



Moving Forward

Connor Lokar
Senior Forecaster



Summary March 2021

Macroeconomic Signals for 2021-22:

2021-22 Will be Growth Years
LI's in Well Defined Rising Trends

Uncertainty Drivers:

UK, S. African COVID Variants
Additional Stimulus
Supply Chain Concerns

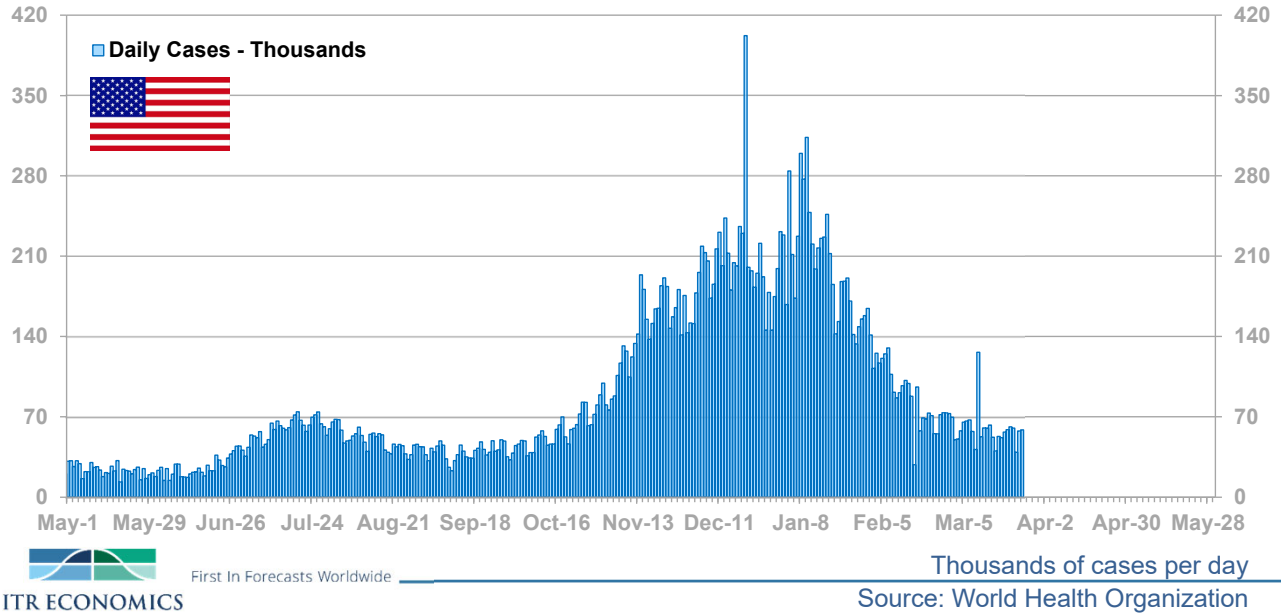
Highlights:

Housing Market Accelerating
12 LI's in rising trend as of March 25th
Commercial Markets To Soften in '21



The US Perspective

US Daily Cases from COVID-19



COVID-19 Vaccinations in the United States

Total Vaccine Doses



Delivered	169,229,125
Administered	130,473,853

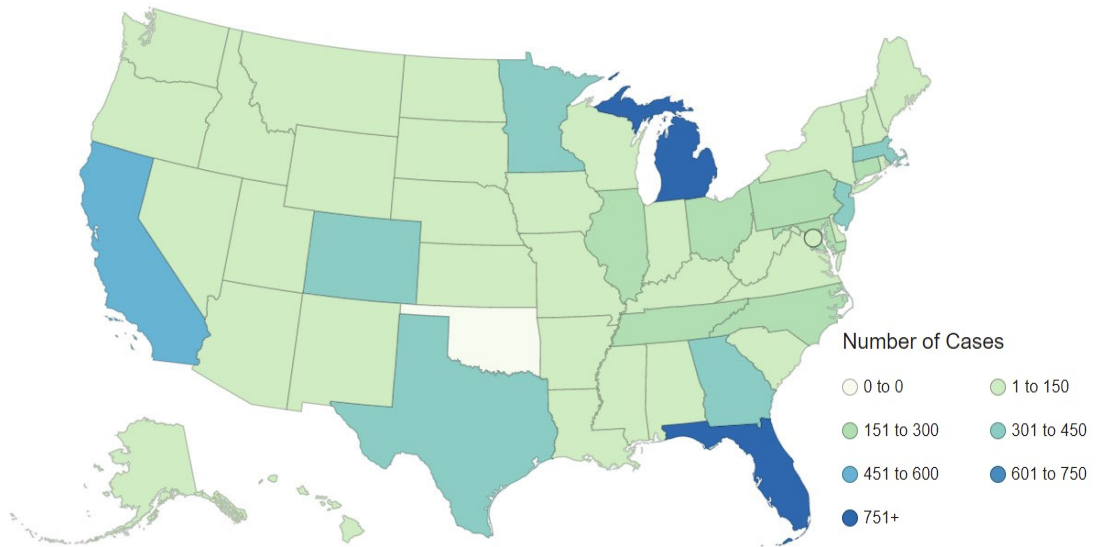


People Vaccinated

At Least 1 Dose **Fully Vaccinated**

Total	85,472,166	46,365,515
% of Total Population	25.7%	14.0%

Emerging COVID Variant B.1.1.7 (UK Strain) in the U.S.



COVID Variant Cases in the US

Variant	Reported Cases in US	Number of Jurisdictions Reporting
B.1.1.7	7501	51
B.1.351	219	27
P.1	61	18

B.1.1.7 U.K. Strain

B.1.351 South African Strain

P.1 Brazilian Strain



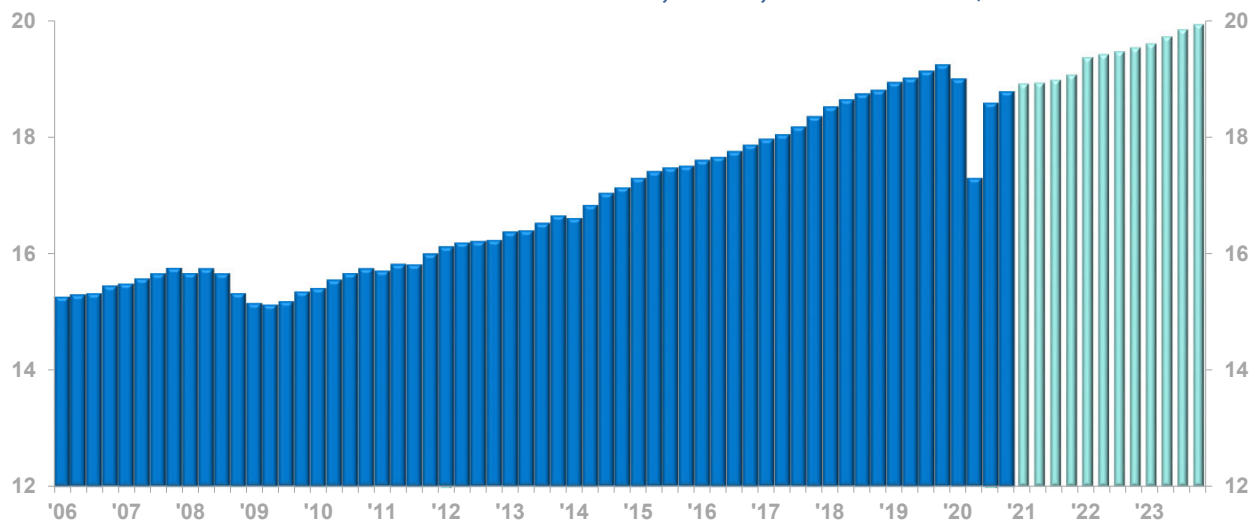
Macroeconomic Trends



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Recovery in Progress With More Rise Ahead

