

PMA Brethour Research

“The Future is Your Decision”

February 2009

Presented By:

Institute for Trend Research

Alan Beaulieu

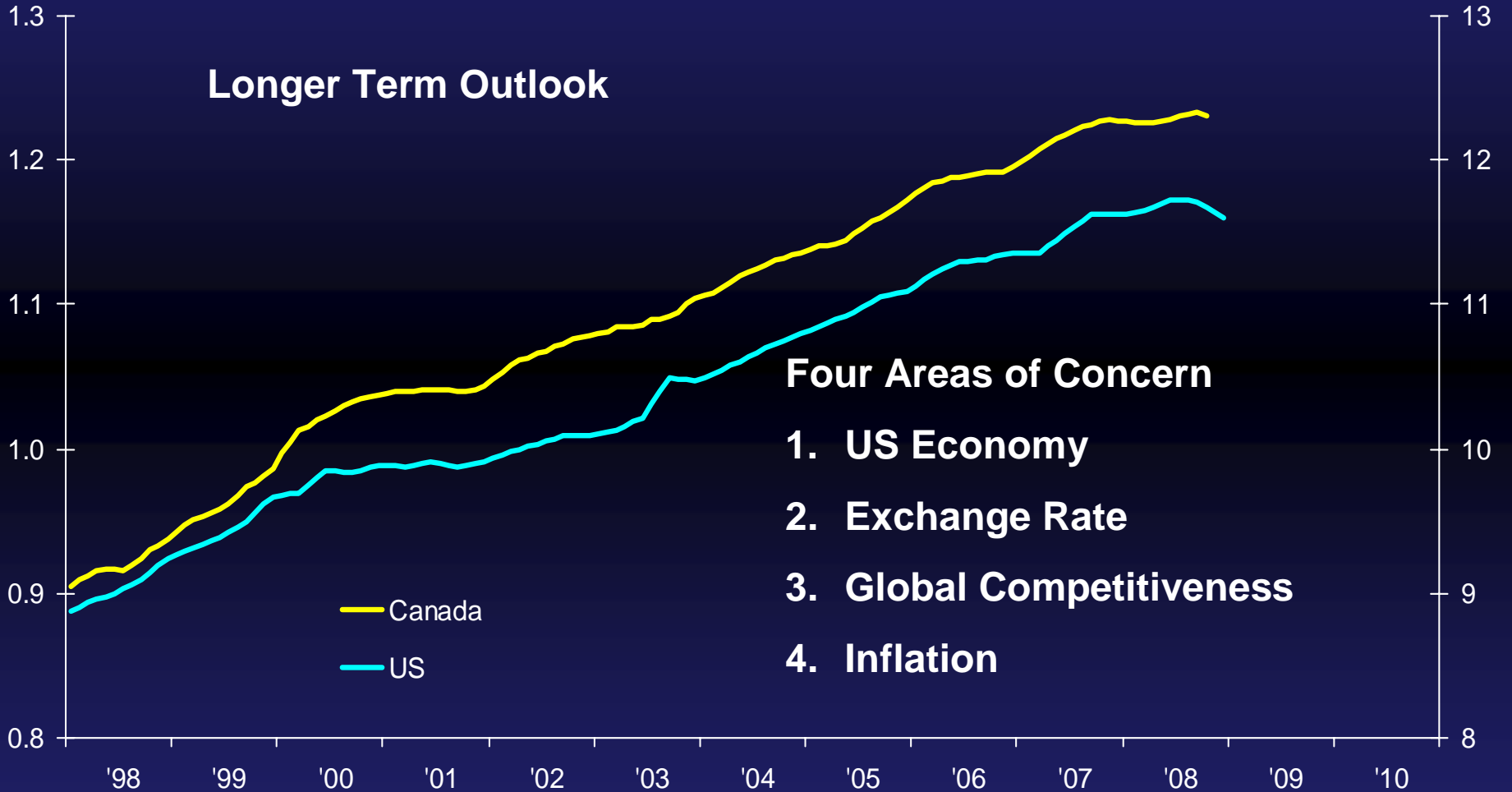
alan@ecotrends.org ◆ www.ecotrends.org

US GDP to Canada GDP

3MMA Trillions of Constant \$

Canada

US



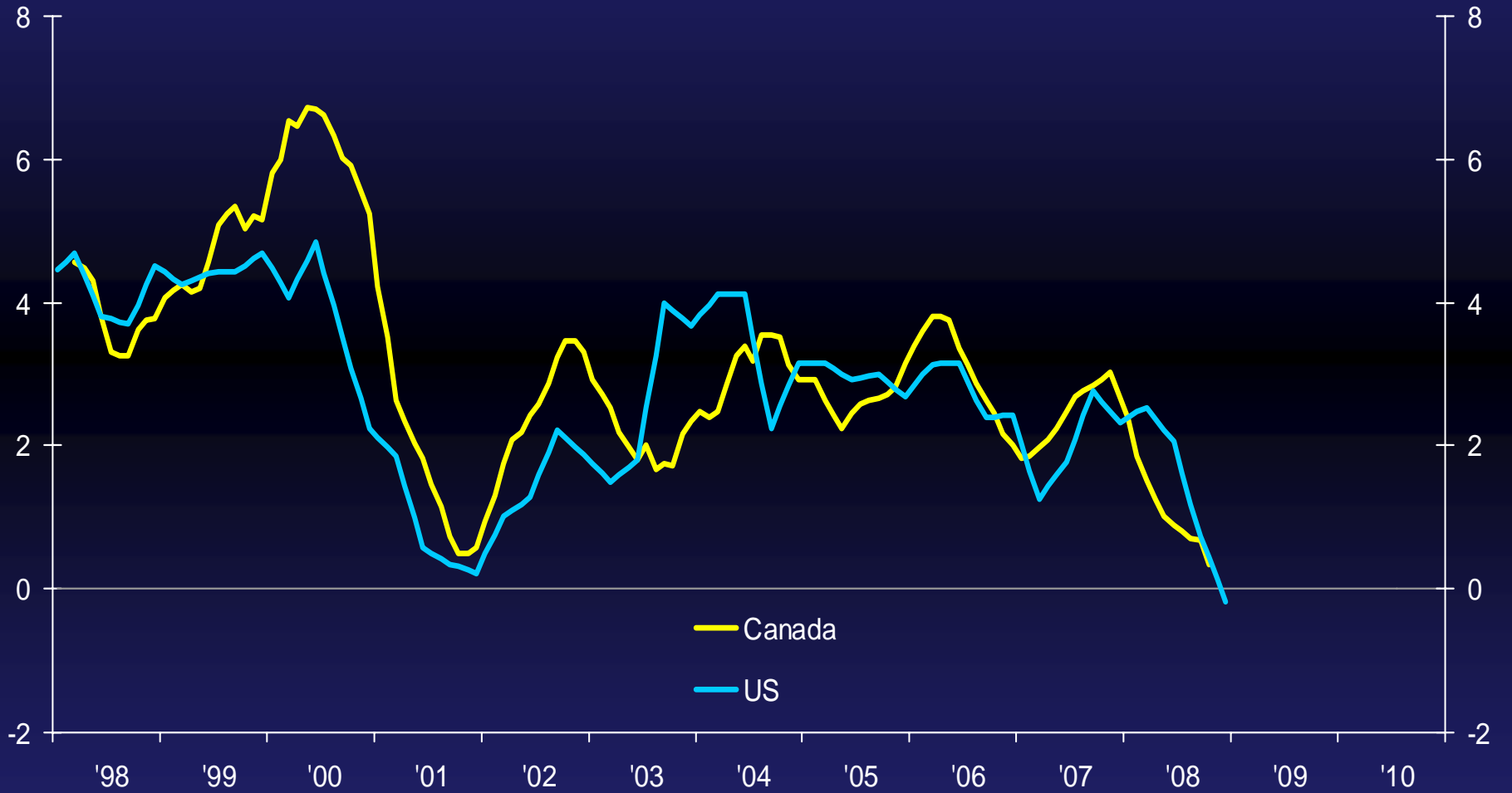
Four Areas of Concern

1. US Economy
2. Exchange Rate
3. Global Competitiveness
4. Inflation

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

Canada

US



Example: Revenue 12MMT

12MMT:

				12MMT = 17.54	
Dec	07	1.47			
Jan	08	1.51			
Feb	08	1.65	3MMT = 4.63		
Mar	08	1.75			
Apr	08	1.76			
May	08	1.64	3MMT = 5.14		
Jun	08	1.71			
Jul	08	1.74	3MMT = 4.98		
Aug	08	1.54			
Sep	08	1.44			
Oct	08	1.24	3MMT = 4.22		
Nov	08	1.26	3MMT = 3.95	12MMT = 18.70	
Dec	08	1.74	3MMT = 4.24	12MMT = 18.97	8.2%

RATE-OF-CHANGE

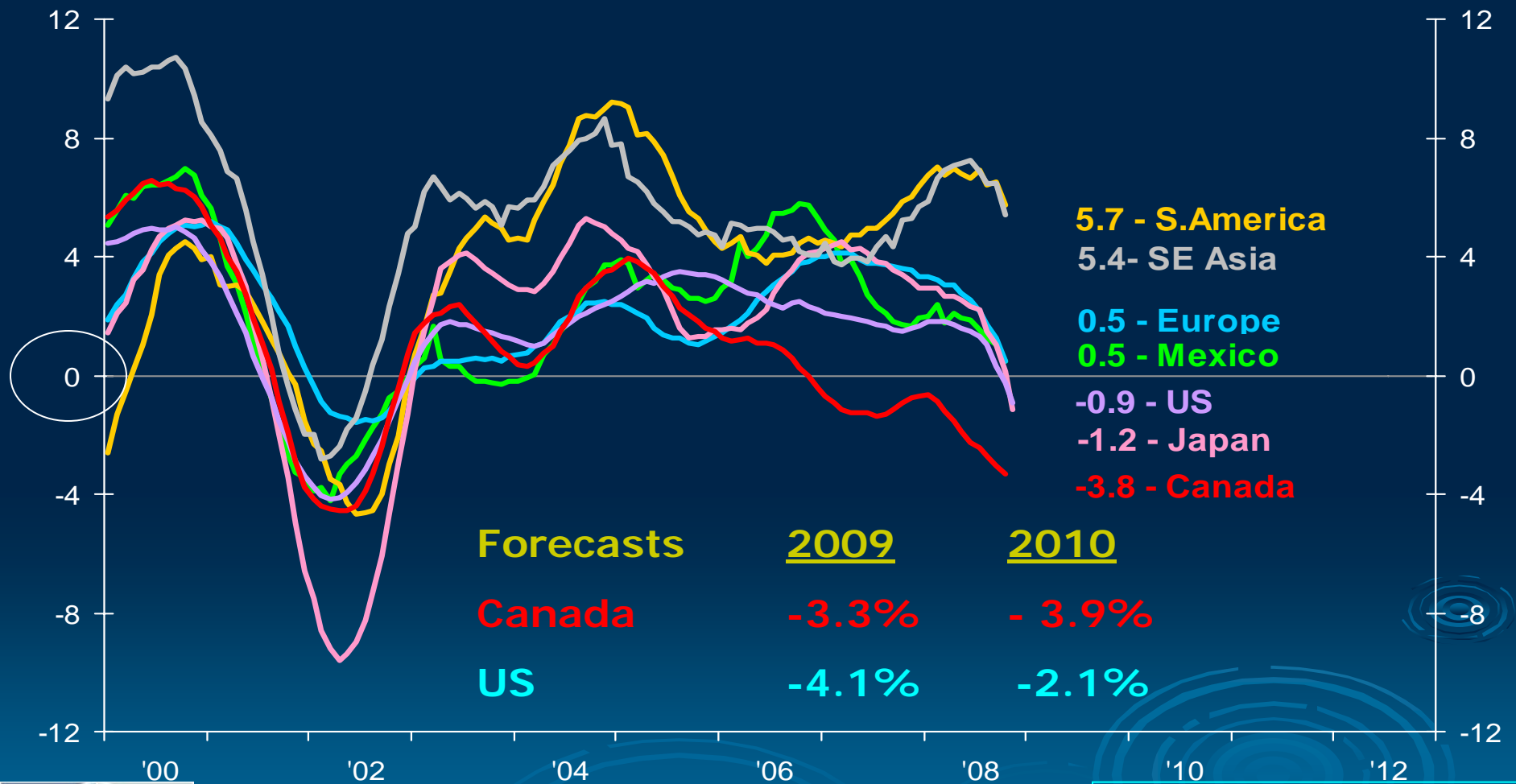
$$\frac{\text{ACTUAL MONTHLY DATA AS OF 1/09}}{\text{ACTUAL MONTHLY DATA AS OF 1/08}} = 1/12$$

$$\frac{\text{3-MOS MOVING TOTAL (3MMT) AS OF 1/09}}{\text{3-MOS MOVING TOTAL (3MMT) AS OF 1/08}} = 3/12$$

