



ARMADA

# **Five Reasons to Set Your Hair on Fire and Five Reasons to Chill**

## **Riemer Annual Meeting**

**Chris Kuehl**

**Managing Director – Armada Corporate Intelligence  
Economic Analyst – FMA, NACM**



ARMADA

Strategy, Forecasting, Risk Analysis

April 20, 2016

# Just Sayin'



# ECONOMICS

THE SCIENCE OF EXPLAINING TOMORROW WHY THE PREDICTIONS  
YOU MADE YESTERDAY DIDN'T COME TRUE TODAY.

# Never Has the Previous Slide been so True

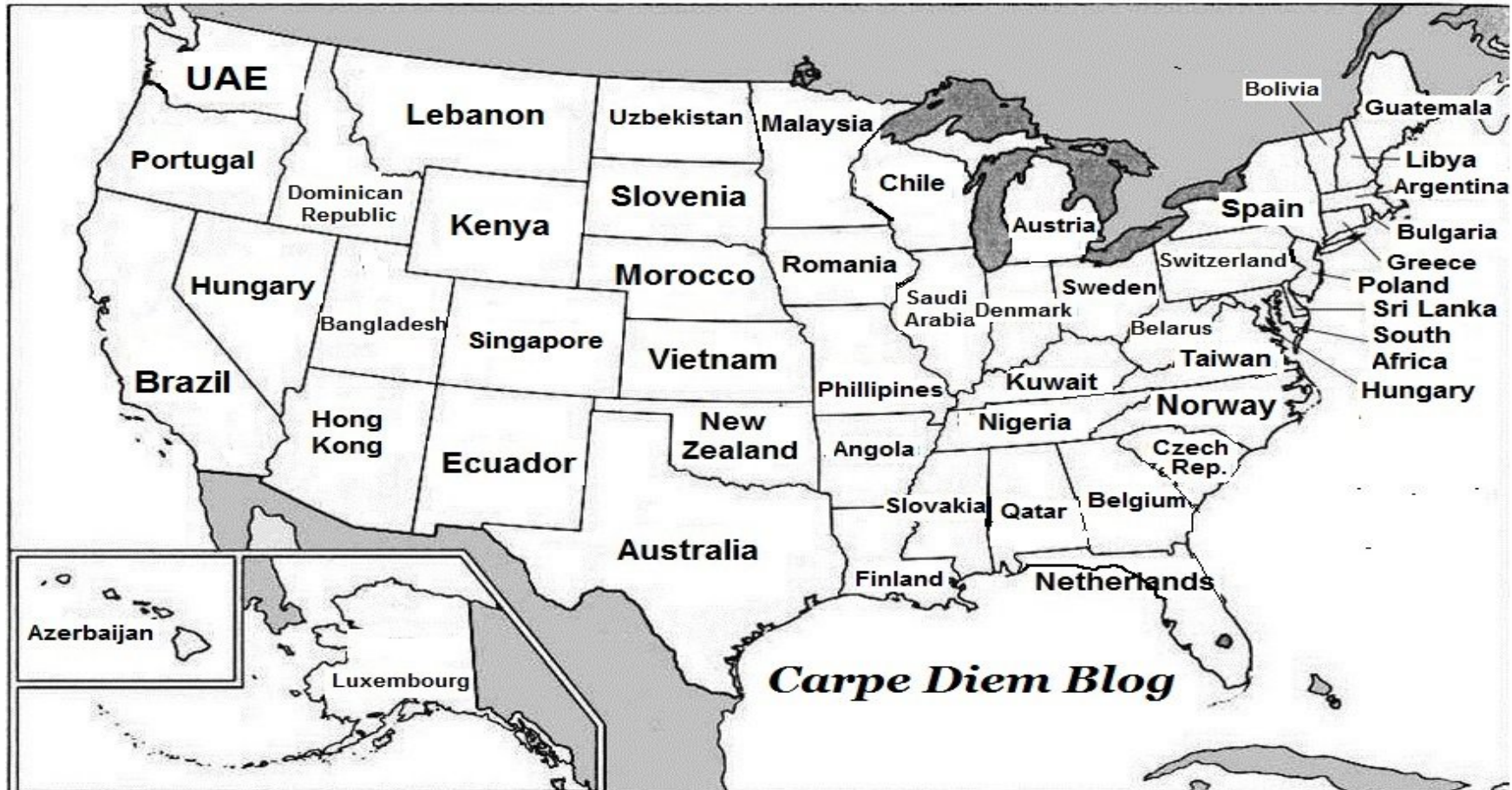


- **Let's Review**

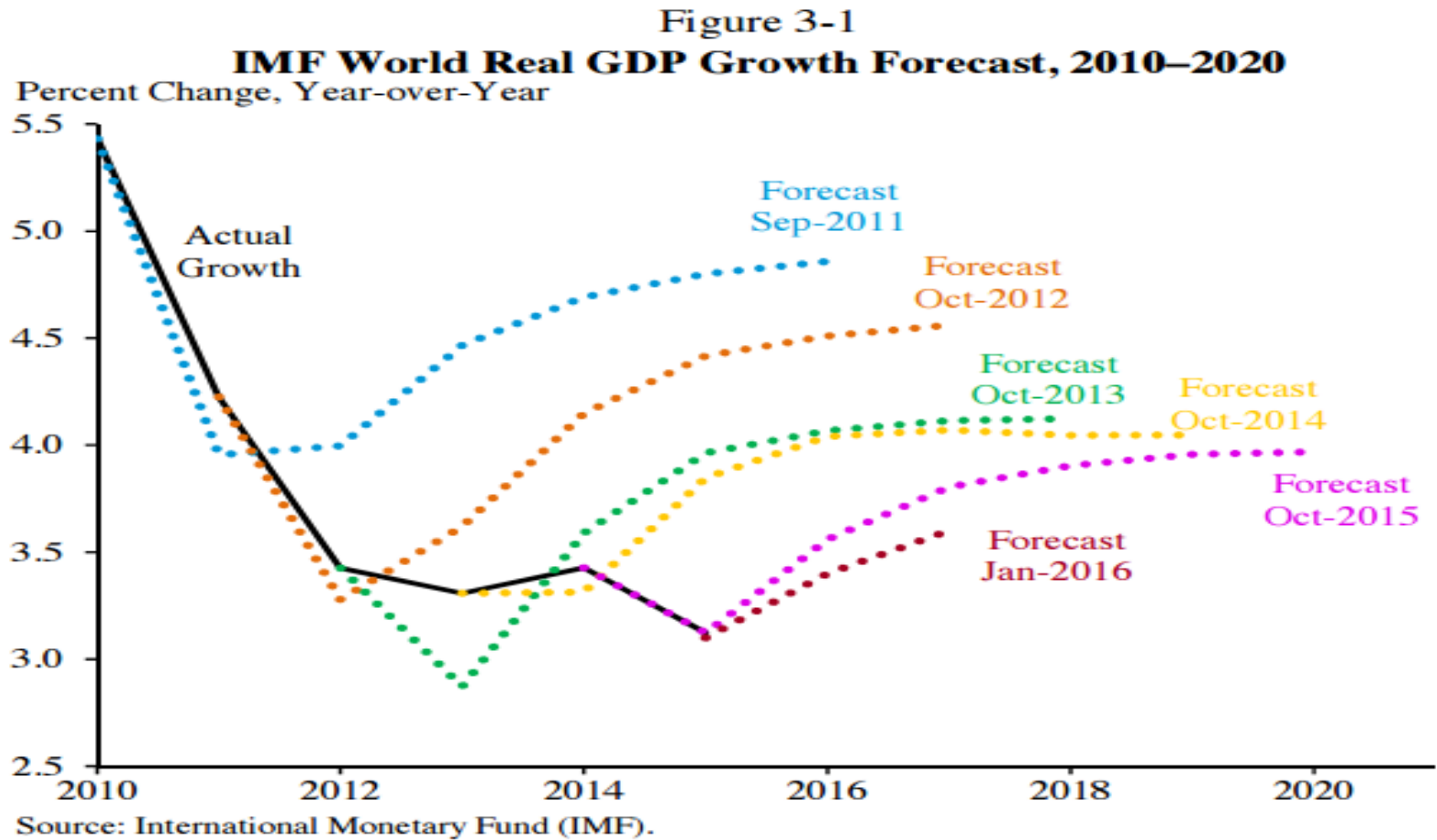
- **We thought interest rates would go up in June of last year and they didn't until December**
- **We thought the price of oil had reached bottom when it hit \$60, then \$50 and then \$40**
- **We thought jobless rates would be climbing by now as discouraged workers got off the sidelines**
- **We thought that China would quickly reverse that slow growth trend with some tweaks of the system**
- **We thought that Europe would finally be in full recovery by now**
- **Half of us thought we would be in full recession by the start of the year and the other half saw growth close to 3% by now**