US Gross Domestic Product, SAAR, Chained 2012 \$

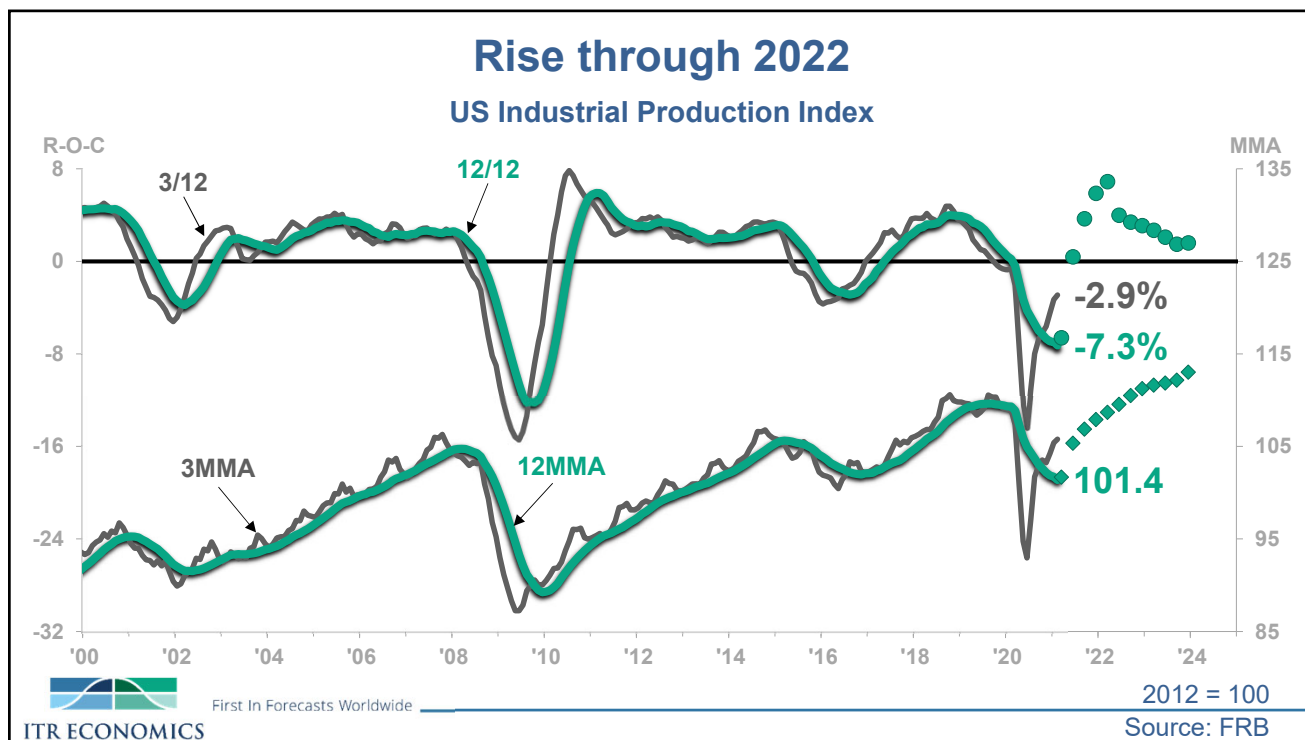


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3-Month Moving Average

Source: BEA



A Powerful Management Tool

Rate-of-Change

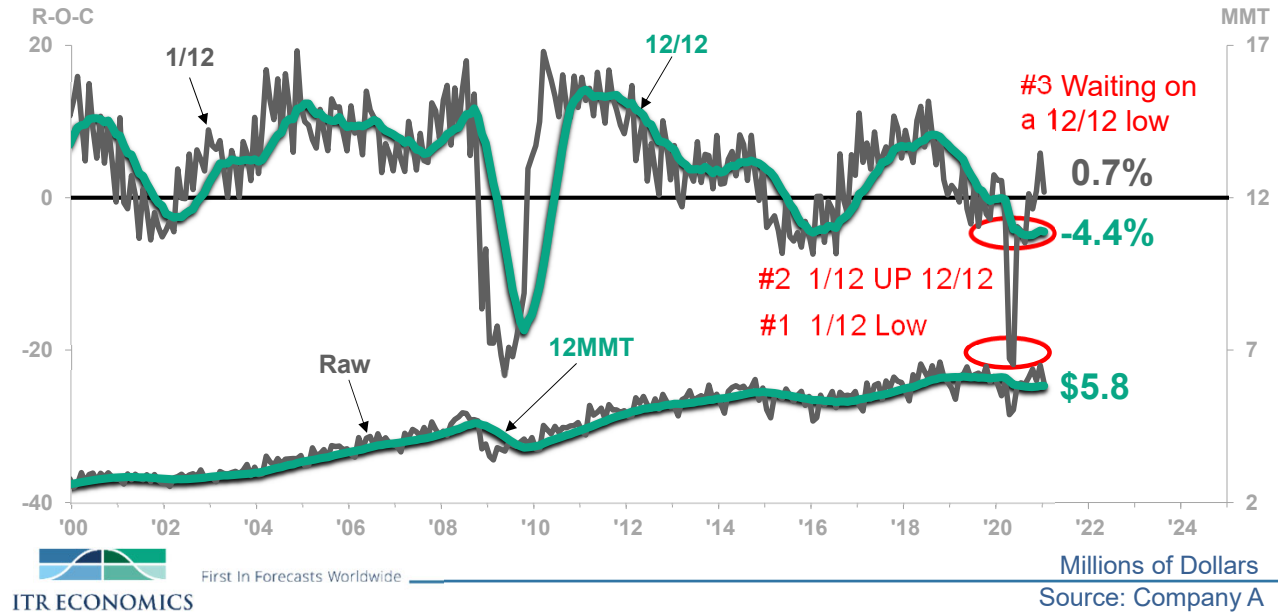
	Monthly	1/12	3MMT	3/12	12MMT	12/12
Feb-19	4.484					
Mar-19	5.131	-0.6%				
Apr-19	5.155	4.2%	14.8			
May-19	5.376	-1.5%	15.7			
Jun-19	5.066	-3.4%	15.6			
Jul-19	5.162	2.1%	15.6			
Aug-19	5.202	-3.8%	15.4			
Sep-19	5.057	1.0%	15.4			
Oct-19	5.392	-2.1%	15.7			
Nov-19	4.956	-2.8%	15.4			
Dec-19	5.114	3.0%	15.5			
Jan-20	4.892	2.5%	15.6		61.0	
Feb-20	4.585	2.2%	14.6		61.1	
Mar-20	4.981	-2.9%	14.5		60.9	
Apr-20	4.066	-21.1%	13.6	-7.7%	59.8	
May-20	4.198	-21.9%	13.2	-15.4%	58.7	
Jun-20	4.873	-3.8%	13.1	-15.8%	58.5	
Jul-20	4.939	-4.3%	14.0	-10.2%	58.3	-4.7%
Aug-20	4.894	-5.9%	14.7	-4.7%	57.9	-4.9%
Sep-20	5.084	0.5%	14.9	-3.3%	58.0	-4.9%
Oct-20	5.312	-1.5%	15.3	-2.3%	57.9	-4.9%
Nov-20	5.000	0.9%	15.4	-0.1%	57.9	-4.6%
Dec-20	5.414	5.9%	15.7	1.7%	58.2	-4.3%
Jan-21	4.928	8.7%	15.8	2.3%	58.3	-4.4%

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Using Checking Points at the Low

Company A



Leading Indicators



U.S. Economic Leading Indicators

Indicator	Trend	Macro Indication
ITR Retail Sales Leading Indicator	Rise	Positive through next four quarters...
ITR Financial Leading Indicator	Rise	Positive through next four quarters...
JPMorgan Global PMI	Rise	Positive through next four quarters...
OECD Leading Indicator	Rise	Positive through next three quarters...
G7 Leading Indicator	Rise	Positive through next three quarters...
Purchasing Managers Index (PMI)	Rise	Positive through next four quarters...
ITR Leading Indicator	Rise	Positive through next three quarters...
Wilshire Total Market Cap	Rise	Positive through next three quarters...
US Leading Indicator	Rise	Positive through next two quarters...
Single-Family Housing Starts	Rise	Positive through next three quarters...
Total Industry Capacity Utilization	Rise	Positive through next two quarters...
US Exports, Goods – World	Rise	Positive through next quarter...



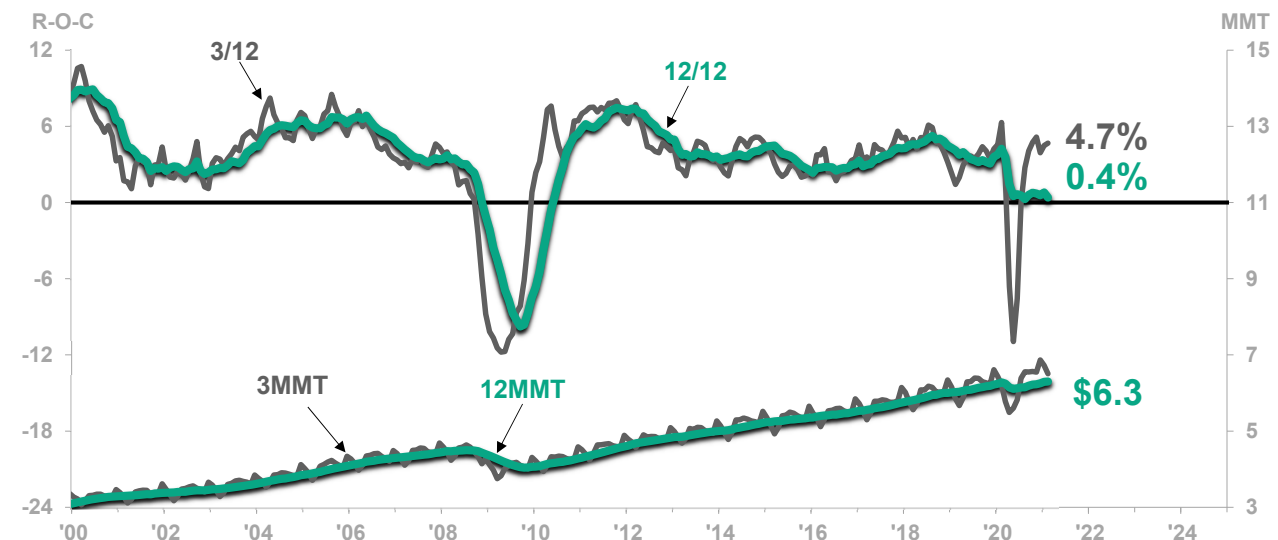
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Sources: ITR Economics, Institute for Supply Management, OECD, Yahoo Finance, The Conference Board, US Census Bureau, FRB