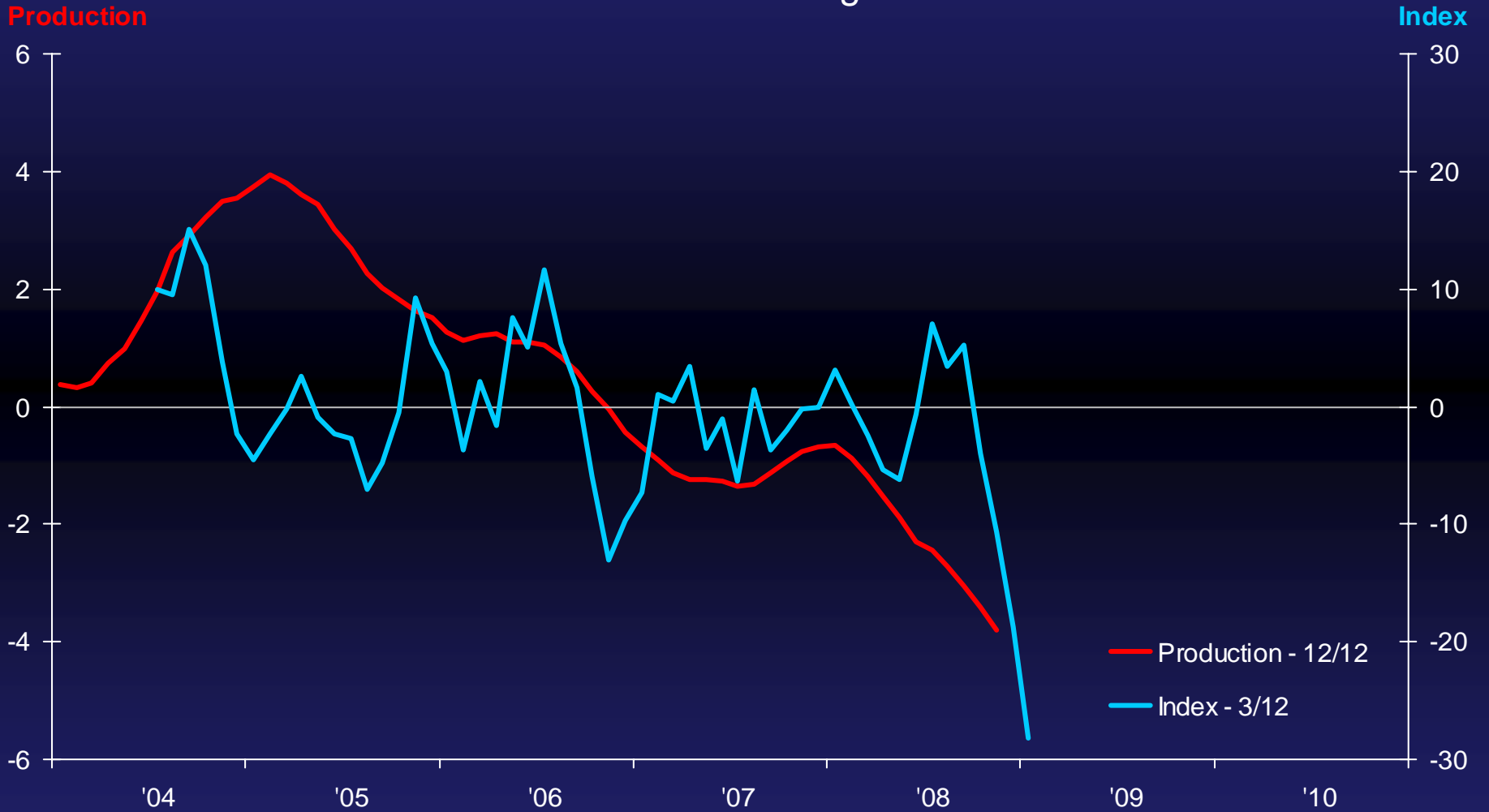
$$\frac{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 1/09}}{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 1/08}} = 12/12$$

Global Industrial Production Indices

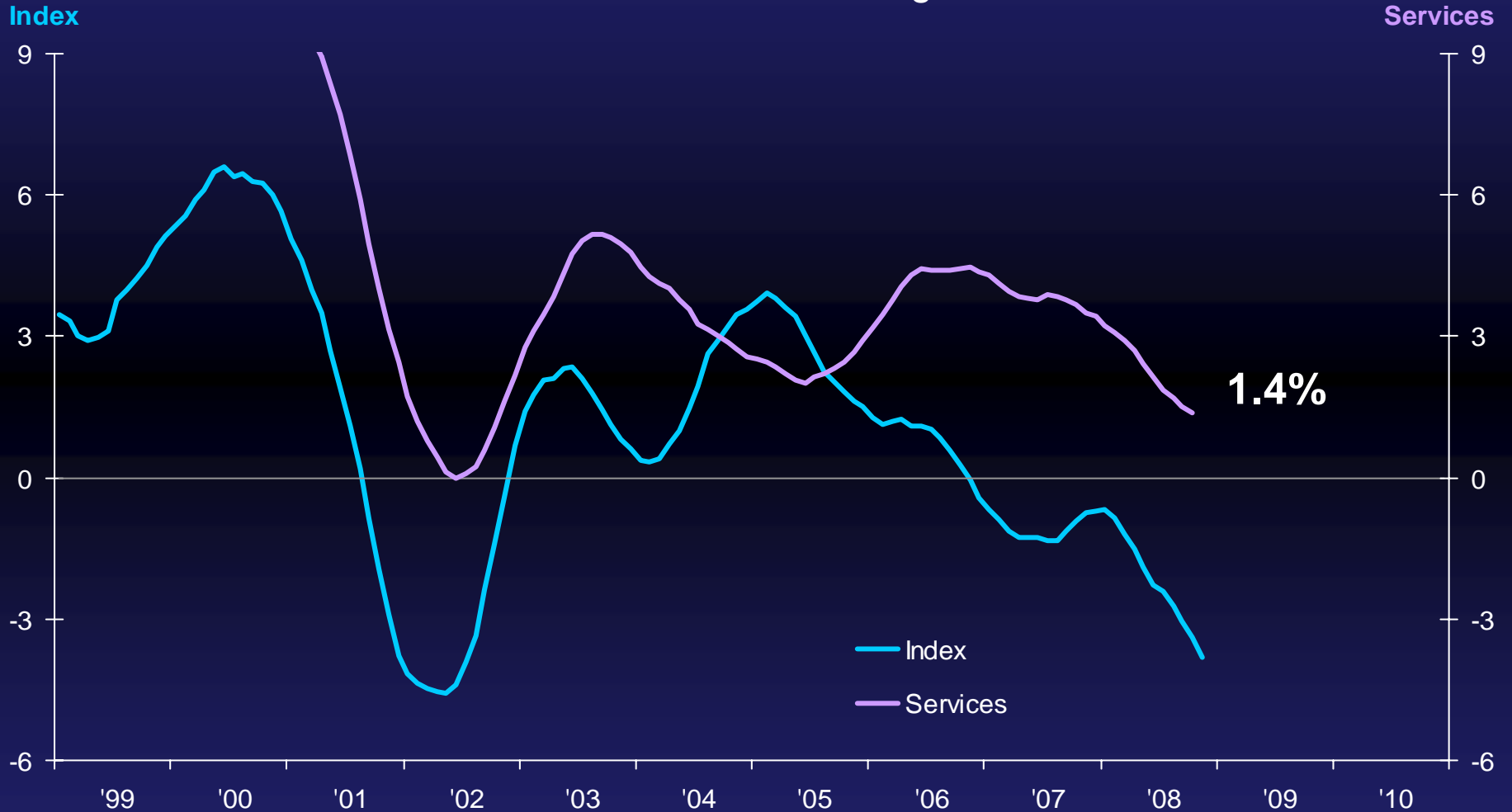
12/12 Rates-of-Change



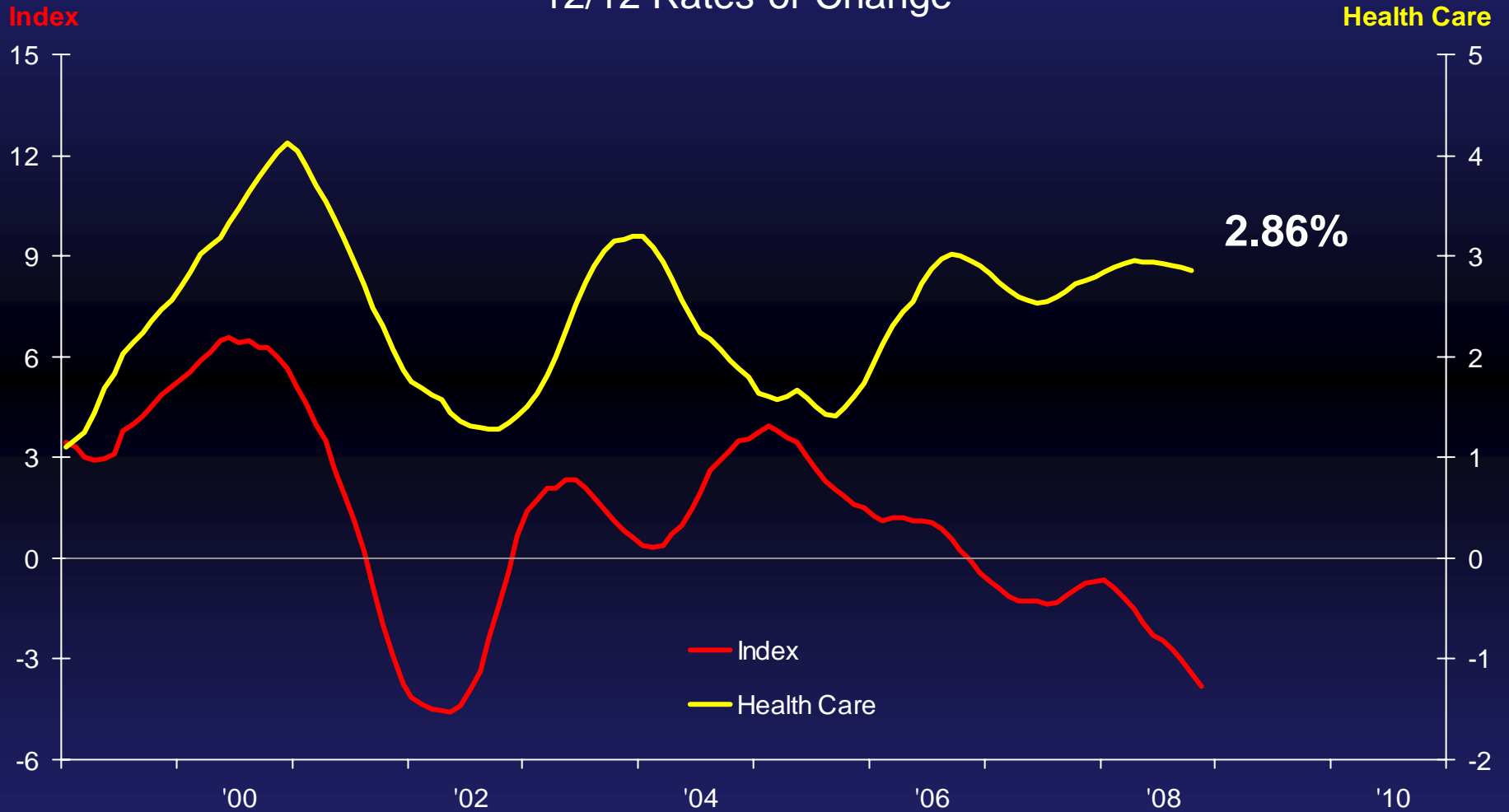
Canada Industrial Production Index to Canada Purchasing Managers Index Rates-of-Change



Canada Industrial Production Index to Canada Professional, Scientific and Technical Services 12/12 Rates-of-Change



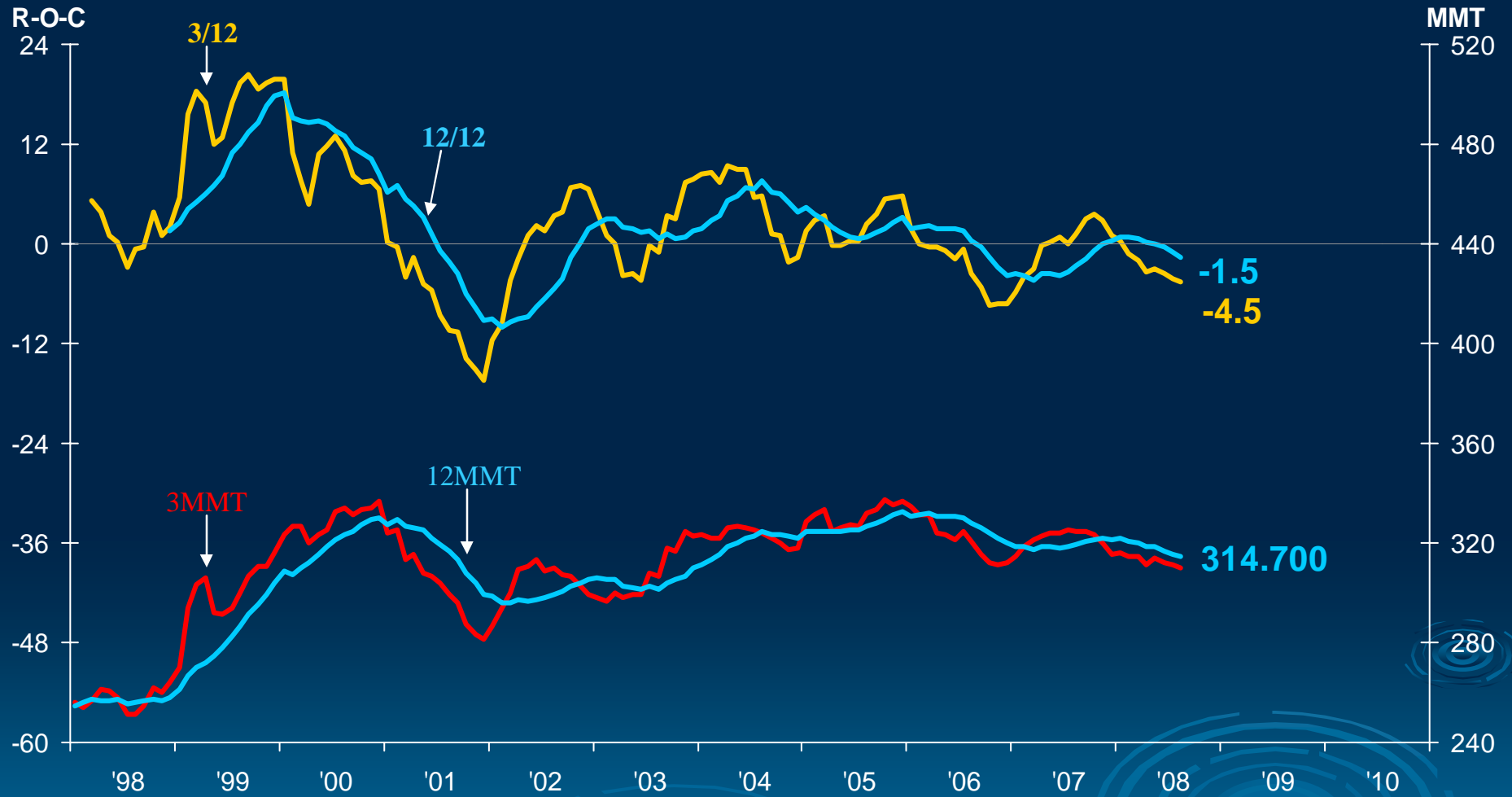
Canada Industrial Production Index to Canada Health Care & Social Assistance 12/12 Rates-of-Change