# We Are BIG and that can be an Issue

## US States Renamed for Countries with Similar GDPs, 2013

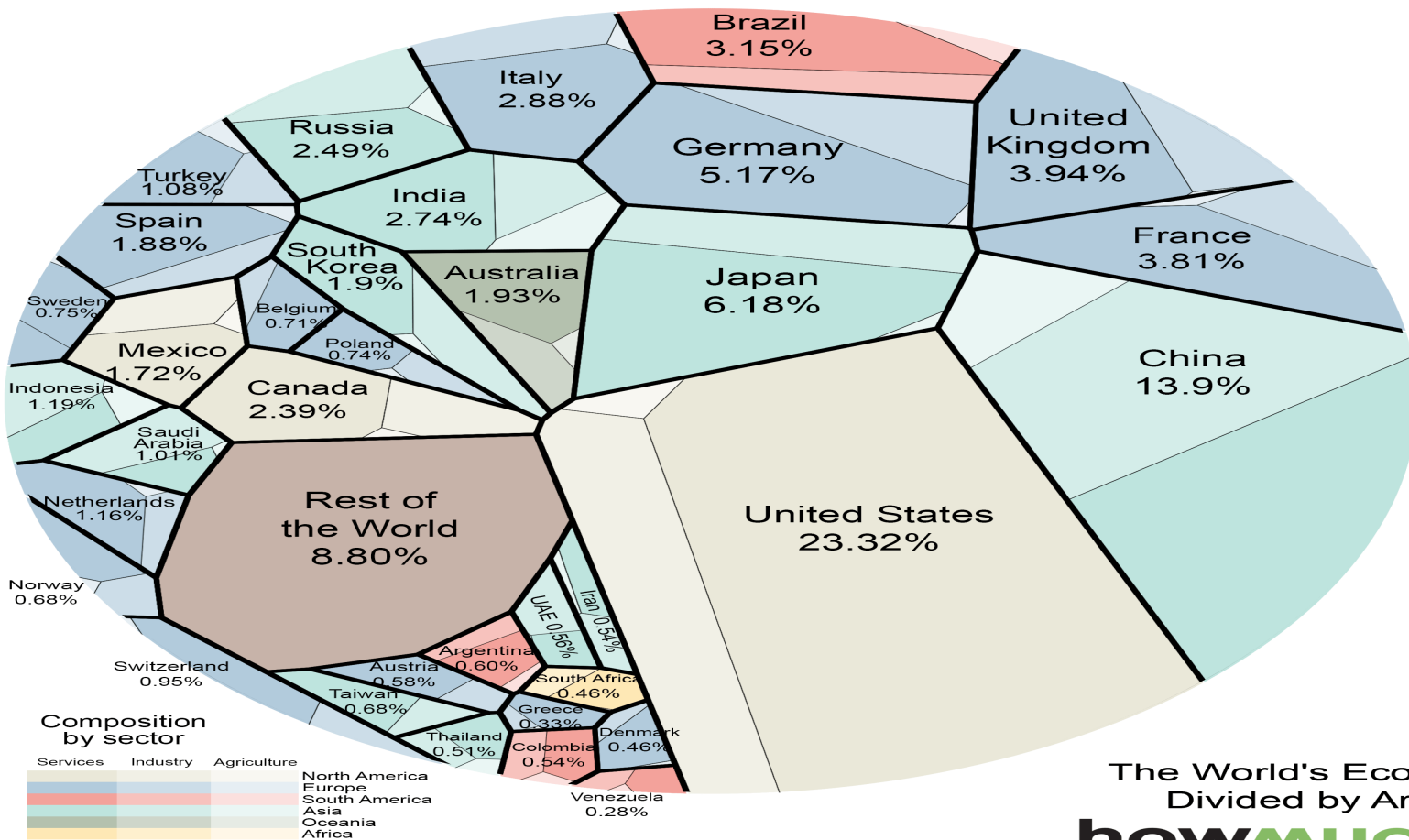


# Global Growth Trends





# Shares of Global Economy

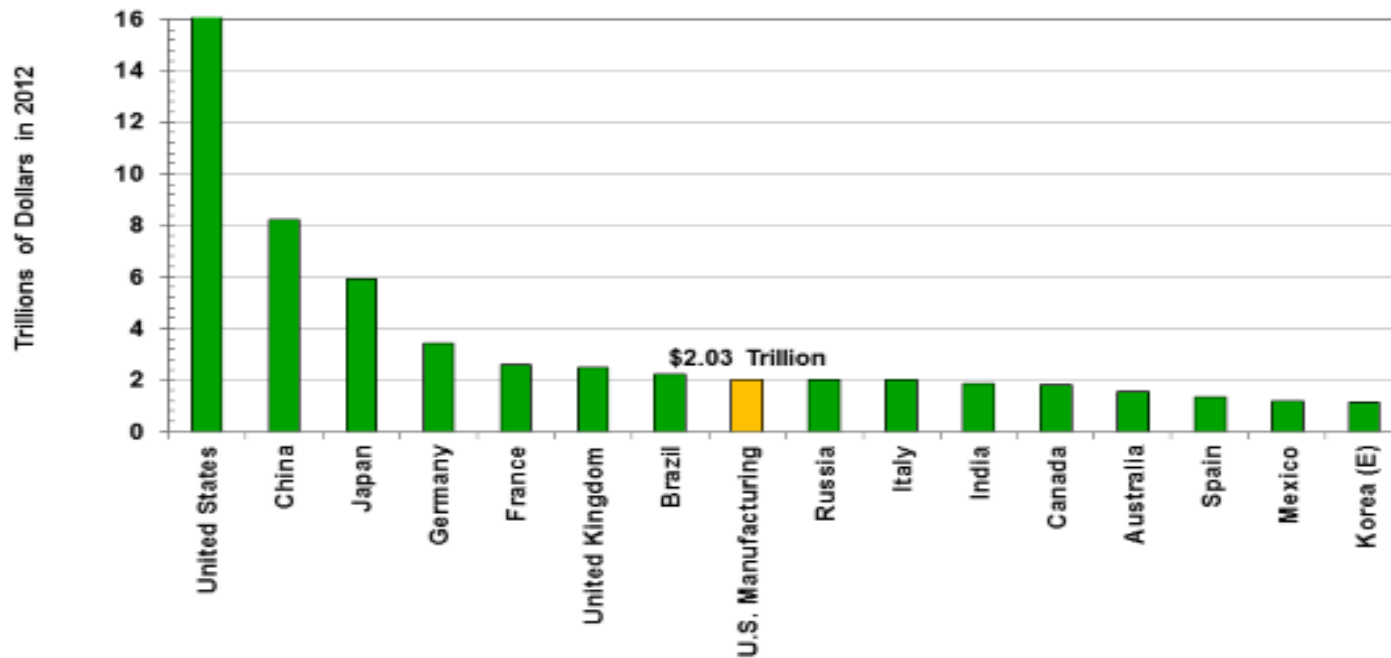


The World's Economy  
Divided by Area  
**howmuch**.net

# Still Matters



**The U.S. Manufacturing Sector Is the Eighth-Largest Economy**  
(Updated April 2014)



Source(s): International Monetary Fund and U.S. Bureau of Economic Analysis and MAPI



# Five Reasons to Set Your Hair on Fire



- **China may really be entering a prolonged period of slow growth that will mean they can no longer play the global growth role they have played for the last twenty years.**
- **Oil price collapse will extend for months and utterly disrupt the oil producing economies – causing everything from economic to political instability**
- **Cautious consumers will shove the US economy close to recession and will stymie moves to expand**
- **Markets will reel for months and months and the financial community will struggle**
- **Government debt and very low interest rates will rob the system of the ammunition needed to boost the economy out of a slump**