Positive Input from the 3/12 and the 3MMT

US Total Retail Sales



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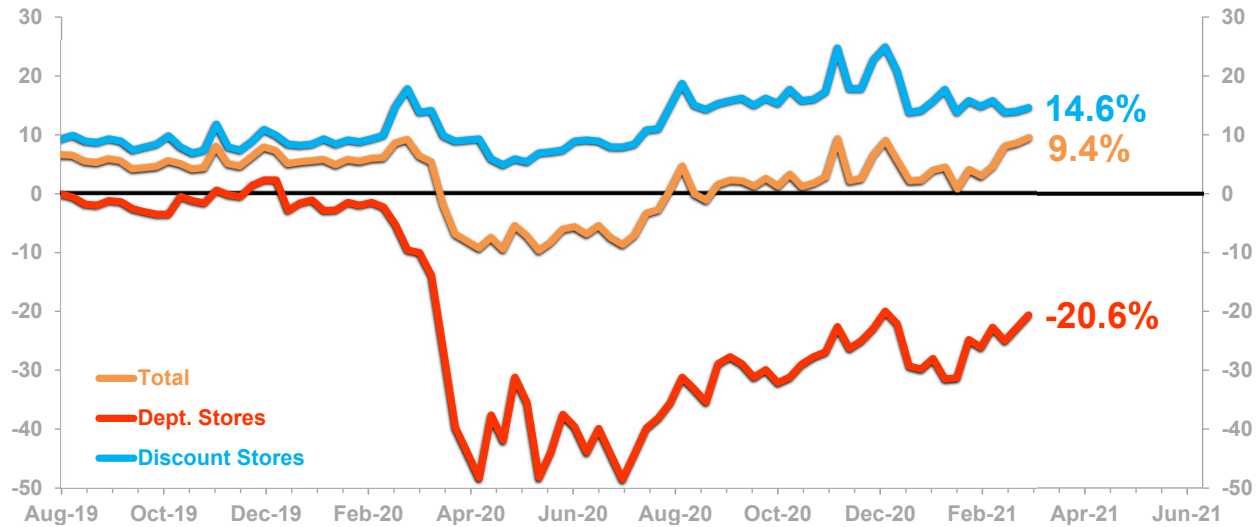
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Trillions of Dollars

Source: US Census Bureau

Recovered from COVID

Johnson Redbook Weekly Indexes for the US



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Weekly Activity, Year-over-Year Percent Change

Sources: Johnson Redbook

Spending Power

US Disposable Personal Income



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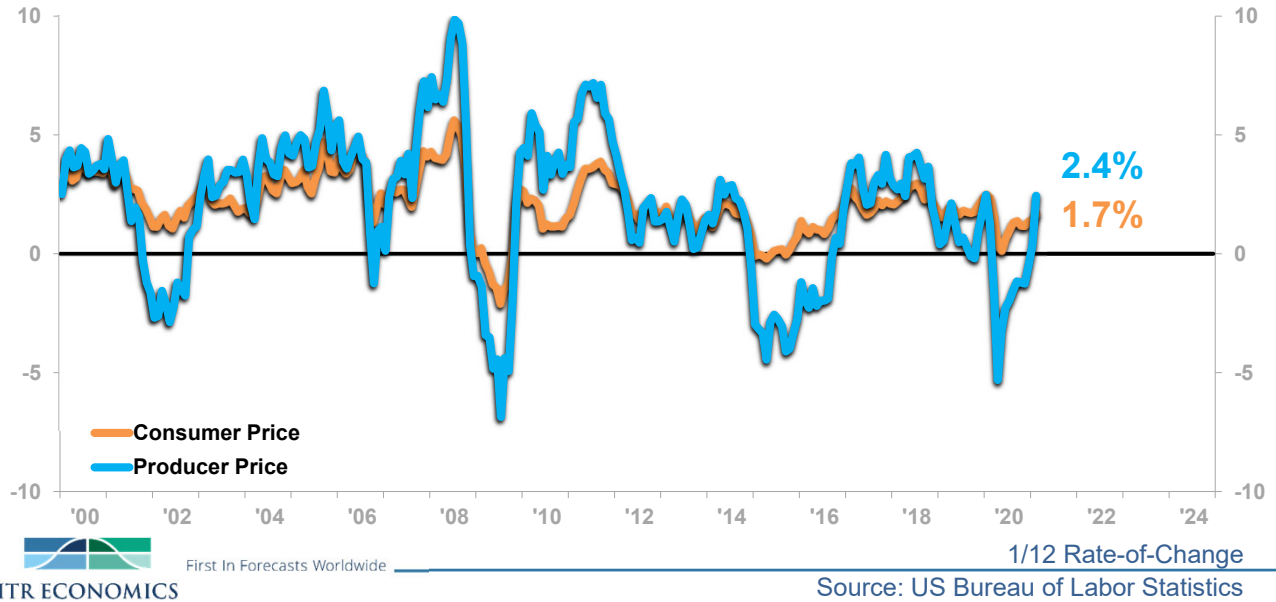
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Trillions of chained 2012 dollars, SAAR

Source: US Bureau of Economic Analysis

Industrial Commodity Decline Relieving Inflation Pressure

US Consumer Price Index to US Producer Price Index



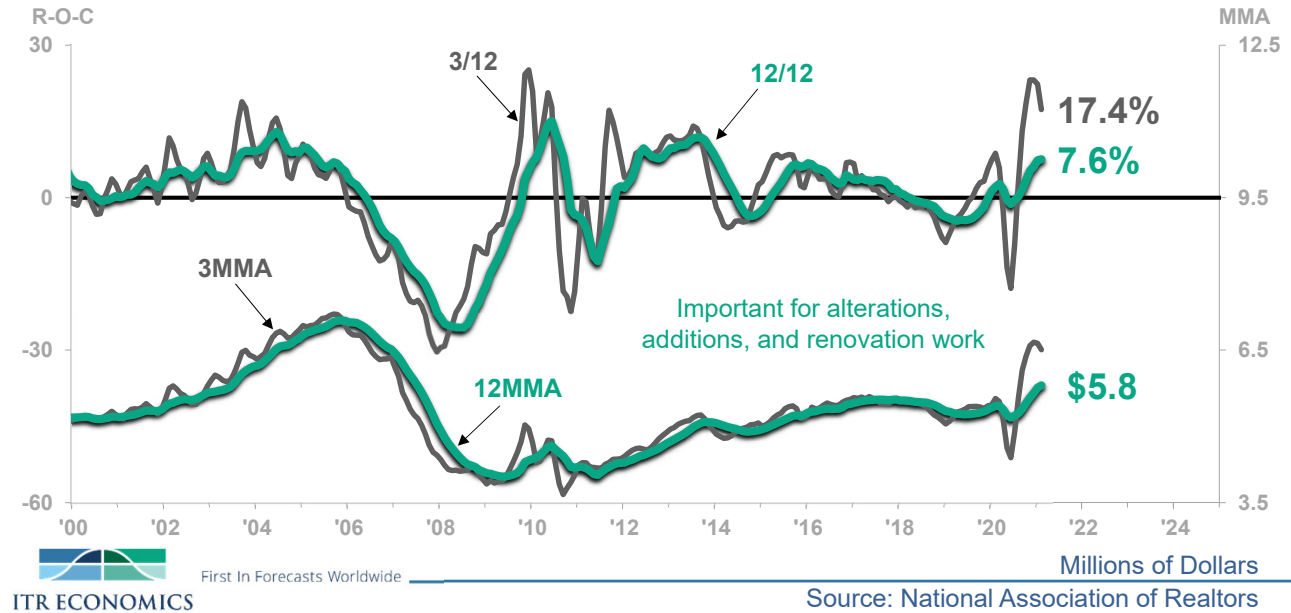
Housing On a Tear That Will Continue Through End of 2021

US Single Unit Housing Starts



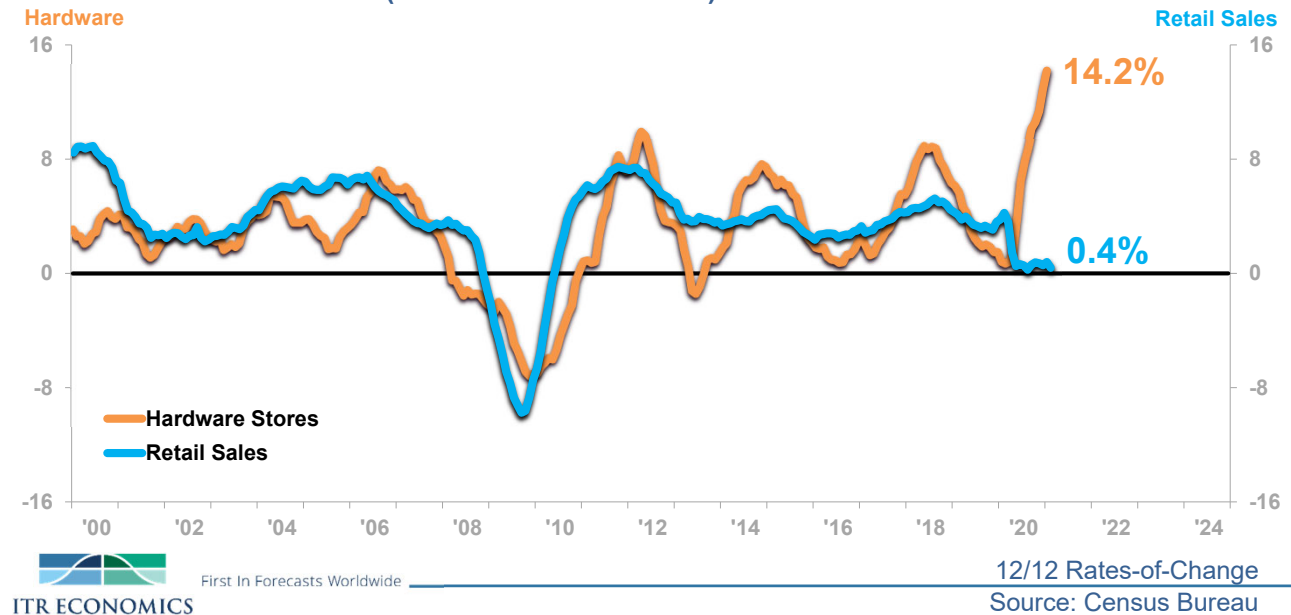
Great News for Remodeling Contractors in 2021

