## 2012 Forecast Results

<table>
<thead>
<tr>
<th>Metric</th>
<th>Duration</th>
<th>Forecast</th>
<th>Actuals</th>
<th>Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>12</td>
<td>$13,593 Trillion</td>
<td>$13,648</td>
<td>0.4%</td>
</tr>
<tr>
<td>US Ind. Prod.</td>
<td>31</td>
<td>97.2 (12MMA)</td>
<td>97.2</td>
<td>0.0%</td>
</tr>
<tr>
<td>EU Ind. Prod.</td>
<td>12</td>
<td>100.4 (12MMA)</td>
<td>98.8</td>
<td>-1.6%</td>
</tr>
<tr>
<td>CA Ind. Prod.</td>
<td>8</td>
<td>96.7</td>
<td>96.7</td>
<td>0.0%</td>
</tr>
<tr>
<td>Retail Sales</td>
<td>30</td>
<td>$2.186 Trillion</td>
<td>$2.131</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Housing</td>
<td>6</td>
<td>743 Ths Units</td>
<td>780</td>
<td>5.0%</td>
</tr>
<tr>
<td>Employment</td>
<td>33</td>
<td>143.9 Million</td>
<td>142.5</td>
<td>-1.0%</td>
</tr>
<tr>
<td>CPI</td>
<td>9</td>
<td>2.8%</td>
<td>2.1%</td>
<td></td>
</tr>
</tbody>
</table>
World GDP, Bils of US $, Current Prices

71.707 Trillion US$

Percent of 2012 World GDP

Source: IMF
Leading indicators pointing up
Liquidity is not an issue
Stimulative monetary policy
Employment rising (companies right-sized)
Banks are lending
Retail Sales are rising
Construction is improving
No near-term solution to fiscal debt
US Industrial Production to Corporate Bond Prices

12/12 Rates-of-Change
Delinquency Rates on Consumer Loans

Percentage

Consumer Loan Delinquency Rate
Consumer Credit Card Delinquency Rate

10 Year Average

3MMA Data Trends

www.itreconomics.com
Disposable Personal Income

Trillions of 2000$
Stock Prices Index

Data Trends

www.itreconomics.com
Housing Starts

R-O-C

Millions of Units

3MMT

12MMT

3/12

12/12

15.1

26.0

0.895

www.itreconomics.com
Commercial Buildings Construction

2014  2.0%

Billions of $
Private Commercial Buildings Construction to Multi-Retail Buildings Construction

12/12 Rates-of-Change

'96 '98 '00 '02 '04 '06 '08 '10 '12 '14 '16

Commercial

Multi-Retail

0 10 20 30

-10 -20 -30 -40

-50 -40 -30 -20 -10 0

19

www.itreconomics.com
Public Educational Buildings Construction to State & Local Government Expenditures

Rates-of-Change

Construction - 12/12
Expenditures - 3/12

www.itreconomics.com
<table>
<thead>
<tr>
<th>Sector</th>
<th>Phase</th>
<th>Year-over-year</th>
<th>Annual Data Trend In $$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Public Construction</td>
<td>A</td>
<td>-2.2</td>
<td>Rising</td>
</tr>
<tr>
<td>Total New Construction</td>
<td>C</td>
<td>6.5</td>
<td>Rising</td>
</tr>
<tr>
<td>Total Health Care Facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Medical Building Construction</td>
<td>A</td>
<td>-0.5</td>
<td>Rising</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>4.6</td>
<td>Declining</td>
</tr>
<tr>
<td>Primary &amp; Secondary Bldg Construction</td>
<td>C</td>
<td>1.2</td>
<td>Declining</td>
</tr>
<tr>
<td>Private Education Building</td>
<td>D</td>
<td>-1.6</td>
<td>Declining</td>
</tr>
<tr>
<td>Total Office Building</td>
<td>C</td>
<td>4.3</td>
<td>Rising</td>
</tr>
<tr>
<td>Private Office Bldg Construction</td>
<td>C</td>
<td>16.6</td>
<td>Rising</td>
</tr>
<tr>
<td>Private Lodging</td>
<td>C</td>
<td>27.2</td>
<td>Rising</td>
</tr>
<tr>
<td>Total Commercial Building</td>
<td>C</td>
<td>2.4</td>
<td>Rising</td>
</tr>
<tr>
<td>Multi-Family Residential</td>
<td>C</td>
<td>51.2</td>
<td>Rising</td>
</tr>
<tr>
<td>Airport Passenger Terminals</td>
<td>B</td>
<td>14.4</td>
<td>Rising</td>
</tr>
</tbody>
</table>
Total U.S. Public Debt (% of GDP)


123.8%
Sequestration

Projected total federal spending

- With sequestration
- Without sequestration

Difference between the two (impact on spending)

Source: John Taylor, Bloomberg
Costs by Age Categories

Healthcare Costs by Age

U.S. is spending much more for older ages

One (or many) bright spot(s): the shale ‘gale’

Source: EIA Annual Energy Outlook, 2008 to 2011

Natural gas production
Trillion cubic feet (TCF)
862 TCF shale
2,543 TCF total
67% increase in shale production 2007-10
U.S. Dependence on Foreign Oil Declining
Net imports as a share of domestic consumption

Source: Energy Information Administration
US Manufacturing as a % of GDP (Value Added)

3MMA
## The Tip of the Iceberg for Manufacturing
Finding a Home in the USA

<table>
<thead>
<tr>
<th>Apple</th>
<th>Rolls Royce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yamaha</td>
<td>Honda</td>
</tr>
<tr>
<td>Michelin</td>
<td>Lenovo</td>
</tr>
<tr>
<td>Wham-O</td>
<td>Airbus</td>
</tr>
<tr>
<td>Bayer Chemical</td>
<td>Toshiba</td>
</tr>
<tr>
<td>Caterpillar</td>
<td>Toyota</td>
</tr>
<tr>
<td>GE</td>
<td>Flextronics</td>
</tr>
<tr>
<td>NCR</td>
<td>Siemens</td>
</tr>
</tbody>
</table>
Panama Canal

- Container: 68% → 99%
- LNG: 0% → 90%
- Crude Oil: 0% → 42%
- Dry Bulk: 55% → 80%
Opportunities:

- Energy Distribution
- Water Distribution/Conservation
- Exports from U.S.
- Vocational Education
- Health Care
- Food
- Mexico

- Housing
- Funeral Services
- Logistics
- Security
- 3-D Printing
- Natural Resources (Harvesting/Conserving)
- Entertainment
8 Must Watch Items

- ITR Leading Indicator
- Housing Starts
- Bond Market
- 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