# Mining Index



## FTSE 350 Mining index

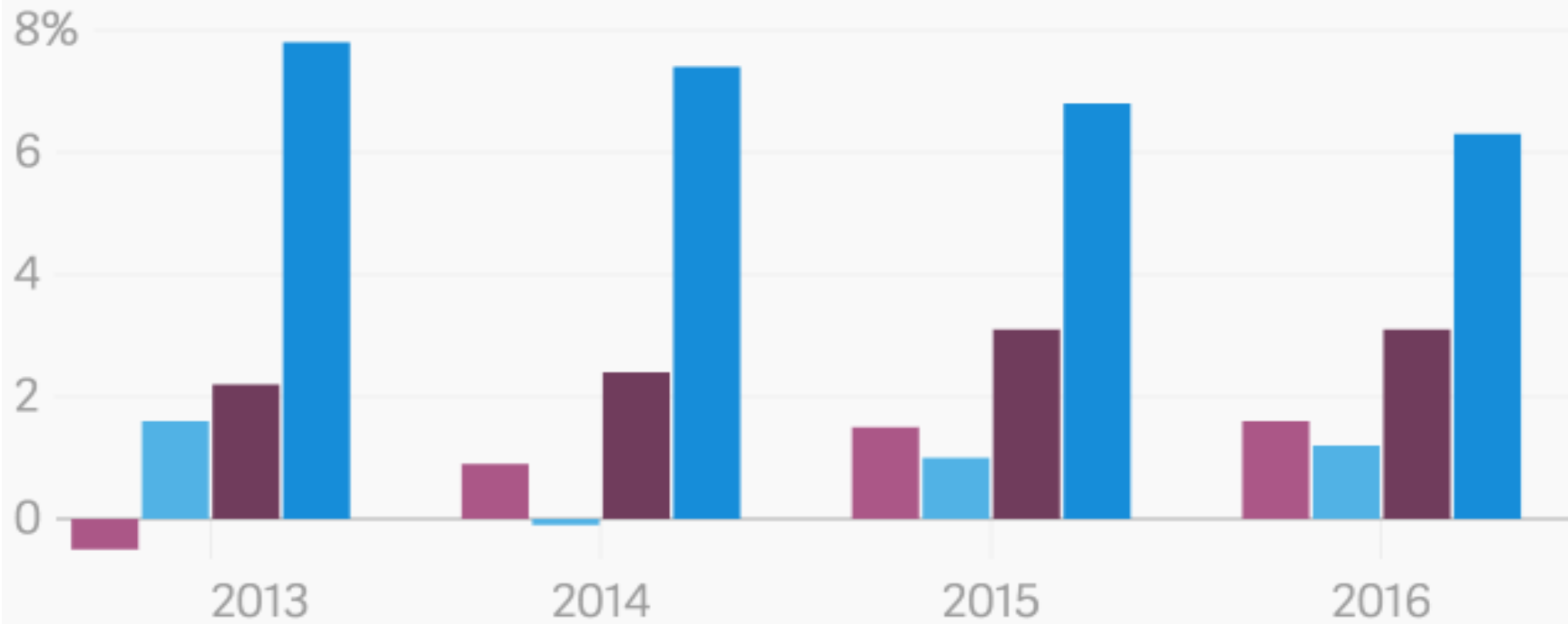


# Still Growing at a Decent Pace



Annual growth, with IMF estimates for 2015 and 2016