US Existing Home Sales



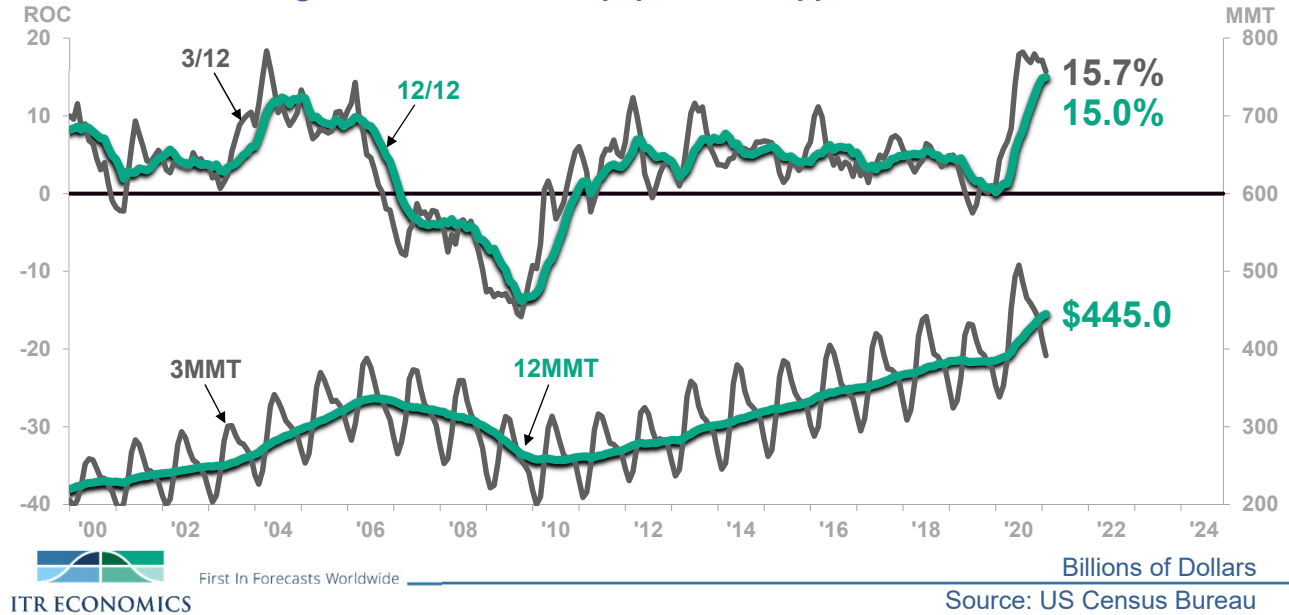
DIY Expenditures Off The Charts In 2020-21

US Total Retail Sales (includes food services) to US Hardware Stores Retail Sales

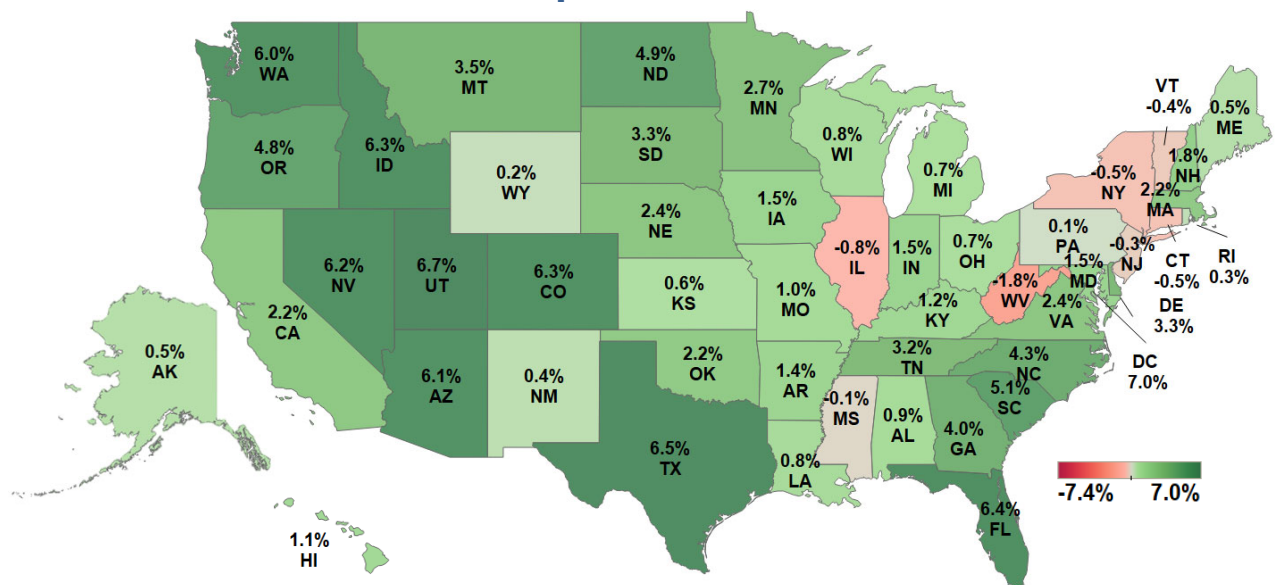


Reasonable To Expect Slower Growth In 2021; Still Positive

US Building Materials, Garden Equipment & Supplies Stores Retail Sales



State Population Growth



US Regional Single-Family Housing Unit Building Permits

Region	12/12	Phase	3/12	Annual Trend	Direction
Northeast ME, NH, VT, MA, CT, RI, NY, NJ, PA	13.2%	B	32.1%	60.29	Up
Southeast DC, DE, MD, VA, WV, NC, SC, GA, FL, AL, MS, TN, KY	14.4%	C	23.6%	375.38	Up
Great Lakes OH, MI, WI, IN, IL	11.0%	B	26.2%	76.40	Up
Plains KS, IA, MN, MO, NE, ND, SD	15.8%	B	33.0%	56.24	Up
Southwest AR, LA, OK, TX	19.1%	C	26.8%	195.28	Up
Mountains AZ, CO, ID, MT, NV, NM, UT, WY	18.9%	C	31.8%	134.99	Up
Pacific AK, CA, HI, OR, WA	-1.5%	D	5.2%	98.39	Up



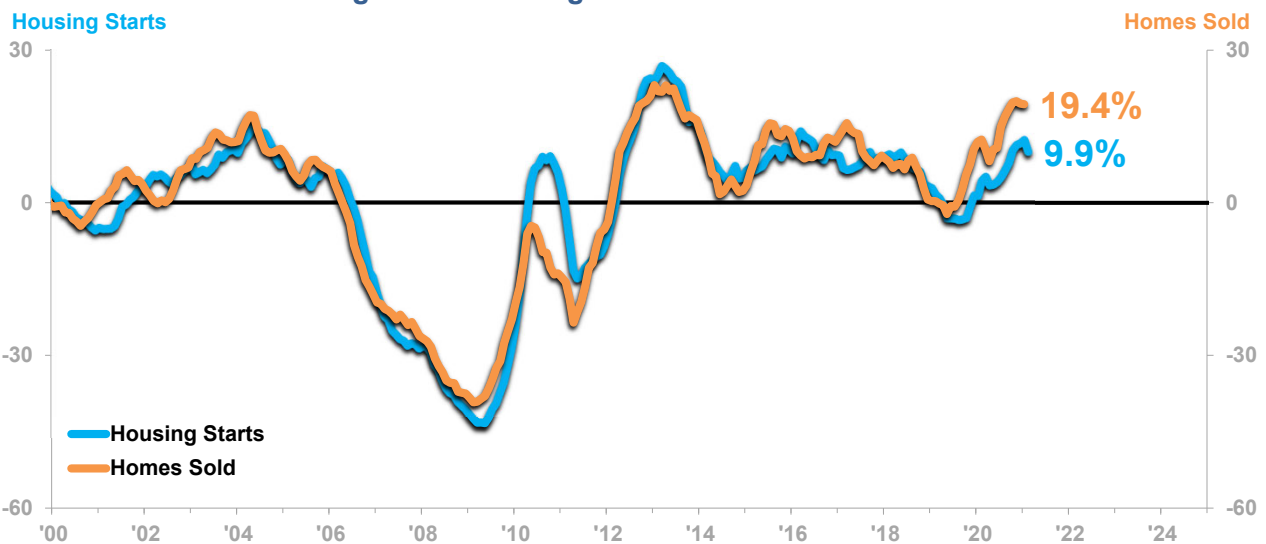
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Source: Census Bureau