2.86%

Canada Durable Goods New Orders

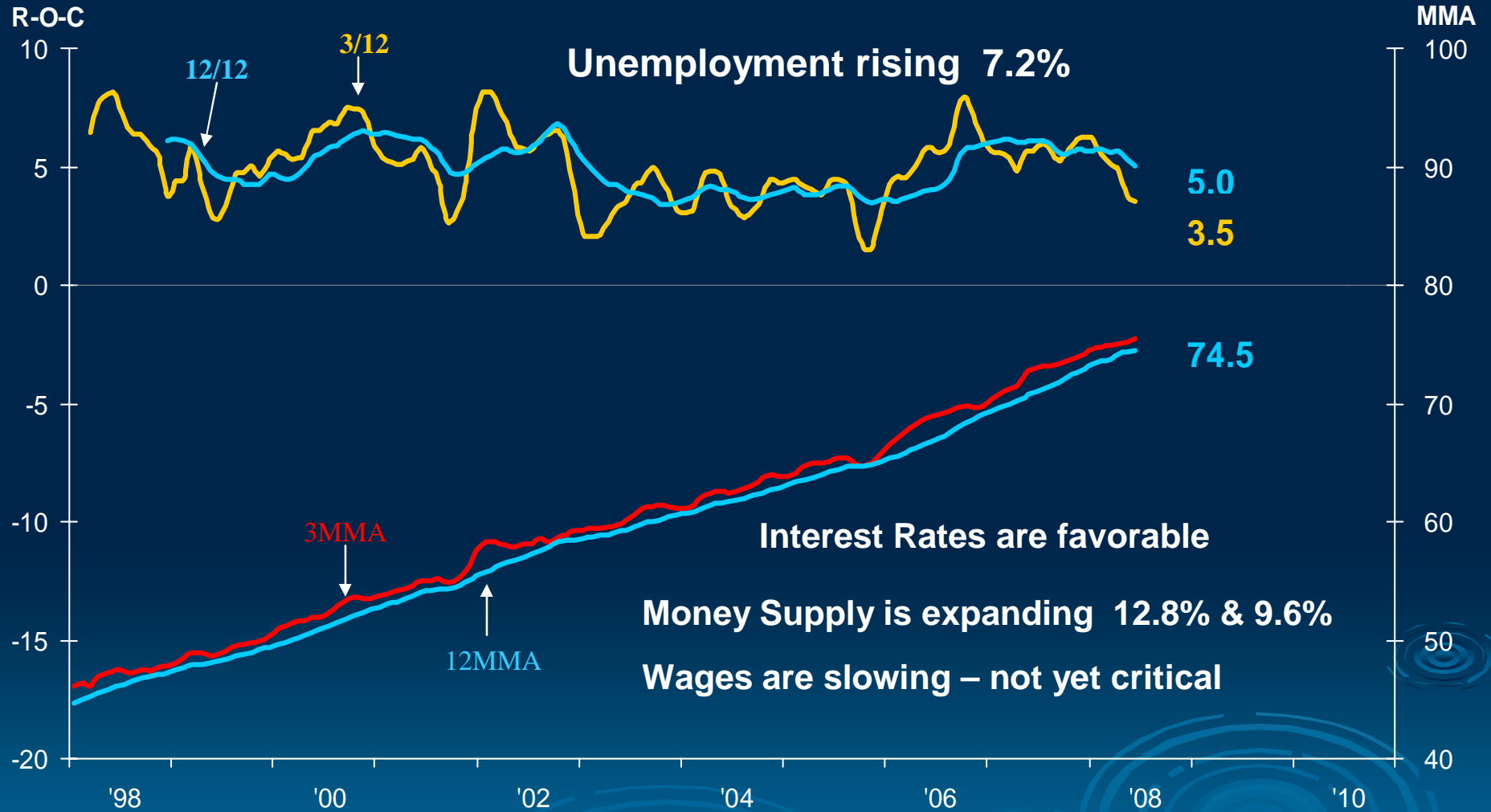
Billions of C\$



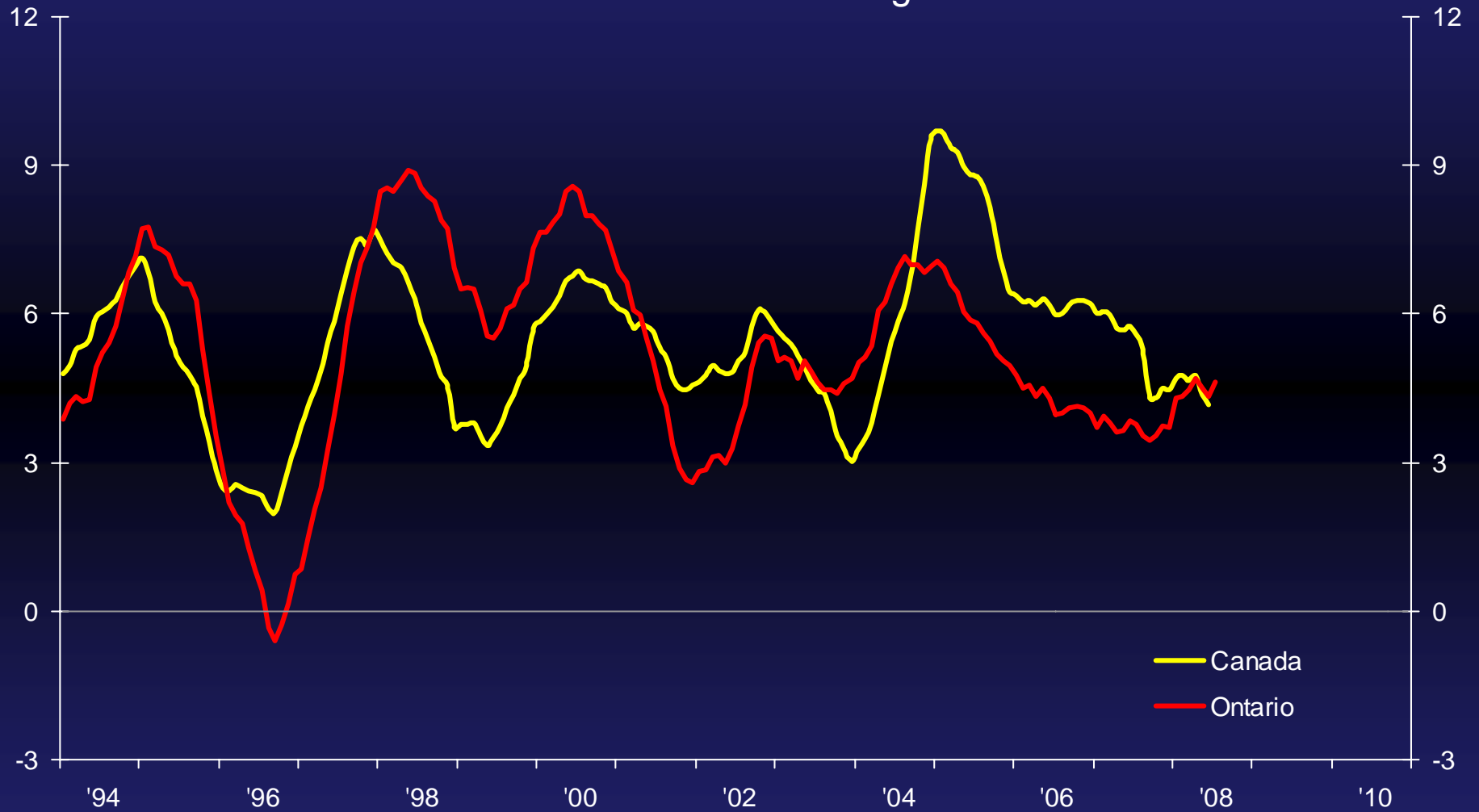


Canada Retail Trade GDP

Billions of C\$



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



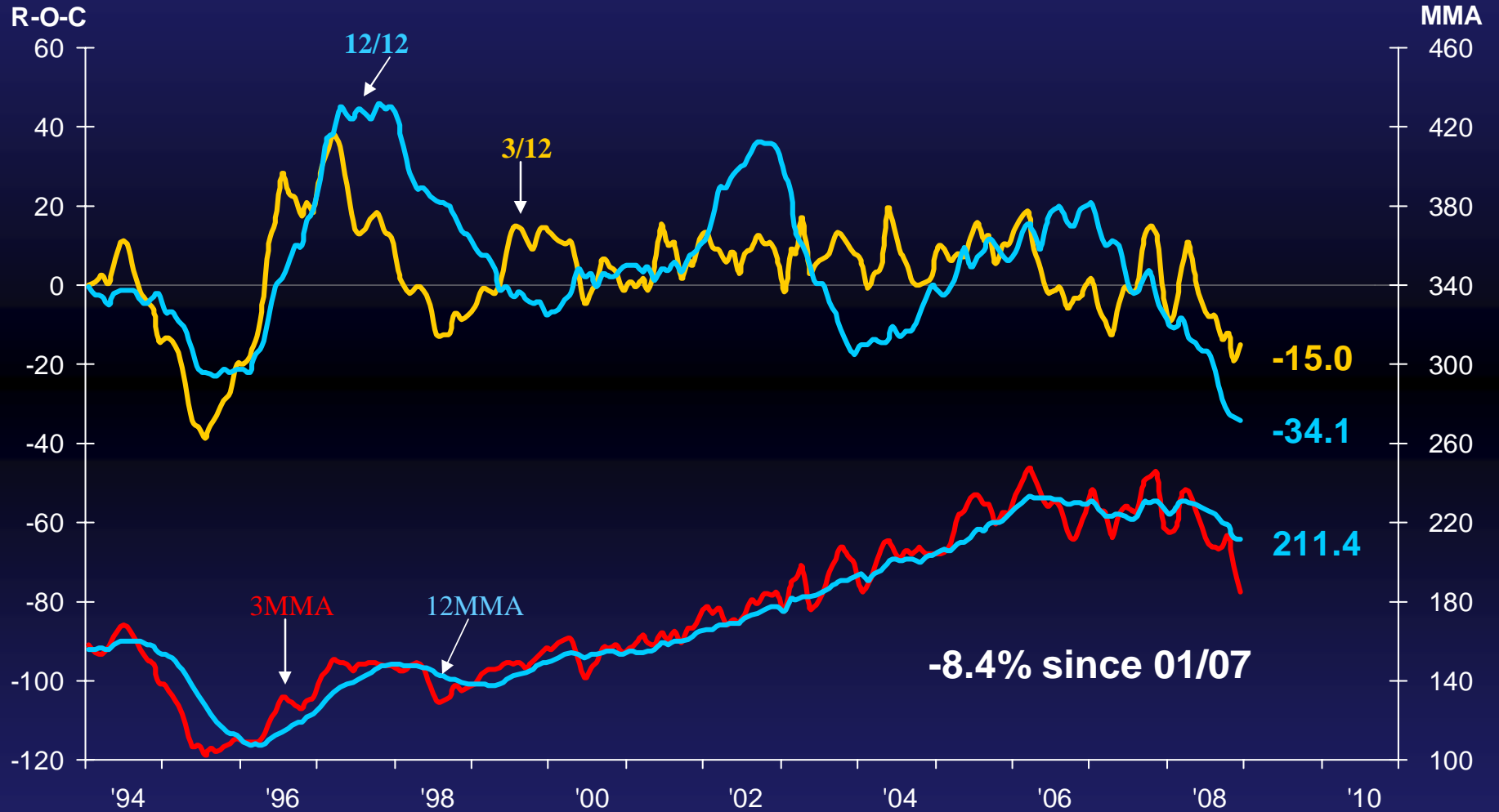
Ontario Retail Sales

Millions of \$



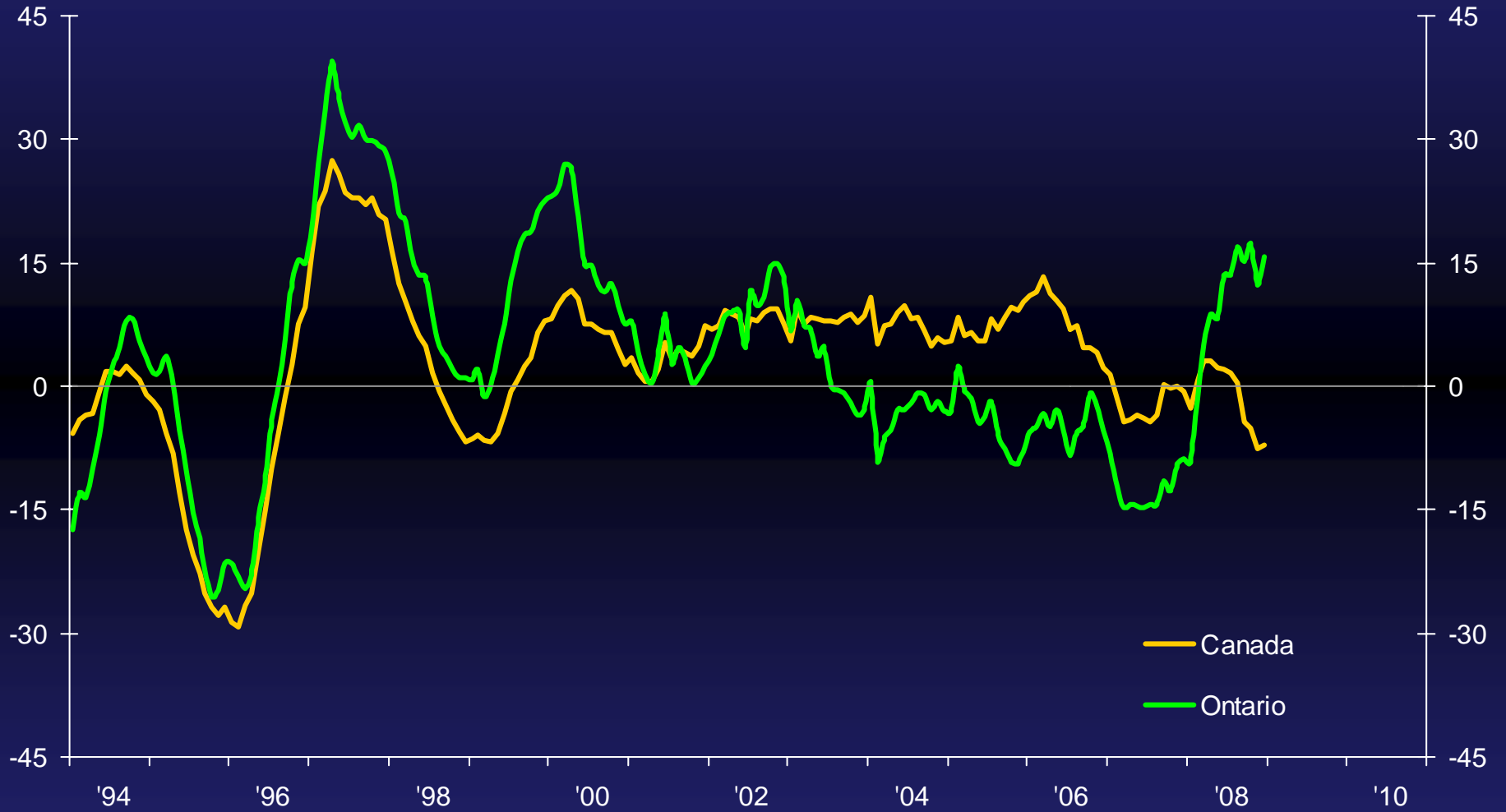
Canada Housing Starts