■ Euro area ■ Japan ■ US ■ China



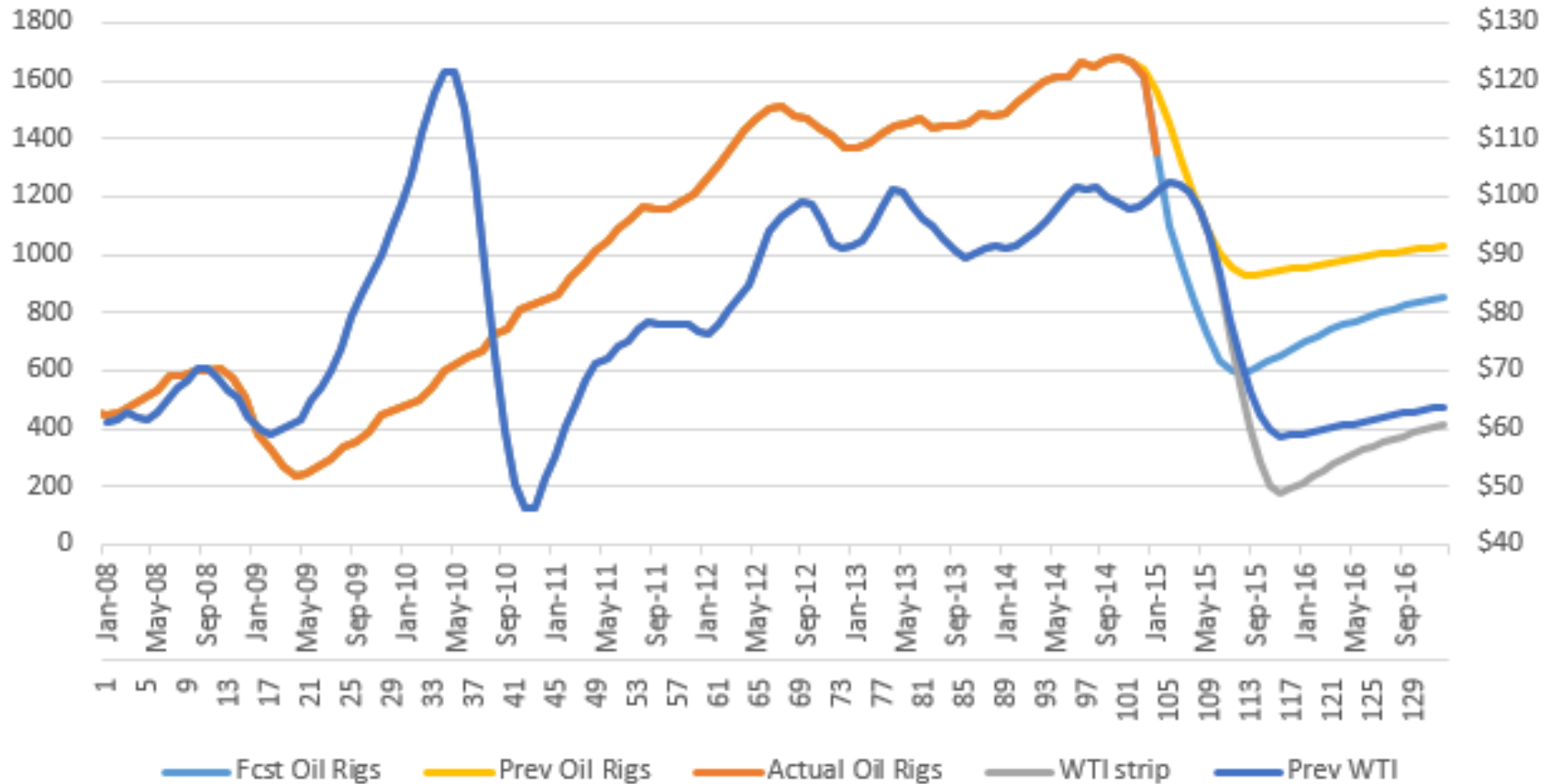
Quartz | qz.com

International Monetary Fund

# Rebound Expected in Oil Output



Oil Rigs vs. Oil Price