New Homes Sold Signal Housing Starts Rise in 2021

US Single-Unit Housing Starts to US New Homes Sold



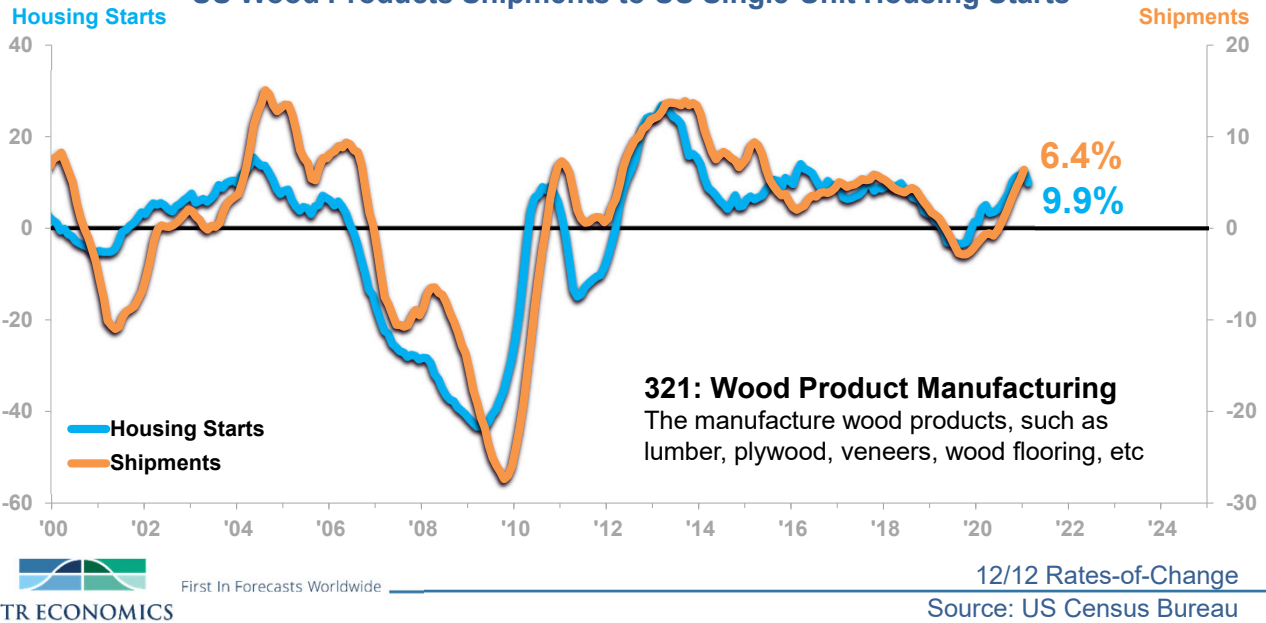
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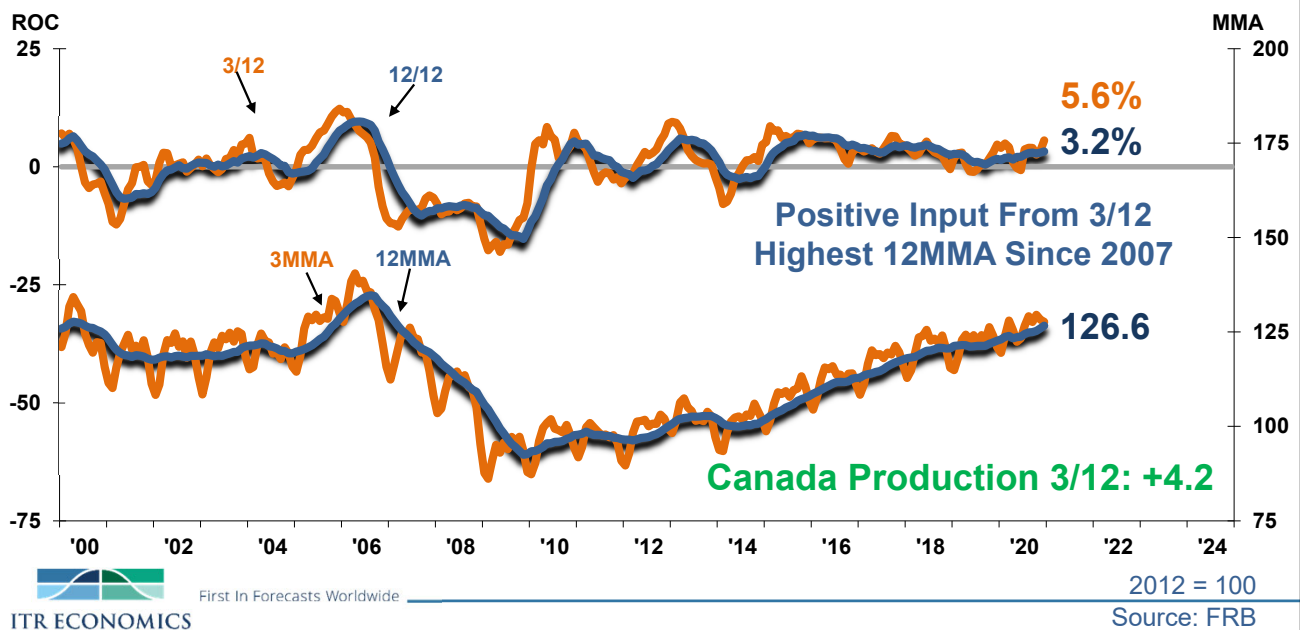
12/12 Rates-of-Change
Sources: US Census Bureau

Housing is the Dominant Driver For Wood Product Demand

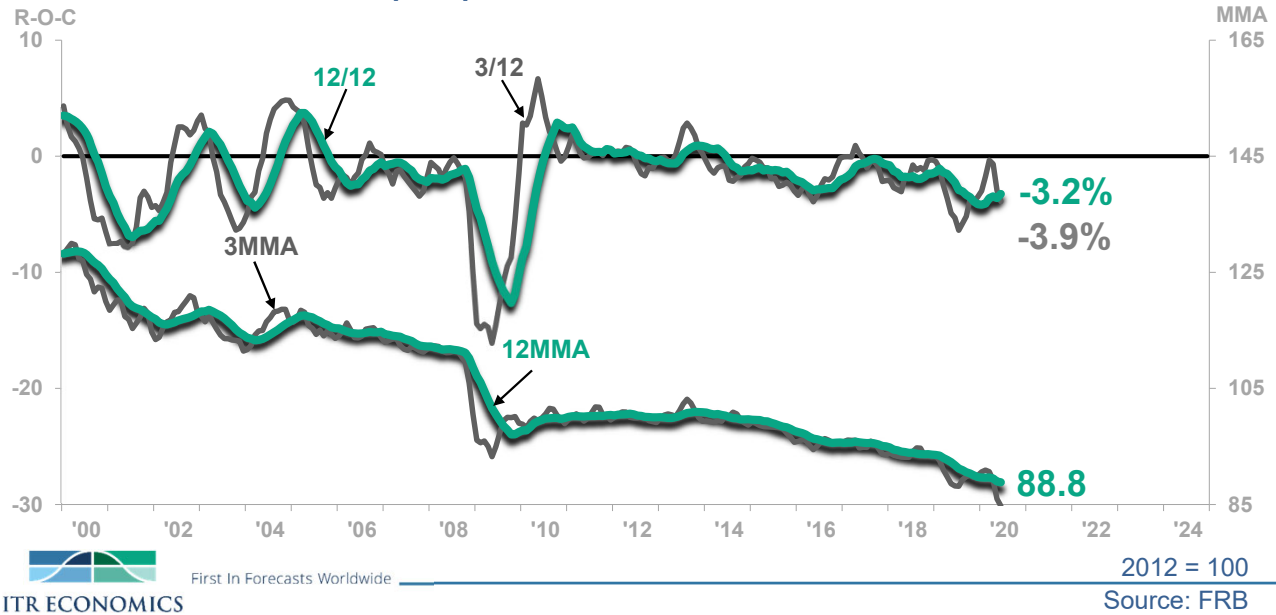
US Wood Products Shipments to US Single-Unit Housing Starts



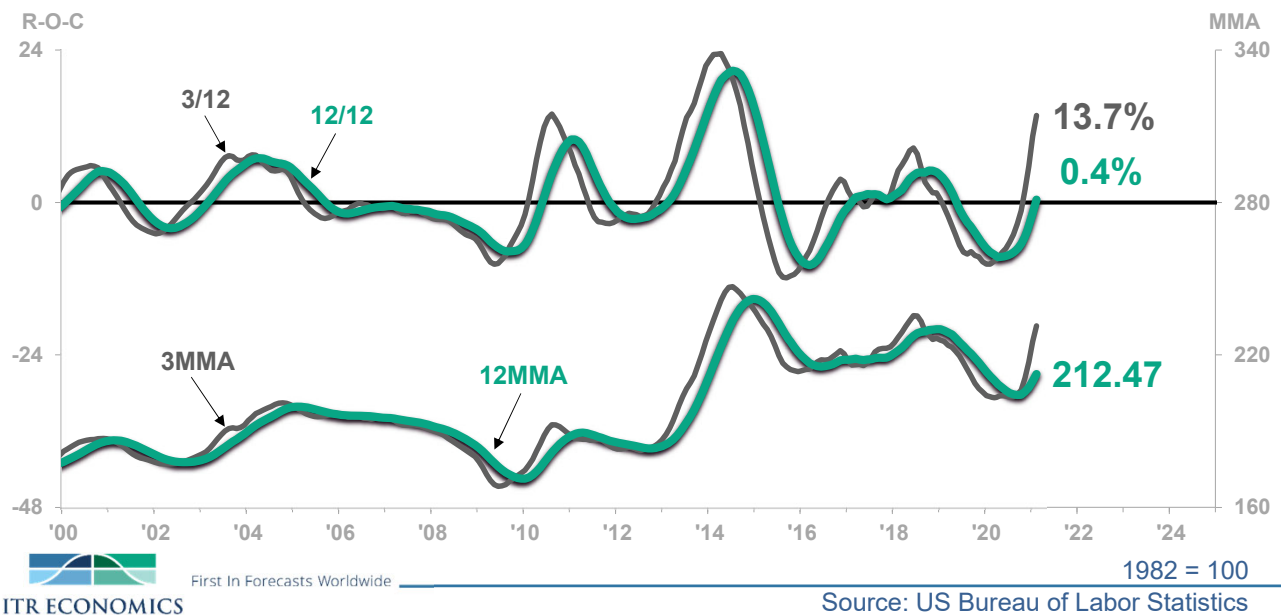
US Sawmills & Wood Preservation Production Index