Thousands of Units, SAAR

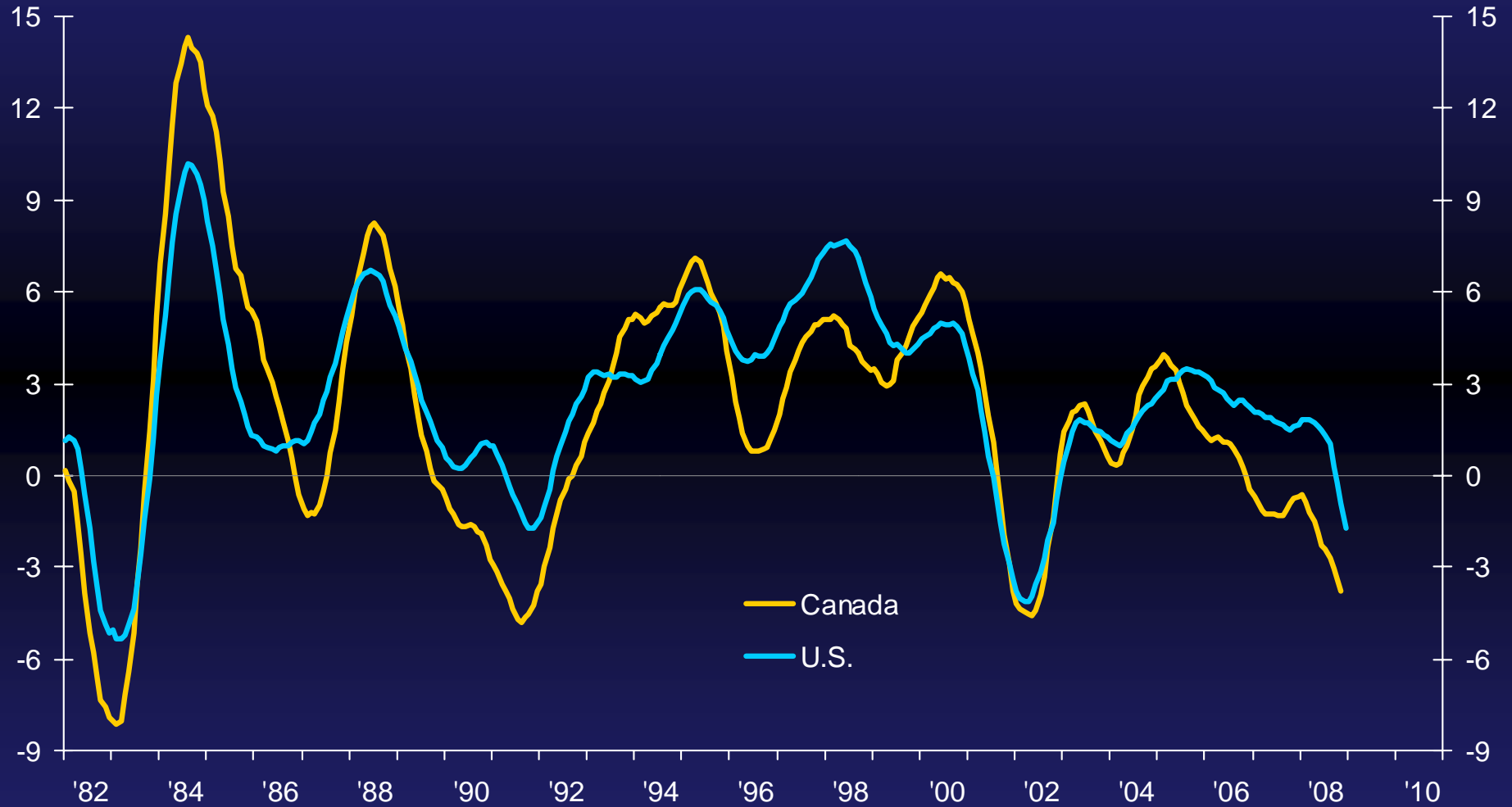


Canada to Ontario Housing Starts Growth

12/12 Rates-of-Change



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

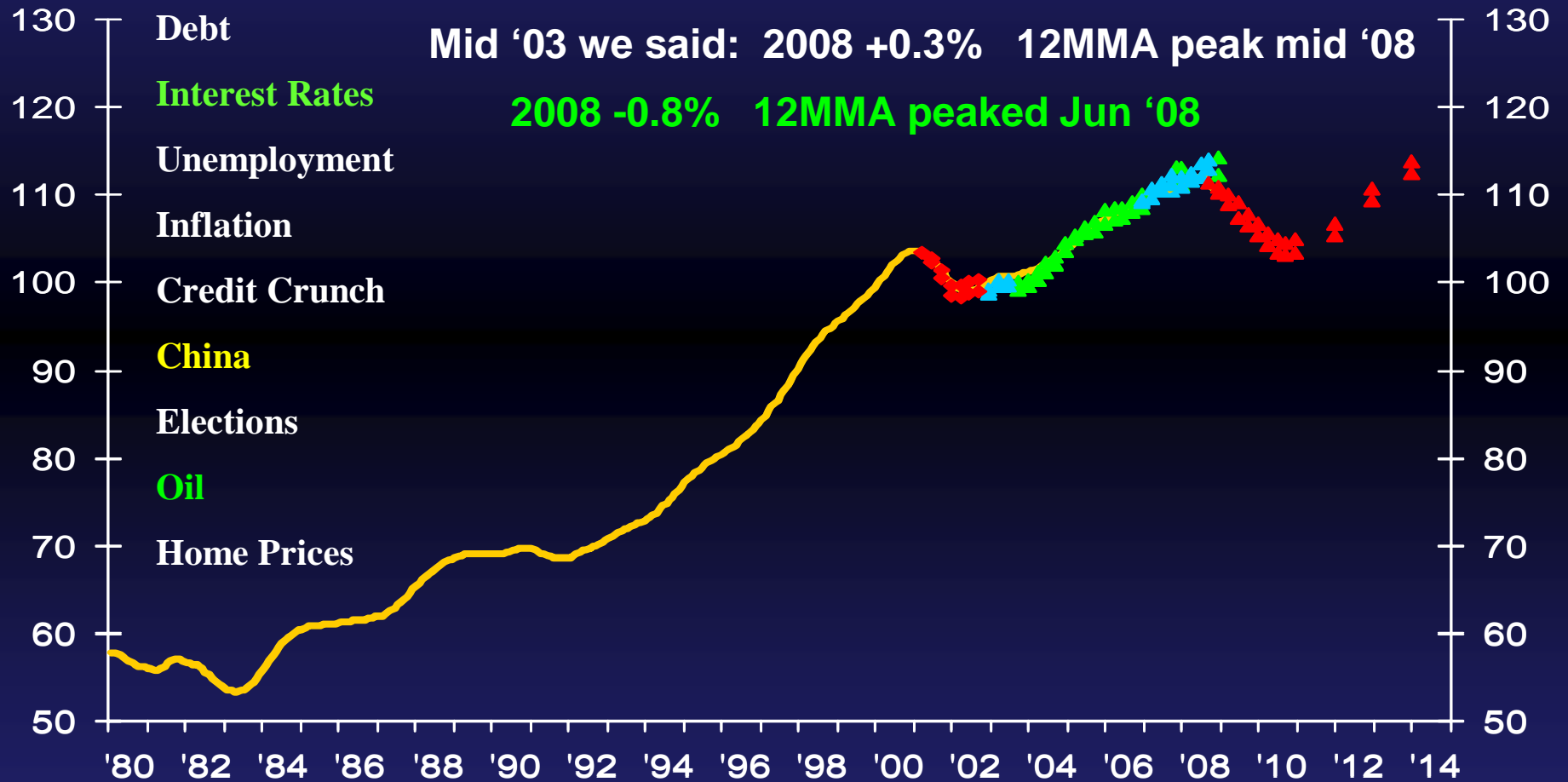


US Industrial Production Index

Forecast Through December 2013

Annual Average Index

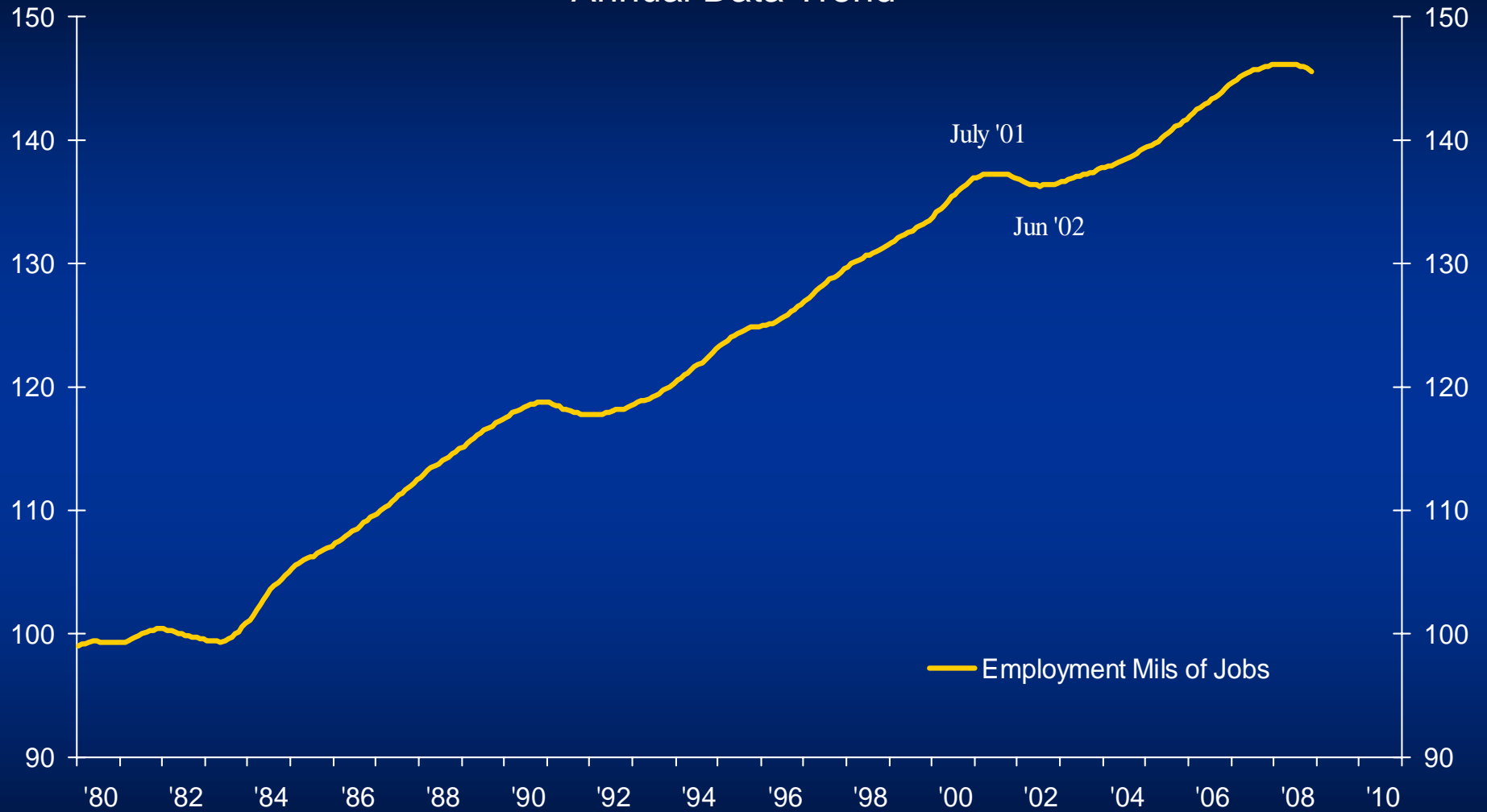
Tipping Points- Hard Landing – 2009-2010