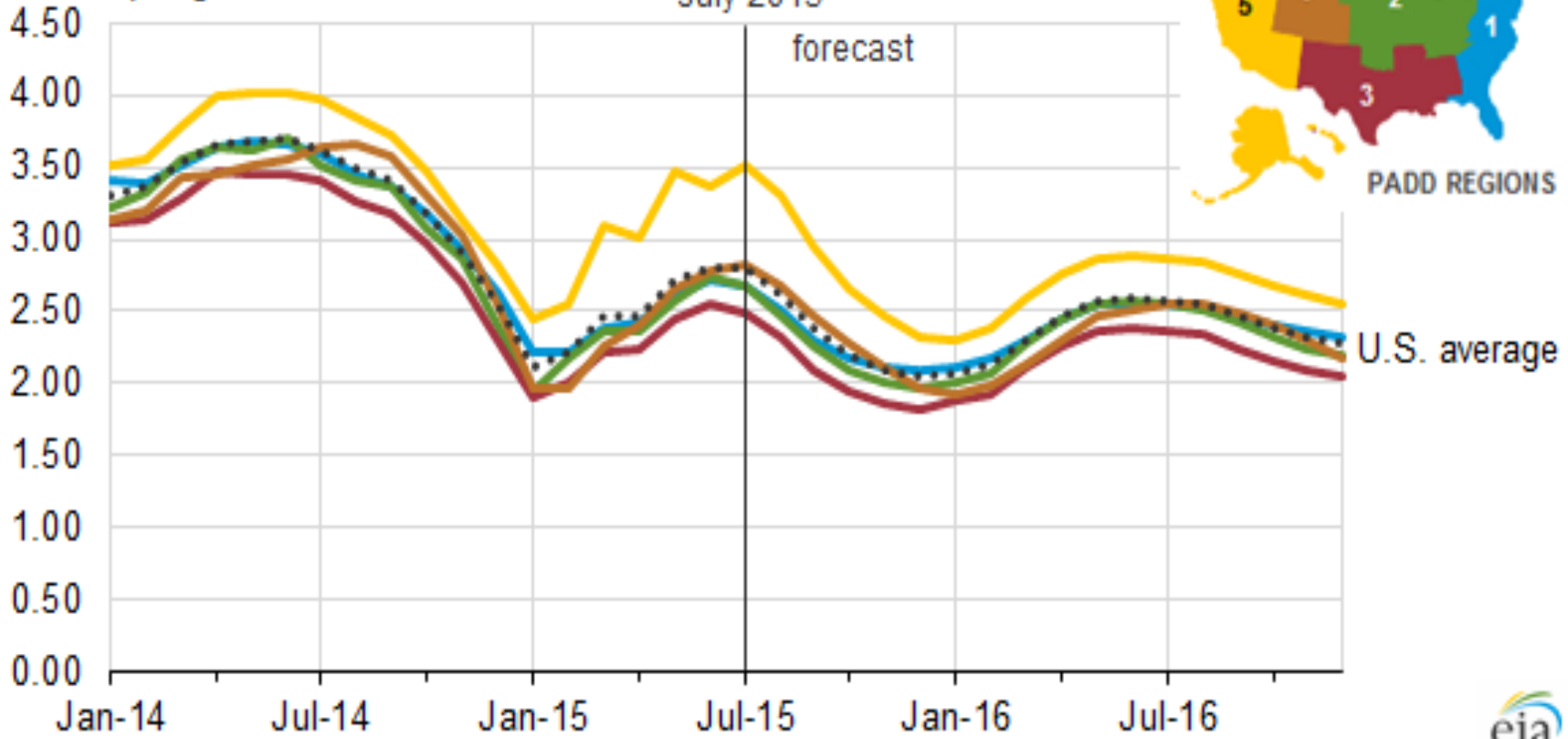


# Gasoline Prices

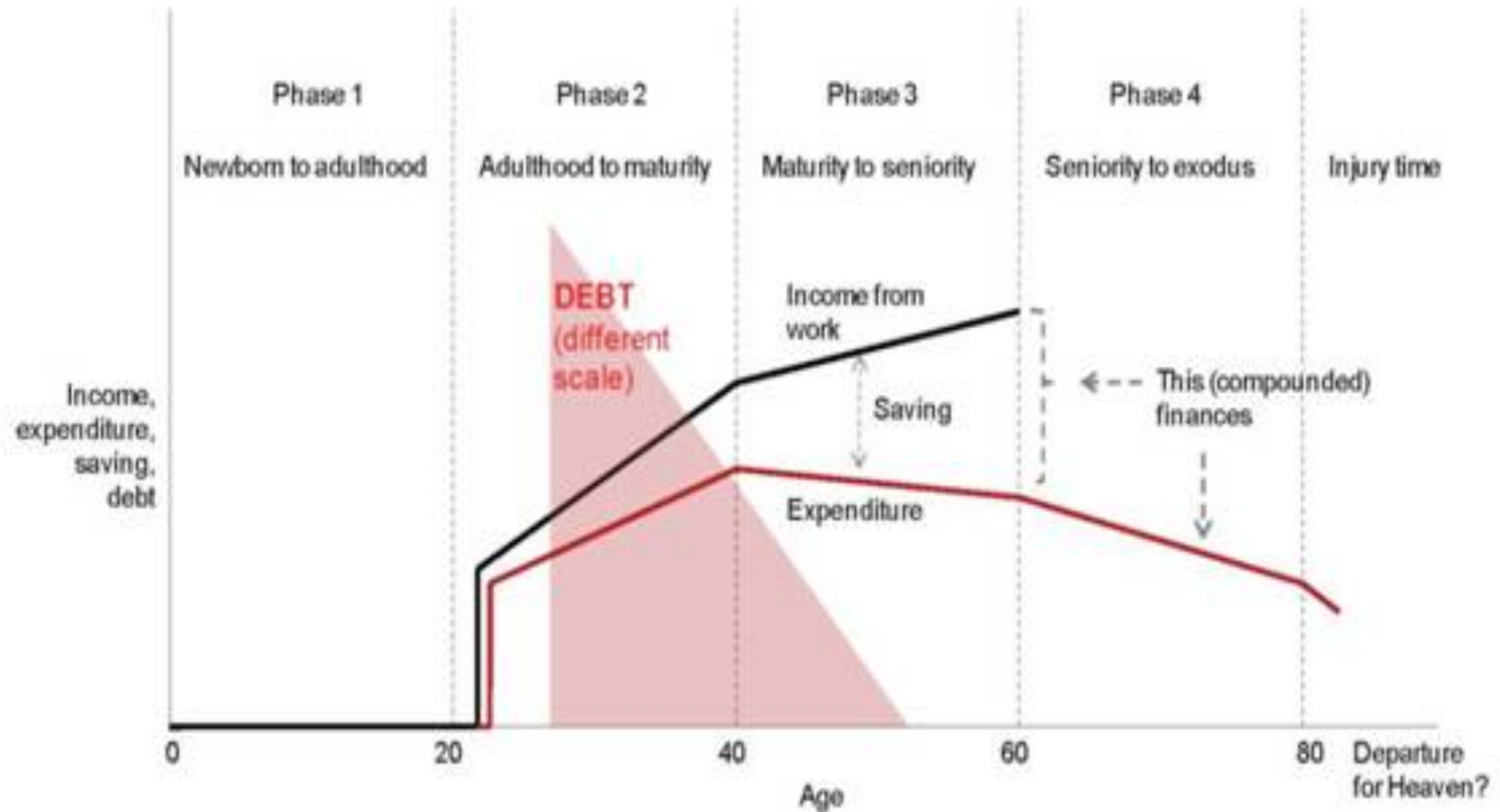


Regular retail gasoline prices (2014-16)