US Pulp, Paper, and Board Mills Production Index



US Hardwood Lumber Producer Price Index



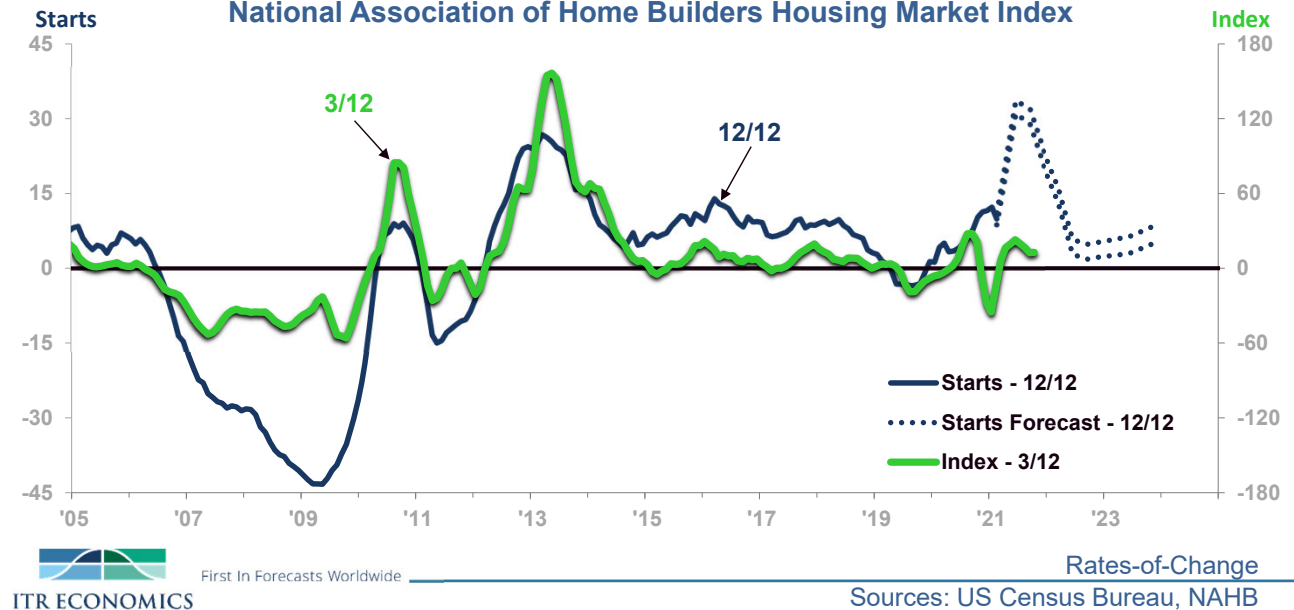
Permits Indicate Full Steam Ahead

US Single-Unit Housing Starts to US Housing Unit Building Permits



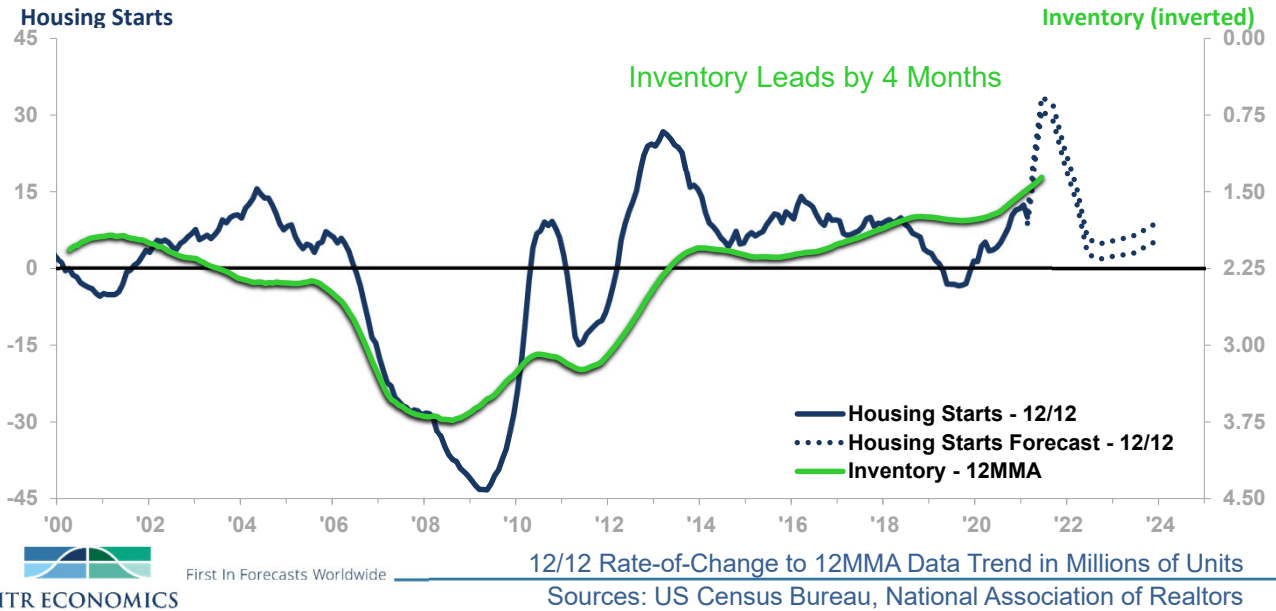
Builder Sentiment Leads By 9 Months

US Single-Unit Housing Starts to National Association of Home Builders Housing Market Index



Low Inventories: Another Fundamental in Our Favor

US Single-Unit Housing Starts to US Existing Home Inventory



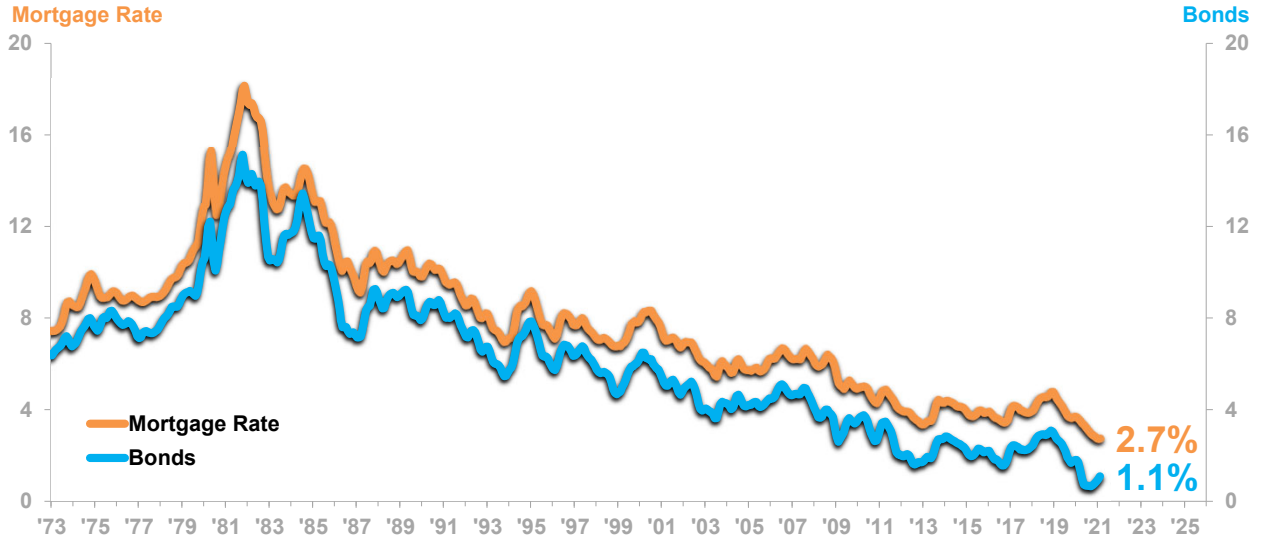
Watching How Mortgage Rates Trend In 2021 As Bond Yields Rise

US Single-Unit Housing Starts to US Conventional Mortgage Rate (30-yr)



Long-Term Rates Inching Higher In 2021

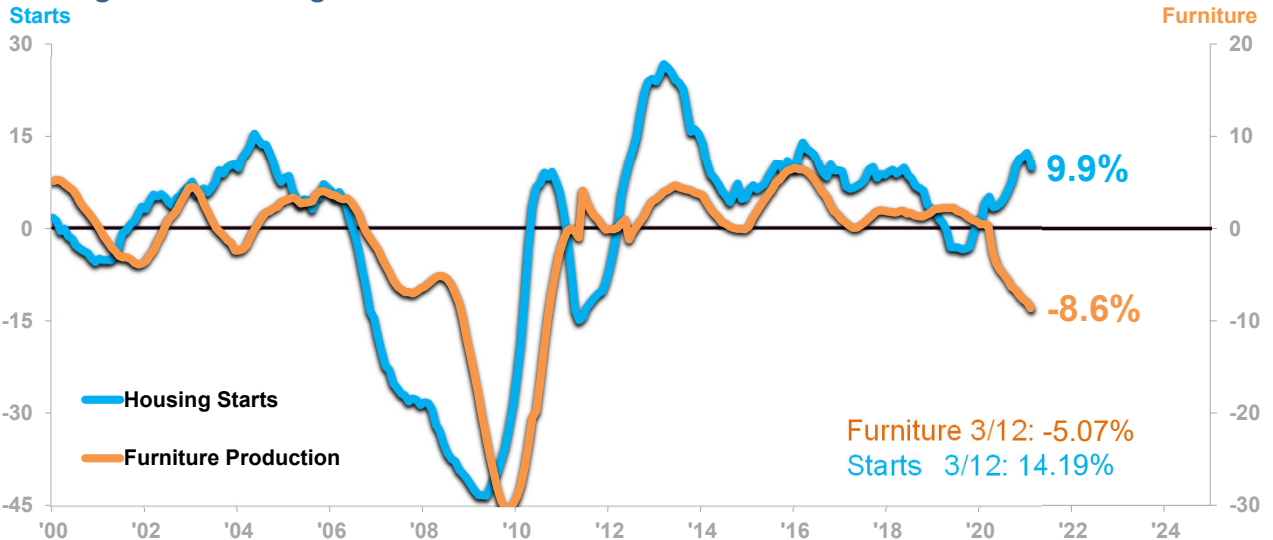
US Conventional Mortgage Rate (30 YR) to US Government Long-Term Bond Yields