Source: ITR's EcoTrends®
Monthly Economic Report

Employment – Civilian Labor Force

Annual Data Trend



Demographics

Winning Demographics

USA ~ 300 Million grows to 400 – 500 Million

India

Indonesia

Australia

Negative Demographics

China

Europe

Japan

Russia

Source: United Nations

Canada Demographics

Winning

33.4 million and growing through international migration

Fertility Rate: Native 1.6 Non-native 3.1

Getting Older: Median Age is 40

The Workforce

80% live in cities

Hiring older and more women

Labor force reductions coming

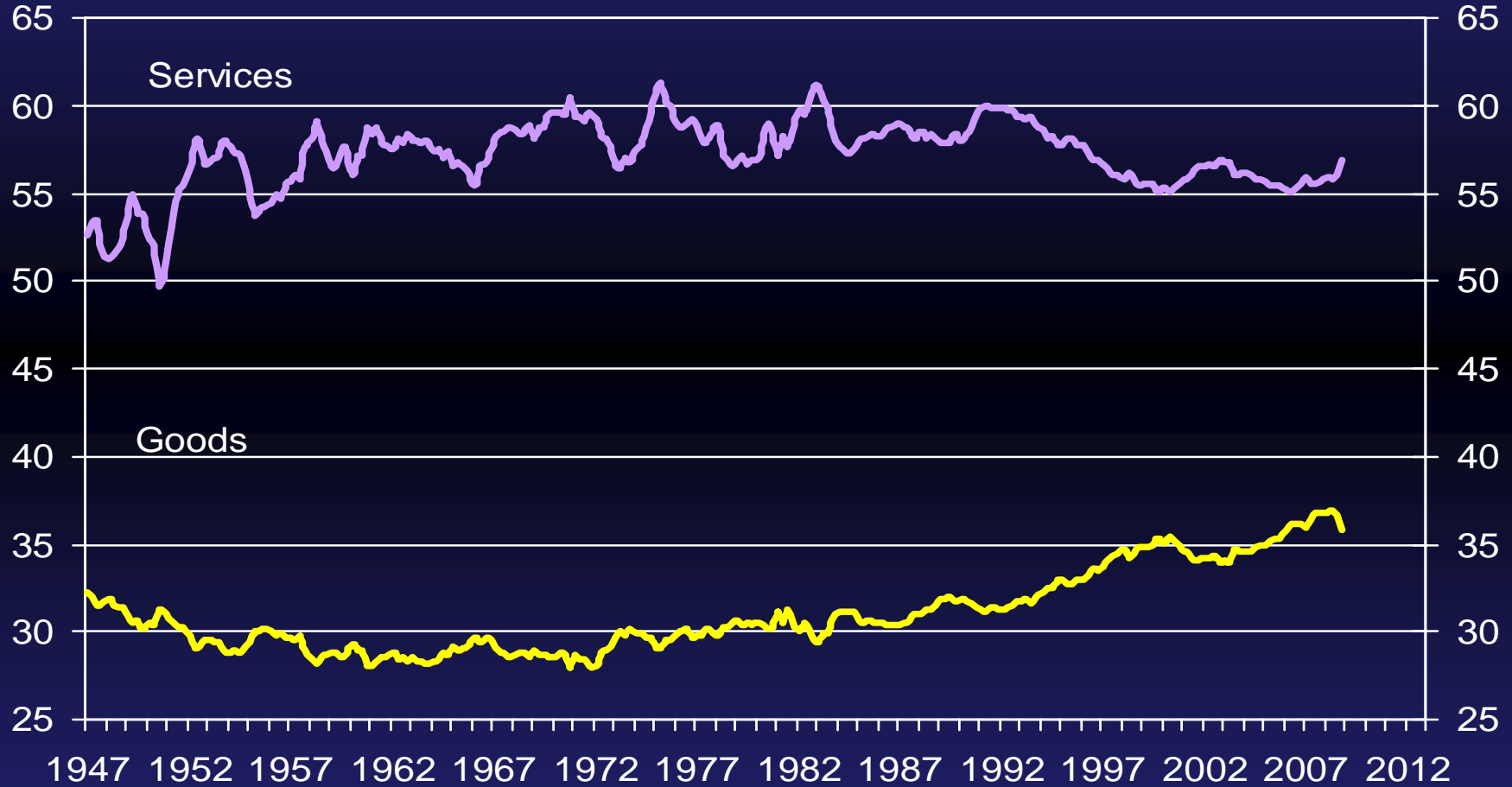
2015 more people over 65 than under 15

Source: Statistics Canada

Canada Goods & Services as a Percent of GDP (real) w/o Structures

