excluding Automobiles

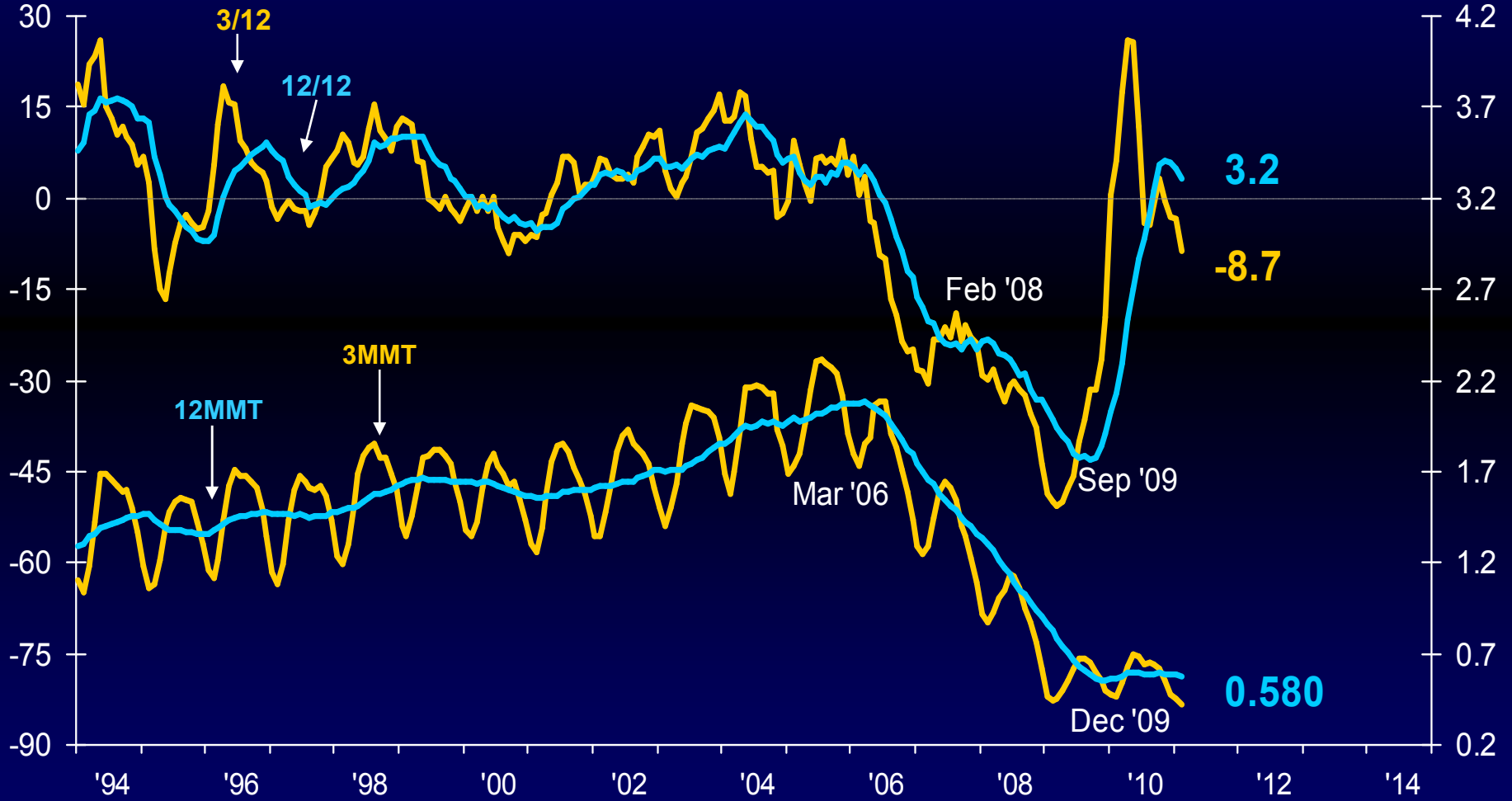
Trillions of 82-84\$



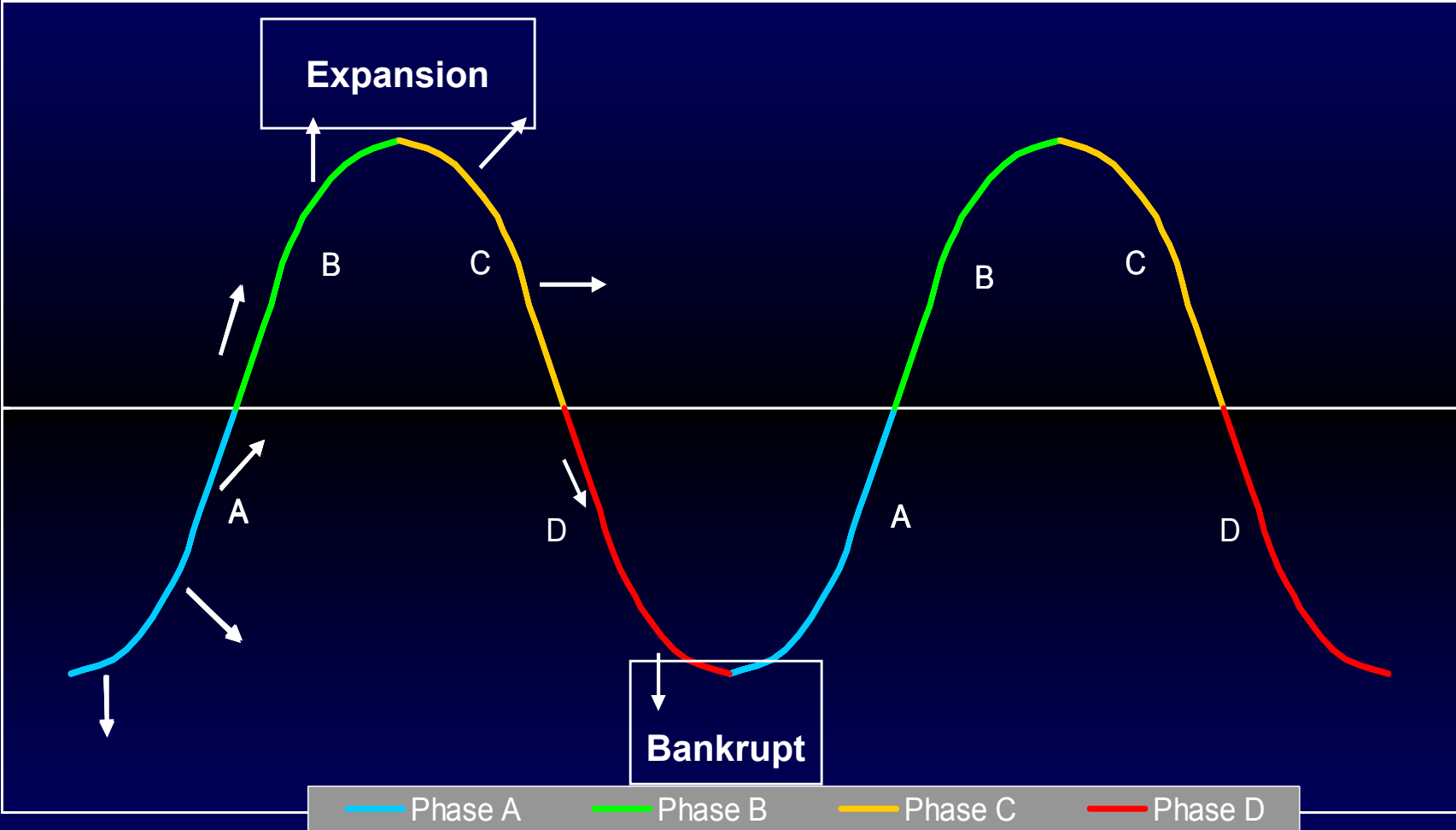
Housing Starts Millions of Units

R-O-C

MMT



Four Phases

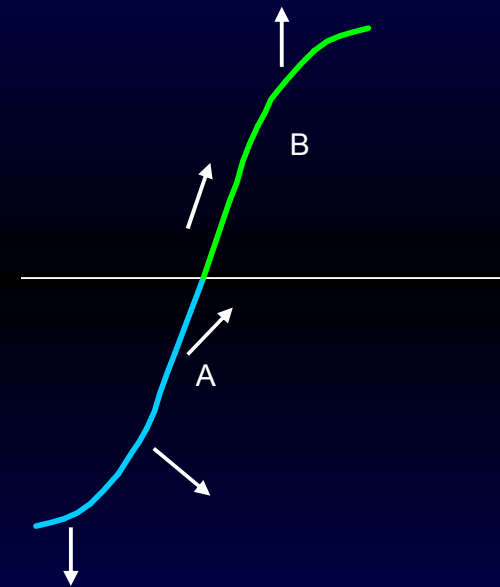


Phase Management Objectives™ :

Phase Late A - Recovery:

Part 2

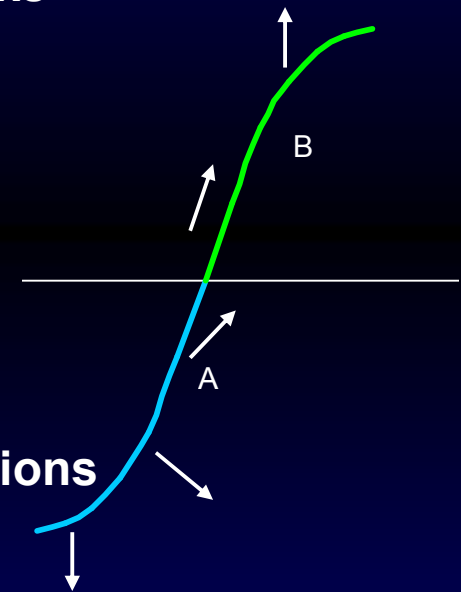
11. Start to phase out low margin work
12. Add sales staff
13. Build inventories, commoditized items (price)
14. Introduce new product lines
15. Capital equipment orders
16. Begin advertising and sales promotions
17. Hire to fill skill gaps
18. Implement plans for facilities expansion
19. Implement training programs



Phase Management Objectives™ :

Phase Early B - Growth:

1. Accelerate training
2. Check the process flow for possible future bottlenecks
3. Continue to build inventory
4. Increase prices
5. Consider outside manufacturing sources if internal pressures becoming tight
6. Find the answer to “What next?”
7. Open distribution channels (your own or outsource)
8. Use improved cash flow to improve corporate operations
9. Use cash to create new competitive advantages
10. Watch your debt-to-equity ratio and ROI
11. Maintain/pursue quality: don't let complacency set in



To learn how incorporating economic data into your planning process can increase your profitability, please contact

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603-796-2500**

**Clients and Subscribers
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