ITR ECONOMICS First In Forecasts Worldwide Source: Freddie Mac, FRB

Domestic Furniture/Cabinet Production Recovering

US Single-Unit Housing Starts to US Household Furniture Production and Kitchen Cabinets



ITR ECONOMICS First In Forecasts Worldwide Source: US Census Bureau

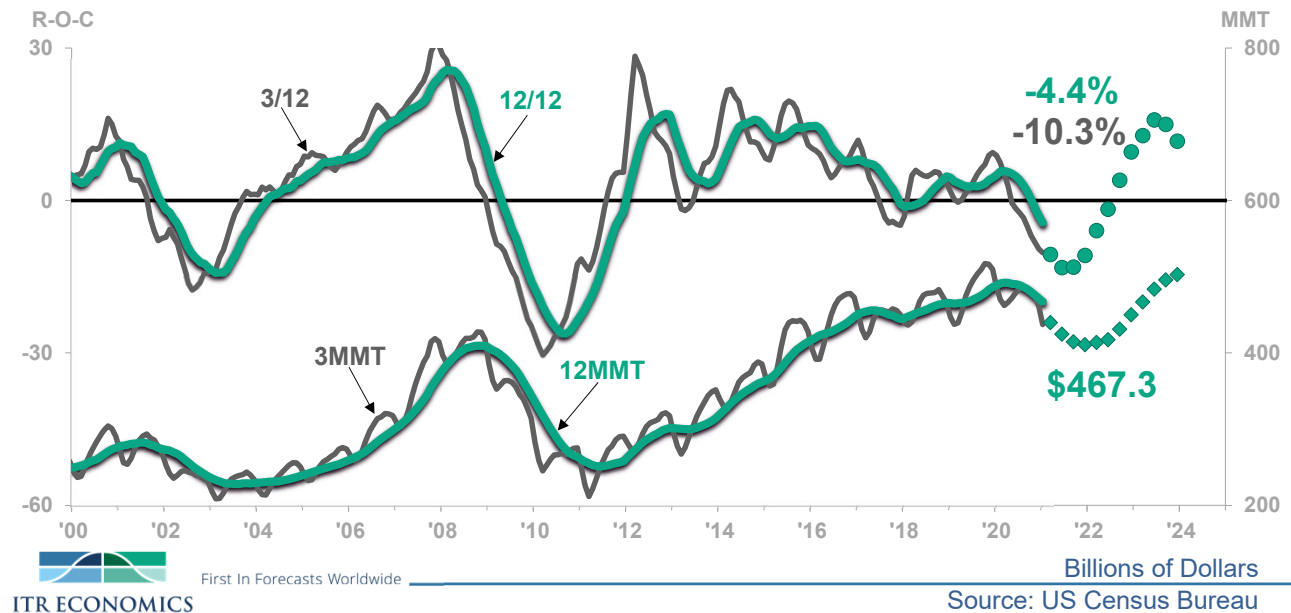
Housing Leads – Nonresidential Lags

US Private Nonresidential Construction to US Single-Unit Housing Starts



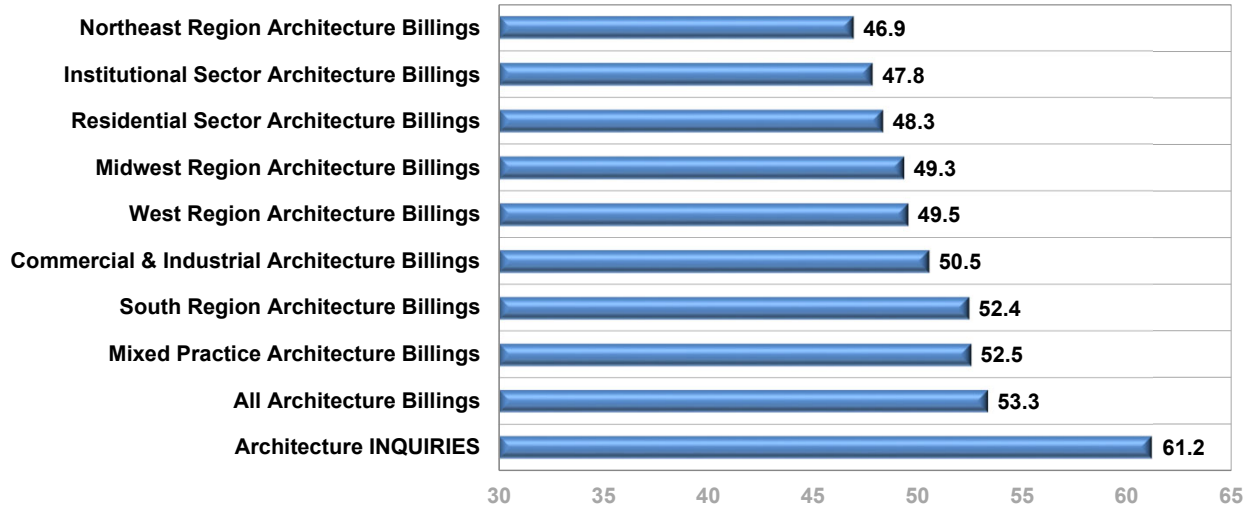
Commercial Markets Poised For Soft 2021 As a Lagging Sector

US Private Nonresidential Construction



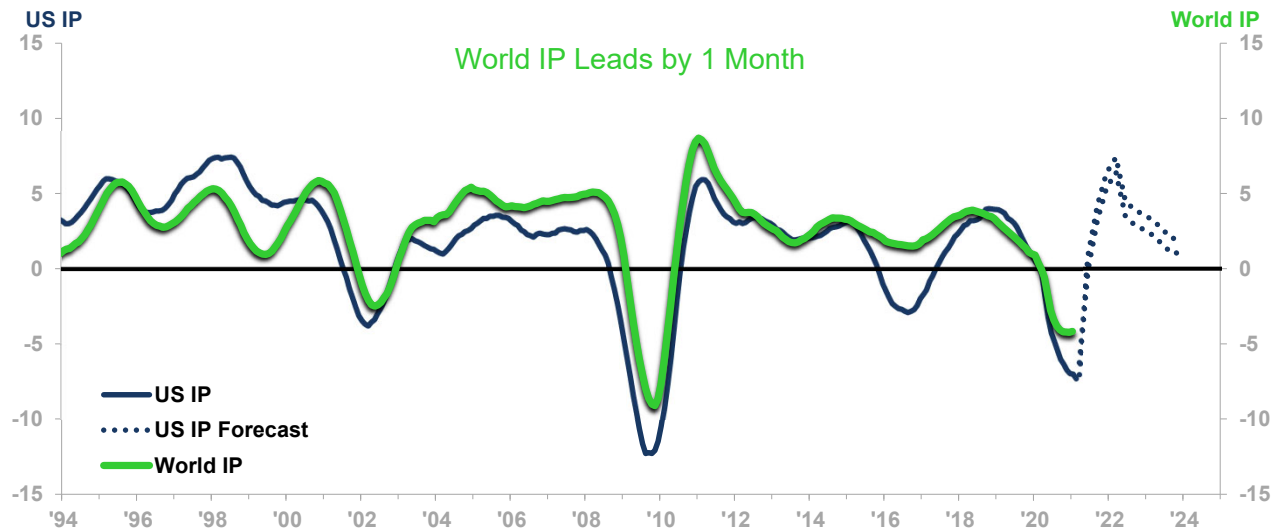
Anything Below 50 Suggests Downward Pressure