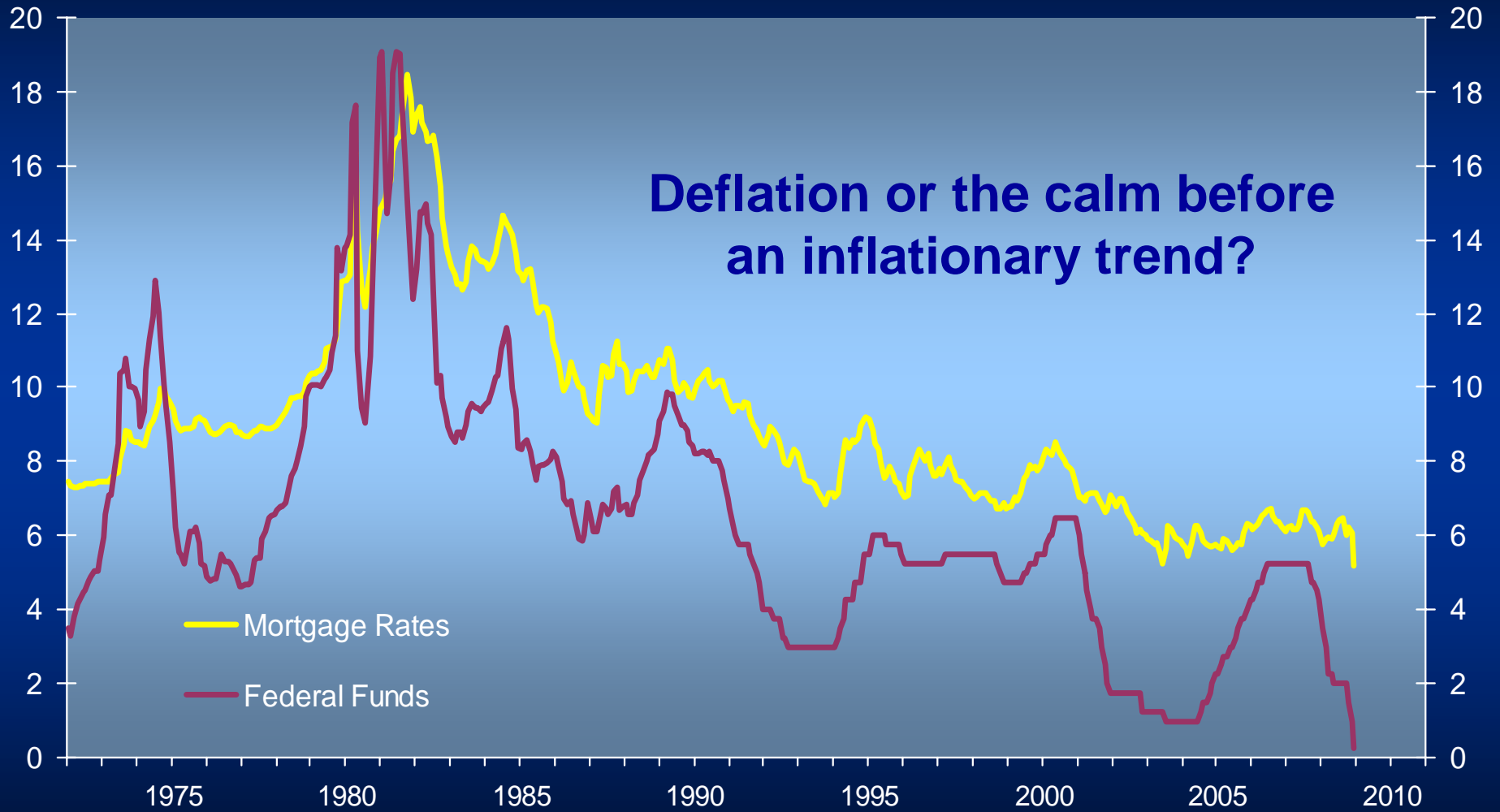


US Goods & Services as a Percent of GDP (real) w/o Structures



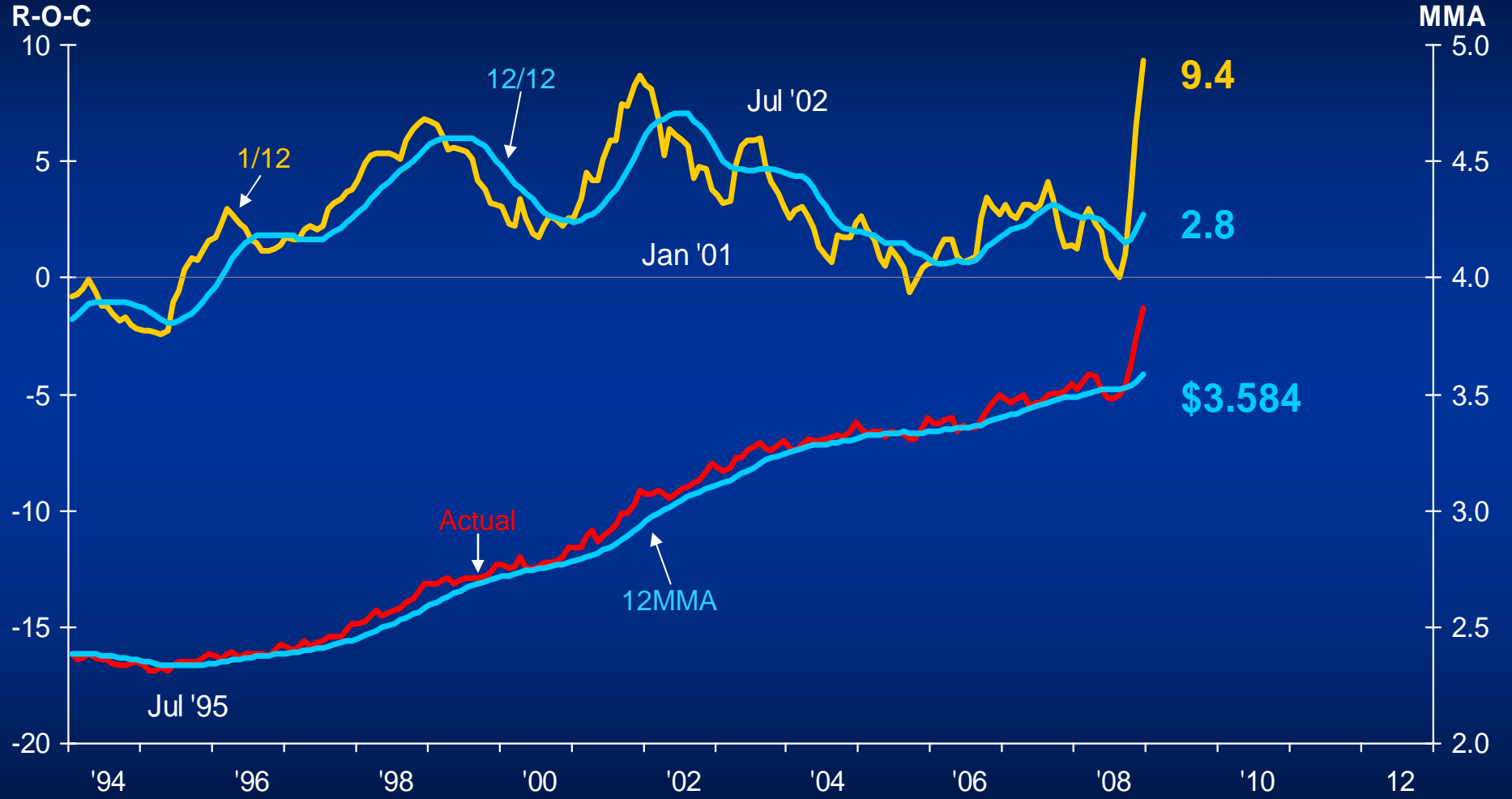
Mortgage Rates to Federal Funds

Raw Data

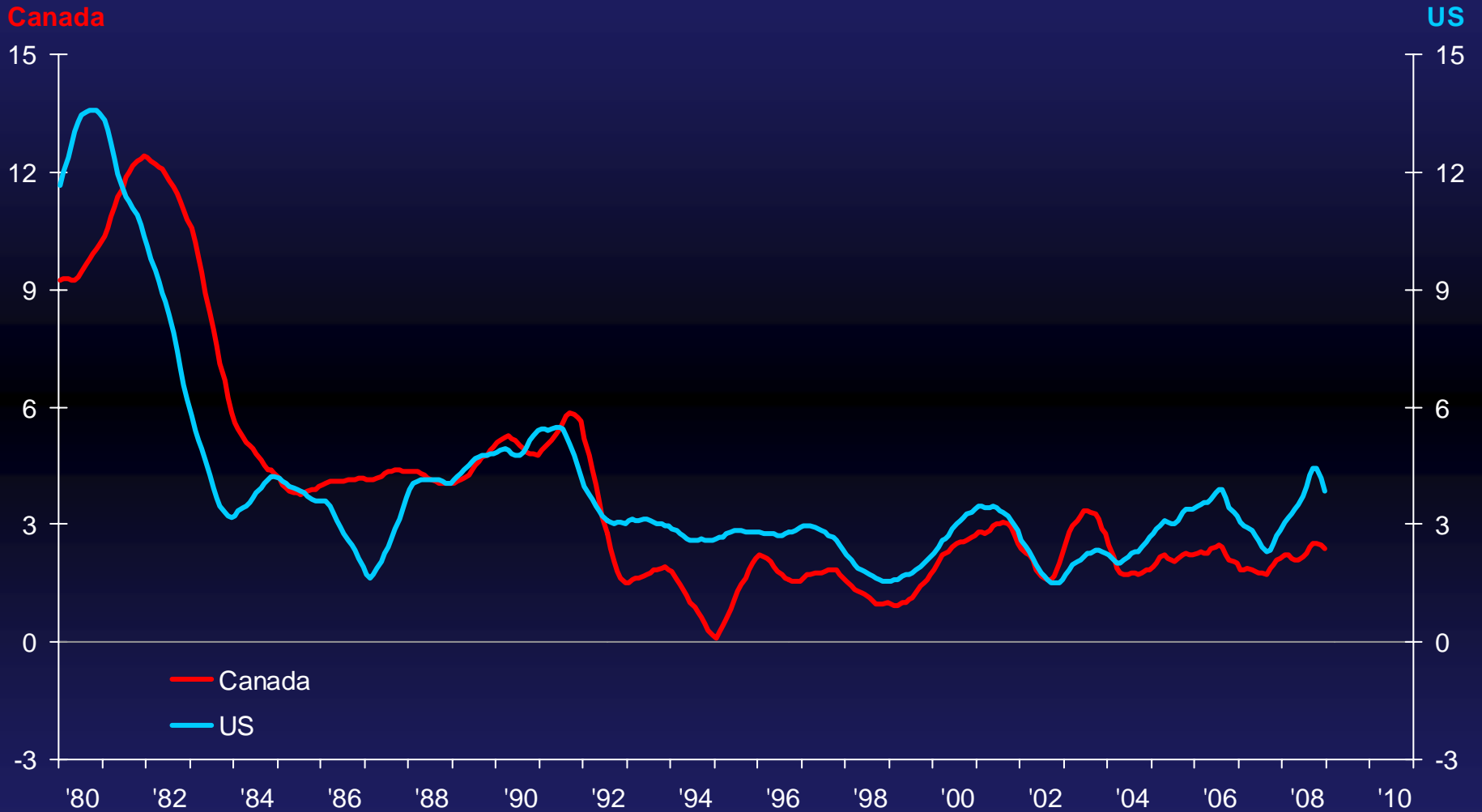


M2 Money Supply

Trillions of 82\$



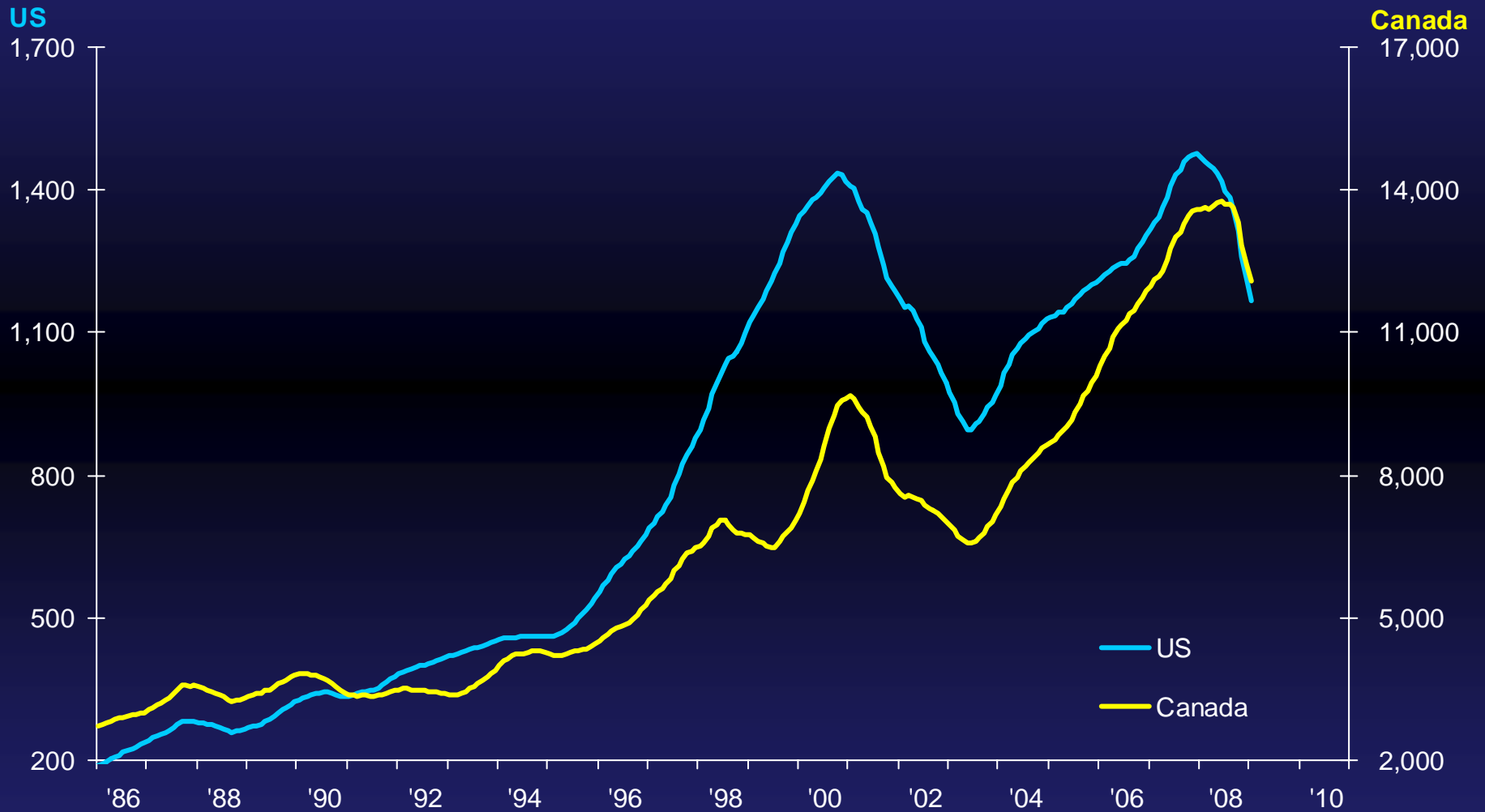
US Consumer Price Index to Canada Consumer Price Index 12/12 Rates-of-Change



Canada Consumer Price Index 2002 = 100

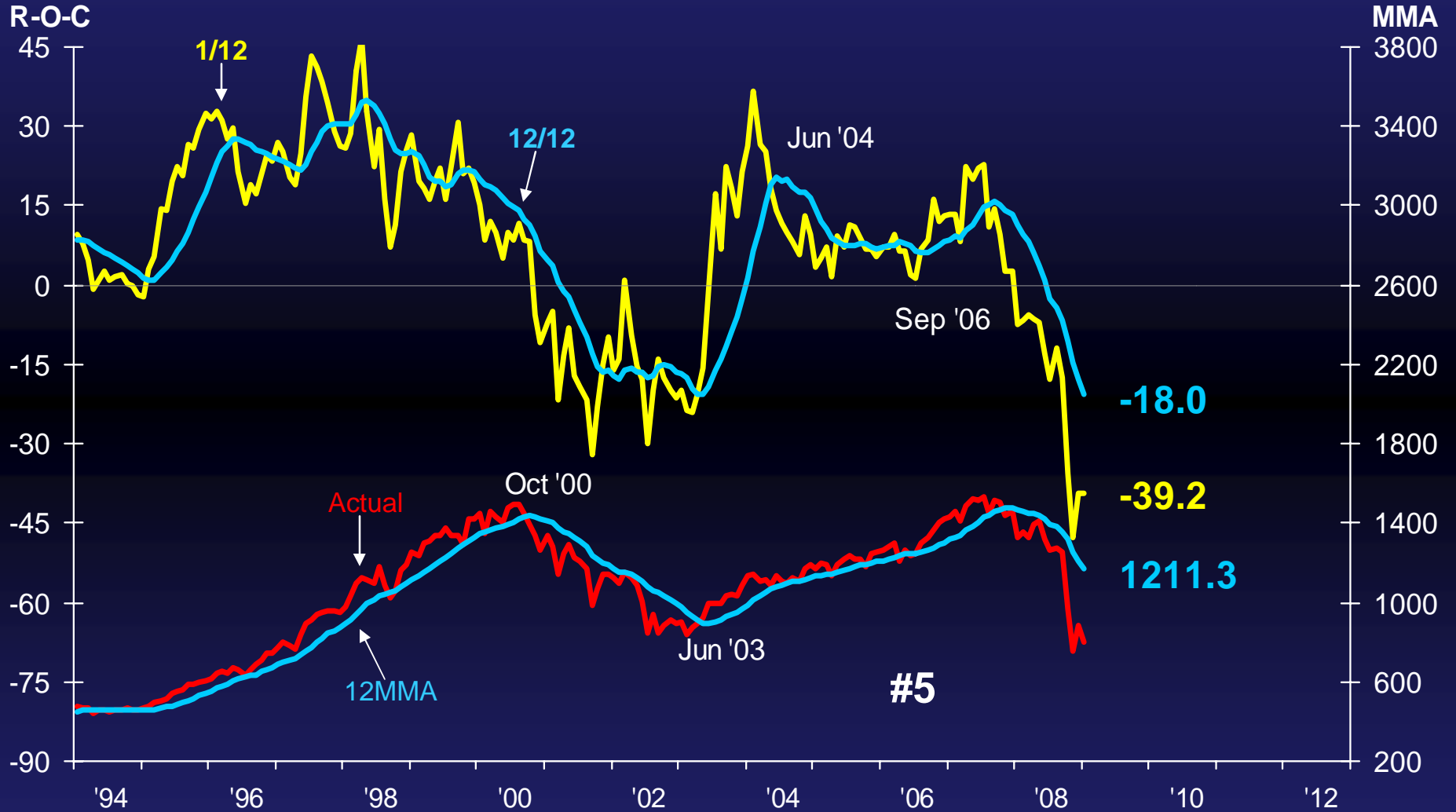


US Stock Price Index to Canada Stock Price Index Data Trends



Stock Prices Index

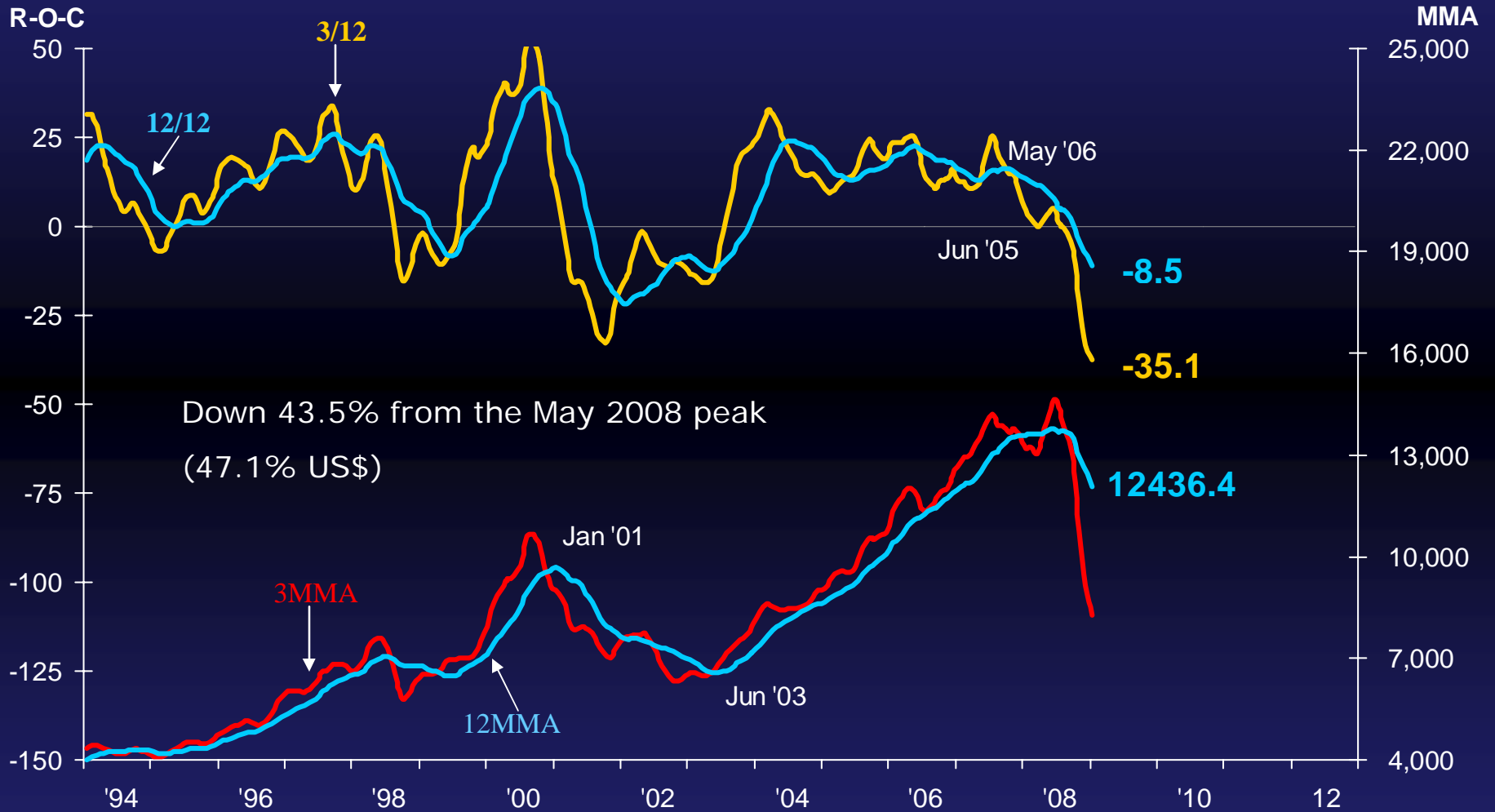
S&P 500, 1941 - 43 = 10



Source: ITR's EcoTrends®
Monthly Economic Report

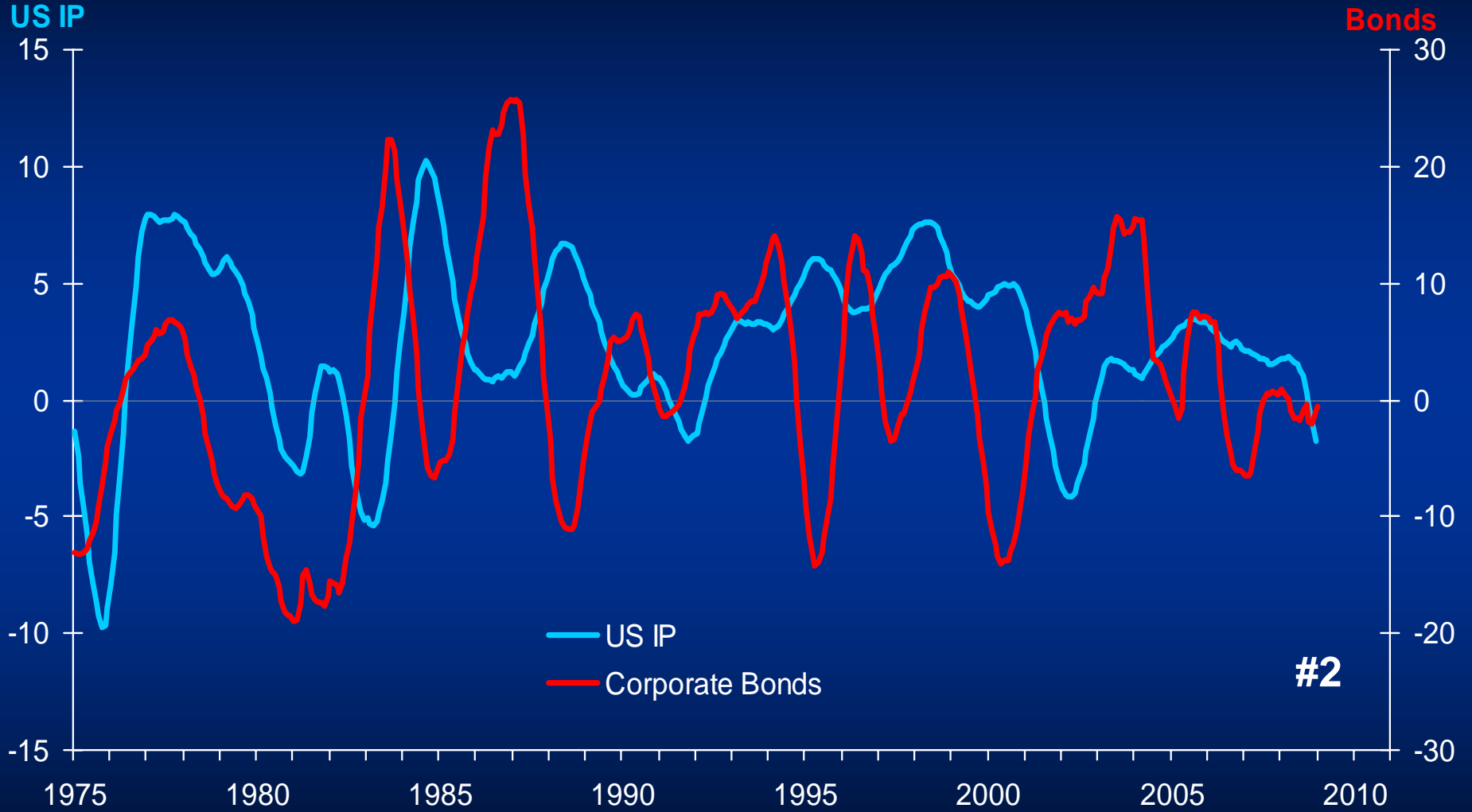
Toronto Stock Exchange 300 Composite Index

C\$, 1975 = 1000



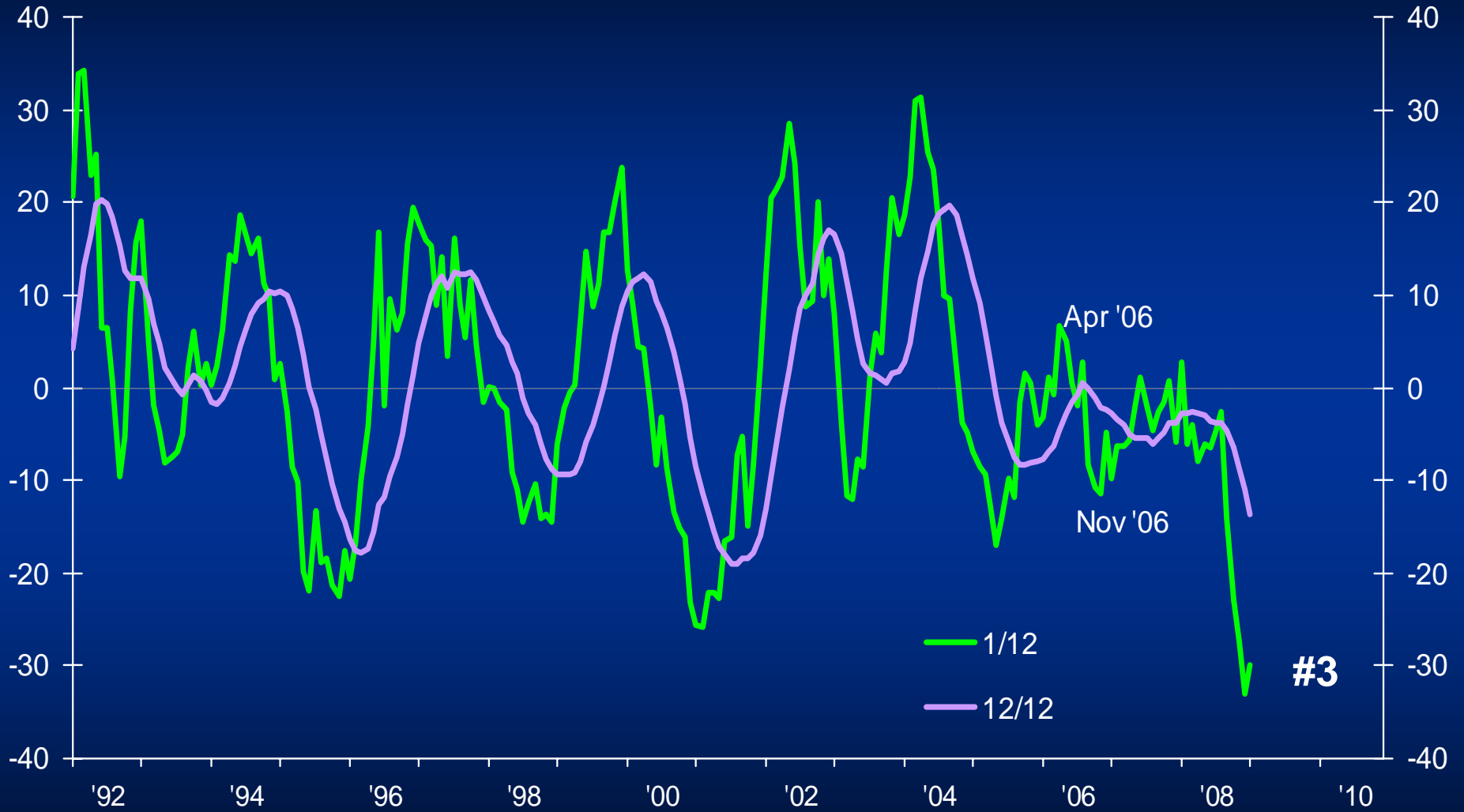
US Industrial Production to Corporate Bond Prices