Architecture Billing Index



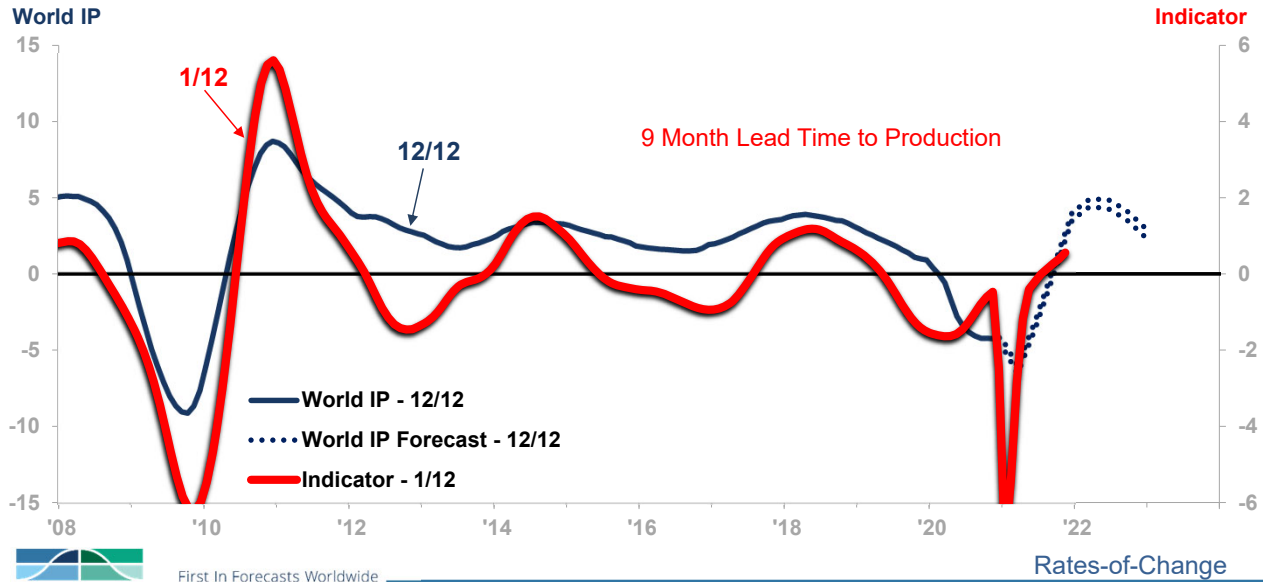
US & Global Economy Synchronizing In Rebound In 2021

US Industrial Production Index to World Industrial Production Index



Sign of Good Things To Come...

World Industrial Production Index to G7 Leading Indicator



Upward Cyclical Pressure in the 3/12s

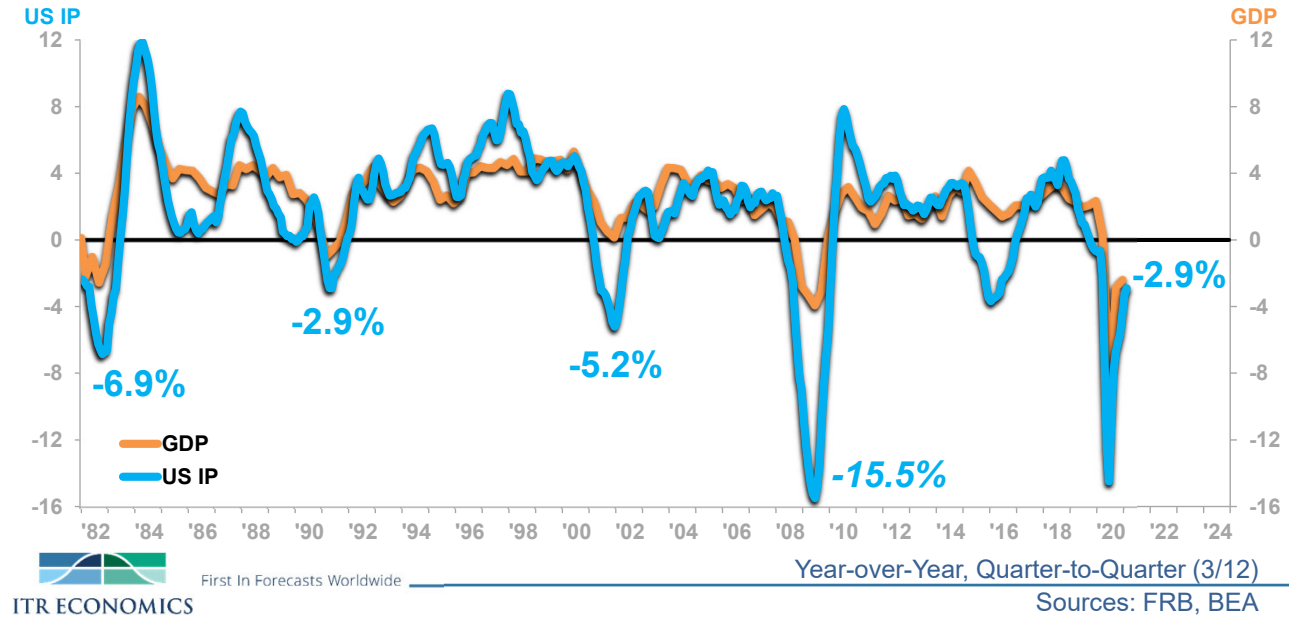
Foreign Industrial Production Indexes

	12/12	Phase	3/12	Phase	Annual Trend	Direction	Notes
Canada	-8.5%	D	-5.5%	A	104.5	Down	
Japan	-10.3%	D	-3.9%	A	90.5	Down	
Belgium	-3.7%	D	0.1%	B	109.8	Down	
Germany	-10.0%	D	-2.7%	A	90.0	Down	
Netherlands	-4.4%	D	-2.1%	A	97.8	Down	
Spain	-9.6%	D	-2.4%	A	95.3	Down	
Switzerland	-3.1%	D	-5.3%	A	112.0	Down	



It Is Important to Think a Half Business Cycle Ahead

US Industrial Production to US Gross Domestic Product



Phase A

Phase A - Recovery



1. Scrupulously evaluate the supply chain
2. Positive leadership modeling (culture turns to behavior)
3. Start to phase out marginal opportunities (products, processes, people); repair margins
4. Perform due diligence on customers and extend credit
5. Be on good terms with a banker; you will need the cash more now than in any other phase
6. Invest in customer market research; know what they value and market/price accordingly
7. Hire key people and implement company wide training programs ahead of Phase B
8. Allocate additional resources to sales and marketing
9. Invest in system/process efficiencies
10. Make opportunistic capital and business acquisitions; use pessimism to your advantage

Phase B

Phase B – Accelerating Growth



1. Ensure quality control keeps pace with increasing volume
2. Invest in workforce development: Hiring, Training, Retention
3. Ensure you have the right price escalator; space out price increases
4. Maximize your profit margins through differentiation; stand out from the crowd and set yourself apart
5. Use improved cash flow to strategically position the business to beat the business cycle
6. Expand credit to customers
7. Improve corporate governance (Rent a CFO, establish a board of advisors, or board of directors)
8. Communicate competitive advantages; build the brand
9. Query users for what they want and what is important to them
10. Sell business in climate of maximum goodwill



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Any Questions?



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SPEAKER PROFILE

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Connor Lokar

Few young economists present their insights with the authority, accuracy, and humor that Connor Lokar brings to the stage. From the intimate executive retreat to the standing-room-only keynote, he delivers with charm and candor, rousing and enlightening all who attend his talks.

As a millennial, Connor brings a new perspective to the world of economics, delivering ITR's industry-leading accuracy to current C-suite executives while forging connections with the next generation of business leaders.



ABOUT CONNOR

Connor has been delivering economic keynotes, workshops, and webinars across North America since he joined ITR economics in 2014. Using his quick wit and knack for storytelling, he leverages his youthful appearance to upend expectations and successfully captivate and educate audiences. Thousands of business leaders have enjoyed his dynamic approach to speaking engagements; Connor emphasizes the applicability of economic intelligence and calls his audience to action.

When he is not on stage, Connor consults directly with the management teams of businesses large and small, delivering his economic expertise in the role of trusted advisor. ITR's clients meet with Connor at critical planning junctures to ensure that their strategic plans, goals, and internal initiatives are in alignment with their tailored forecasts, built specifically for them through ITR's Executive Vantage Point™ program.

Connor specializes in construction but consults and presents to businesses across all industries, helping them grow revenue and remain profitable through an ever-changing business cycle.

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.

TESTIMONIALS

"He knows his stuff and presents it well. More important to me, he flexes the conversation and presentation based on who's in the group and where the conversation leads. That is a great asset that seems to flow from him naturally. I wish it were true of more speakers." - [Gil Herman, Chair, Vistage International](#)

"Please high five Connor for me - and let him know we look forward to future opportunities to work with him here in Colorado. As you can imagine, it was a risk to opt for the young guy, and he made me look brilliant, as well as hit the mark with our guests. Thank you!" - [Mary Medley, CEO, Colorado Society of CPAs](#)



[*Connor Lokar at the Global Pet Expo*](#)

[*Connor Lokar at a Speaking Event*](#)

BOOKING INFORMATION

To book a speaker from ITR Economics, please call 603.796.2500 or email itr@itreconomics.com.

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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

Want to reduce risk when deciding where and when to allocate your resources?

Join the thousands of businesses doing just that with ITR's forecasting tools, ranging from monthly subscriptions to onsite consultations on industry trends that have a direct impact on your business.

Unique services and solutions to fit individual business needs.

Our collection of subscriptions, consulting programs, forecast reports, and customized services help businesses worldwide in a variety of ways.

- Understand events impacting business activity
- Resource allocation
- Marketing initiatives
- Sales forecasting
- Benchmark internal success
- Budget setting
- Improve internal forecasting accuracy and ability

Driving practical and profitable business decisions.

Our mission is to drive practical, profitable business decisions and strengthen your company through strategic use of industry trends. Thousands of business leaders from around the world are turning to ITR's subscriptions, consultative programs, and onsite speaking engagements to increase their foresight to what is to come for their businesses.

ITR Economics forecast accuracy is 94.7%.

Our unmatched forecast accuracy rating of 94.7% at four quarters out since 1985 enables us to help business executives make strategic decisions with confidence. Our team of expert economists are ready to coach your team on using economic foresight to truly maximize your profitability. We will work directly with you to customize a program to meet your specific planning needs.

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