12/12 Rates-of-Change



Source: ITR's EcoTrends®
Monthly Economic Report

Purchasing Managers Index ISM



Source: ITR's EcoTrends[®]
Monthly Economic Report

U.S. Composite Leading Indicator

1996 = 100



Source: ITR's EcoTrends®
Monthly Economic Report

Retail Sales Excluding Automobiles

Trillions of 82-84\$

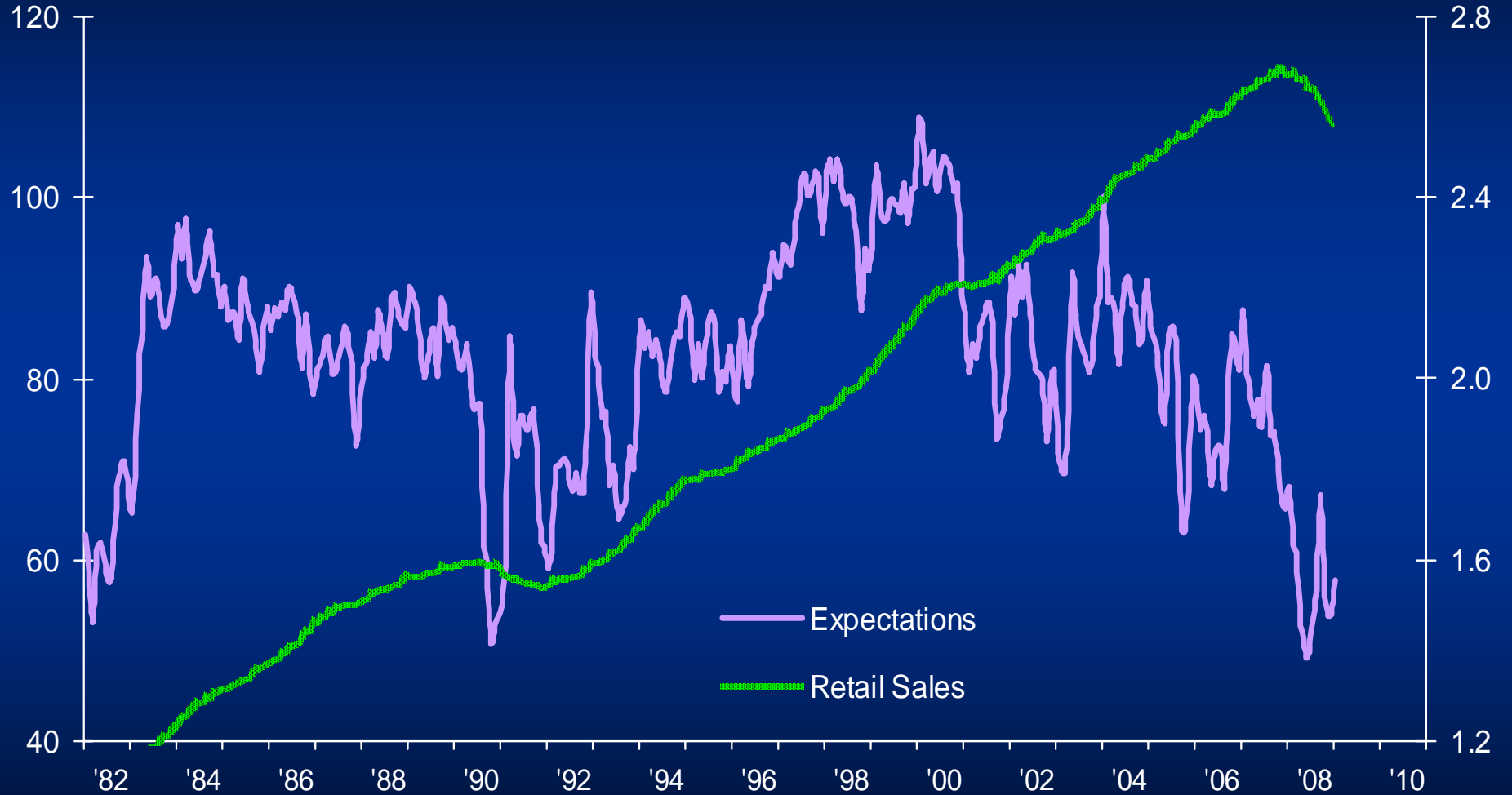


Source: ITR's EcoTrends®
Monthly Economic Report

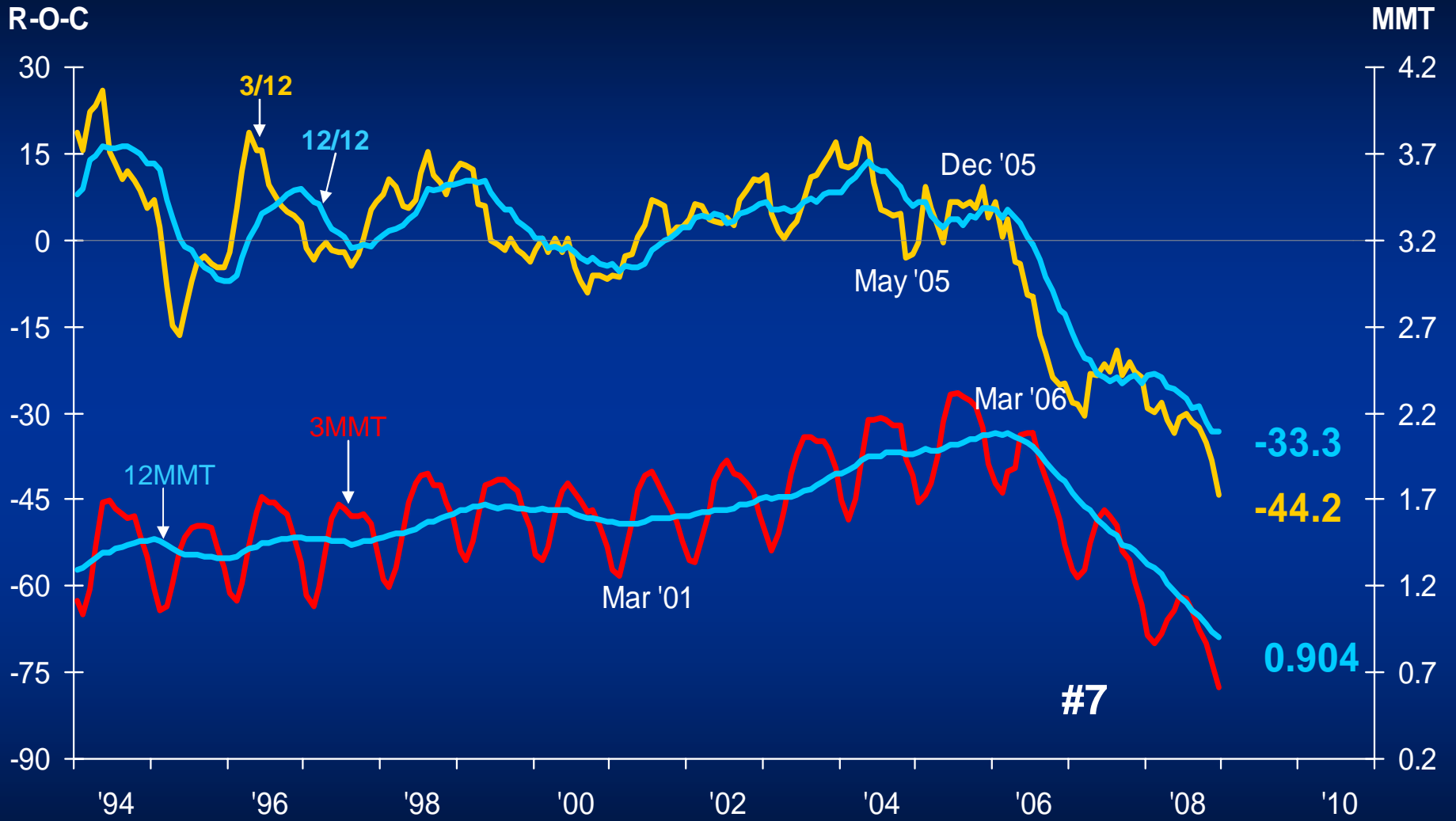
Consumer Expectations and Retail Sales

Expectations

Sales



Housing Starts Millions of Units



Source: ITR's EcoTrends®
Monthly Economic Report



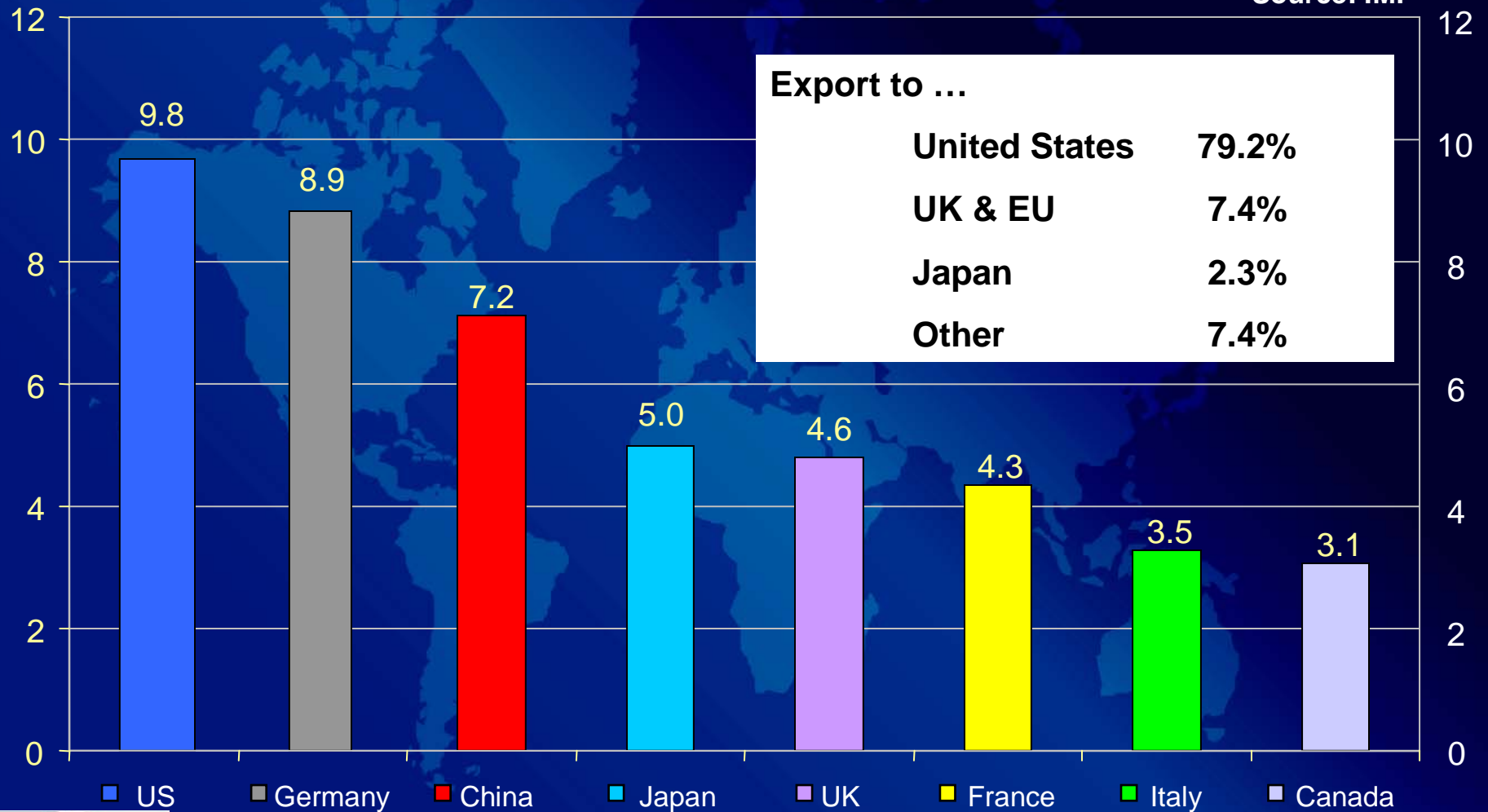
Canada Exchange Rate C\$ per US Dollar



Exports by Nation

Percentage of Total World Exports of Goods and Services

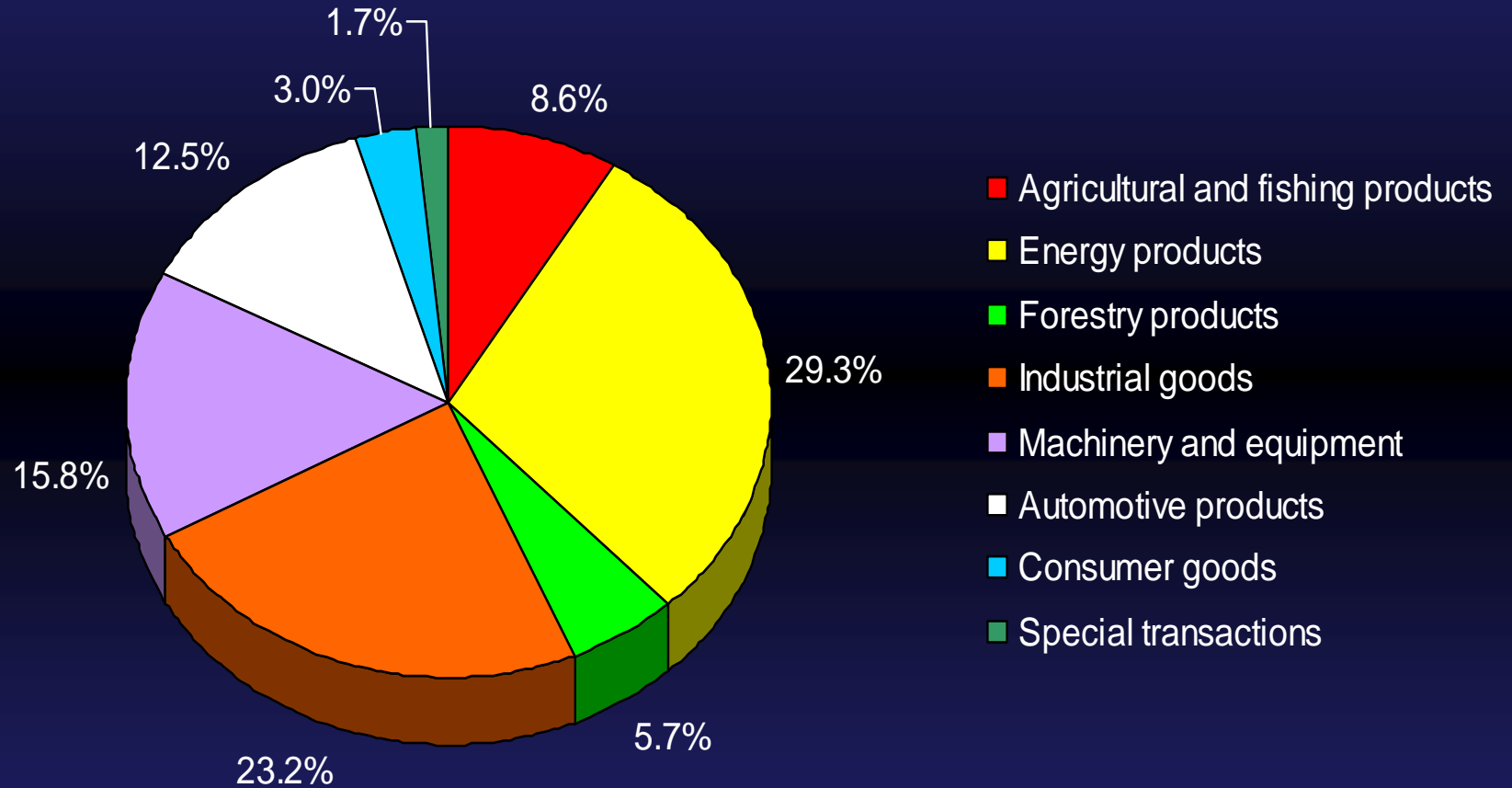
Source: IMF



Export to ...

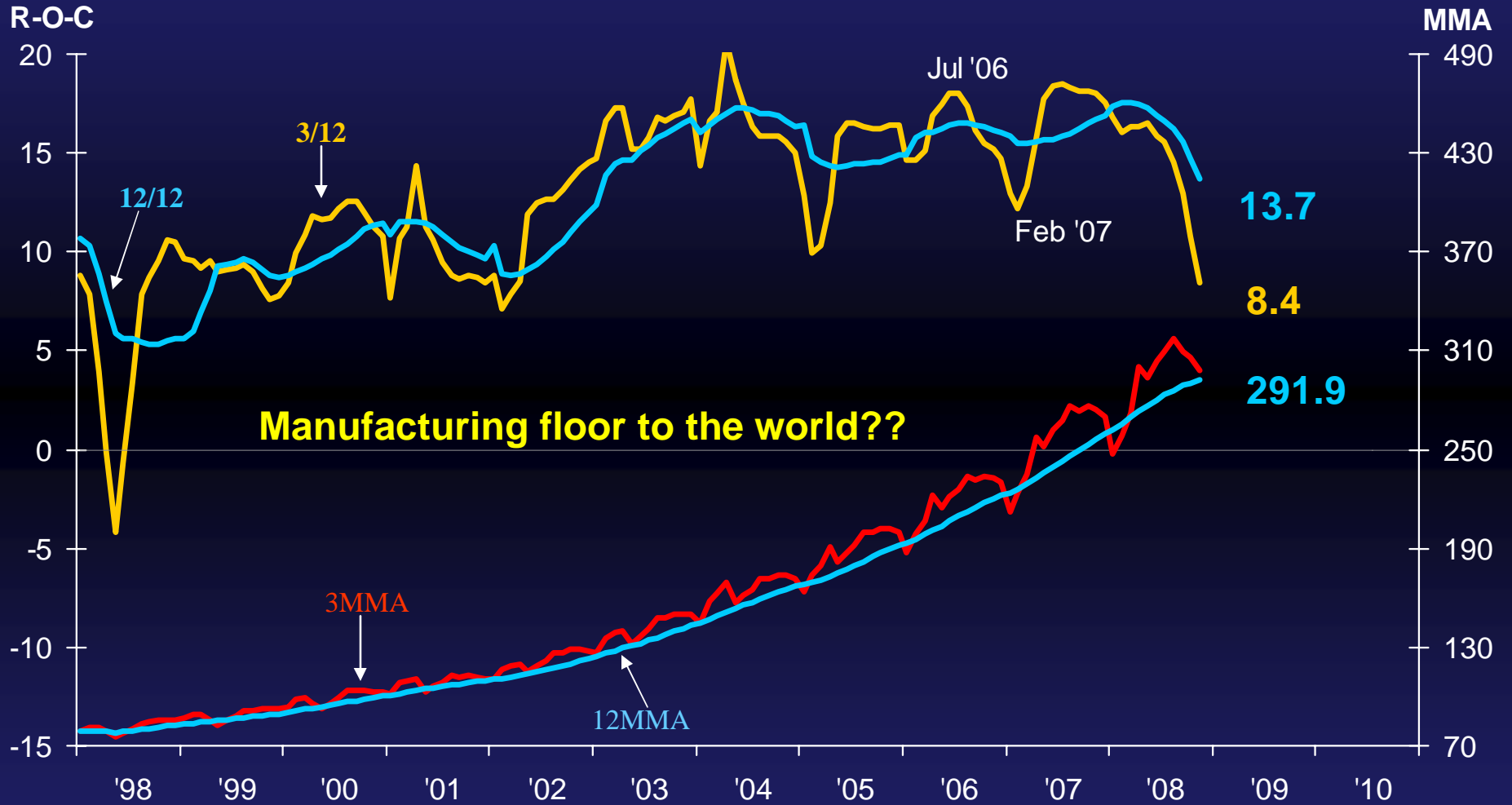
United States	79.2%
UK & EU	7.4%
Japan	2.3%
Other	7.4%

2008 Exports from Canada to the World Billions of Dollars



China Industrial Production Index

SA, 2000 = 100



Major Issues Stalking China's Future

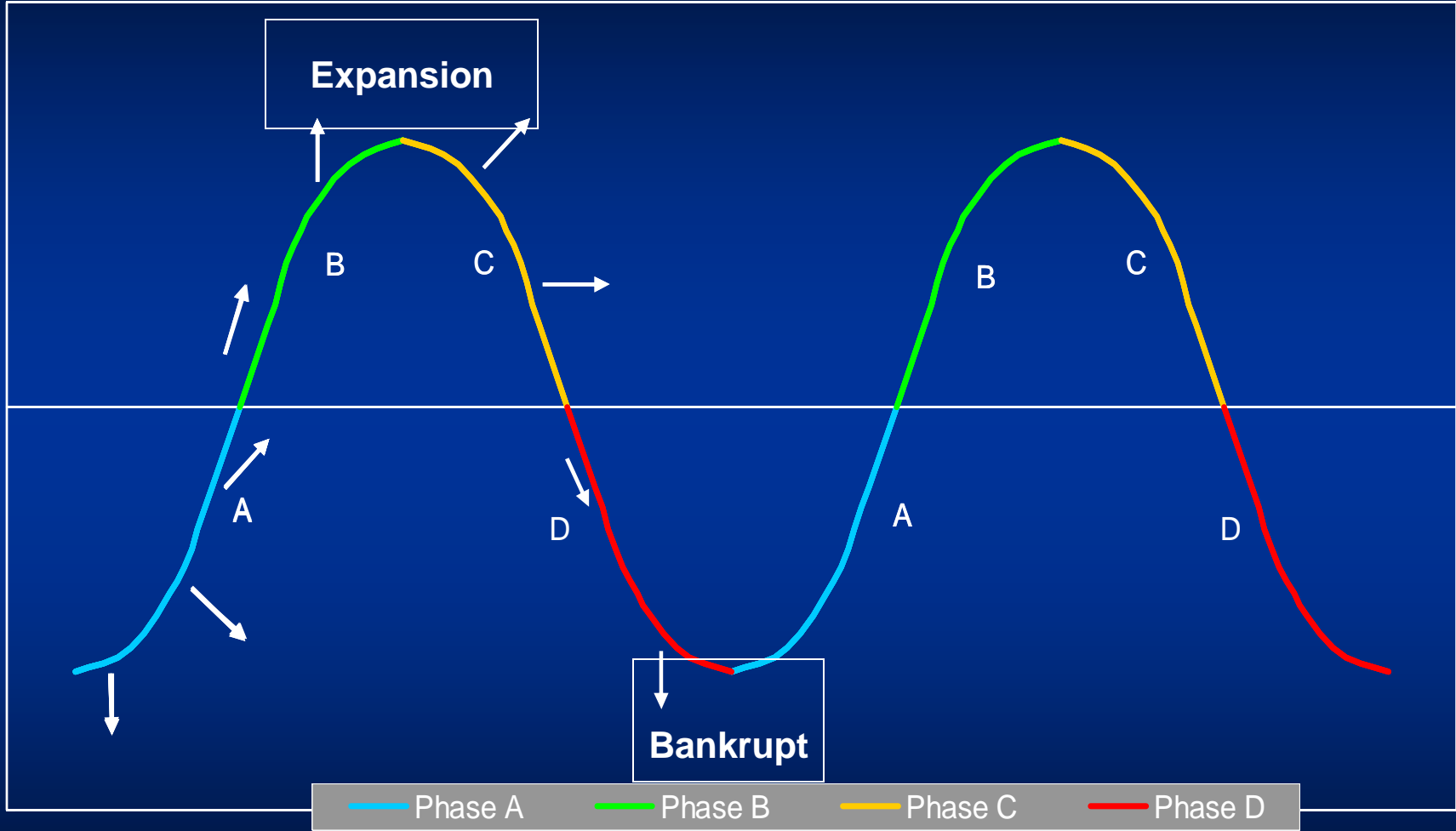
“A Tiger on Steroids”

- Banking System* (Relational & ‘Not for Profit’)
- Legal System* (Court of no appeals)
- Government Interference/Control*
- Environmental (Water, Air, Land Pollution)
- Health Issues
- Negative Demographics
- Competition for Resources and ‘Cheap’ Labor – (Philippines, India, Vietnam, Thailand, E. Europe...)
- Civil Unrest (Pollution, wages, abuse, health care, education...)
- Increasing US protectionism sentiment (currency)

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

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

Four Phases



“It is always the adventurers who do great things,
not the sovereigns of great empires”
- Charles De Montesquieu