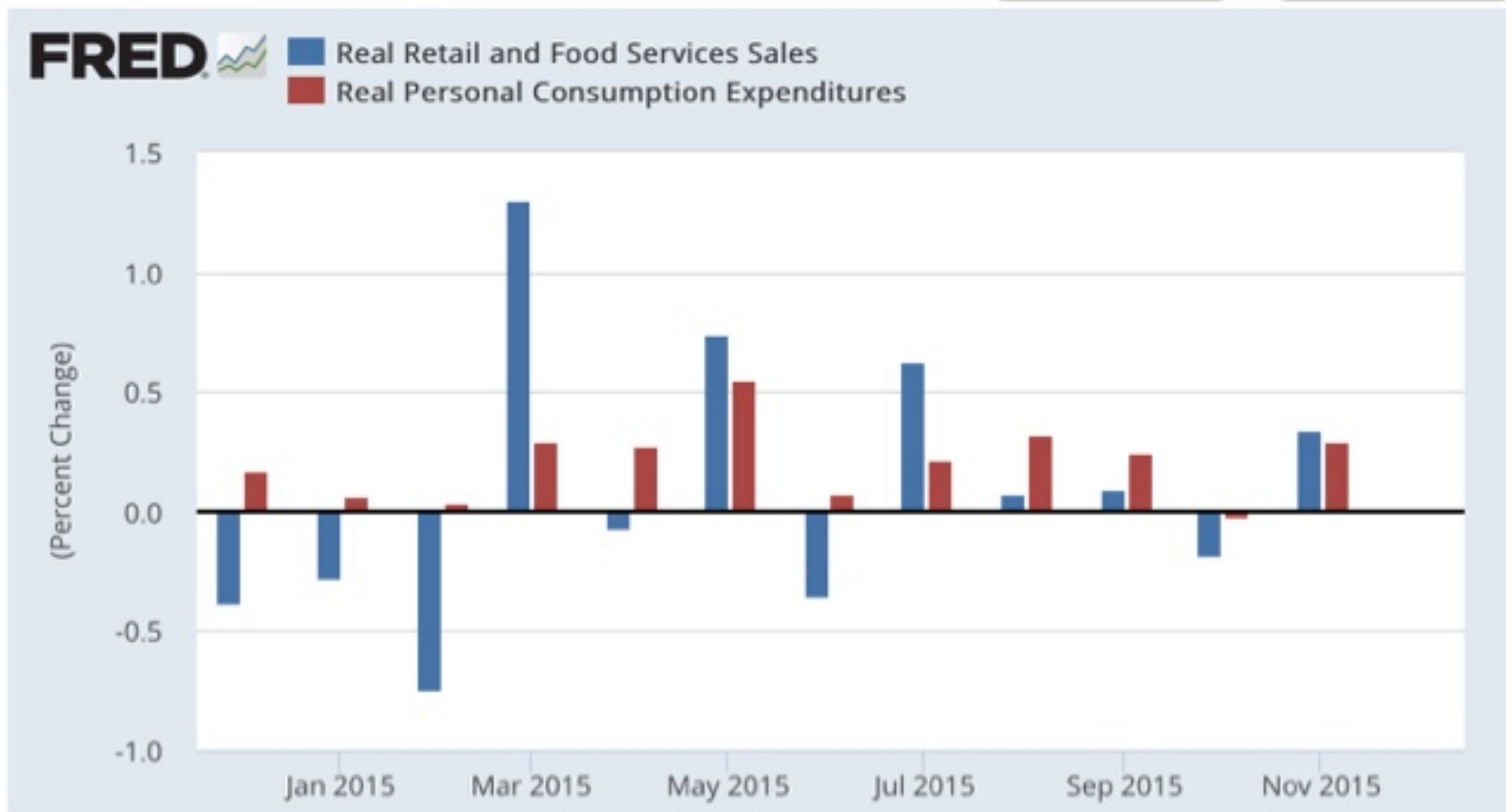
dollars per gallon



# Where Are We?

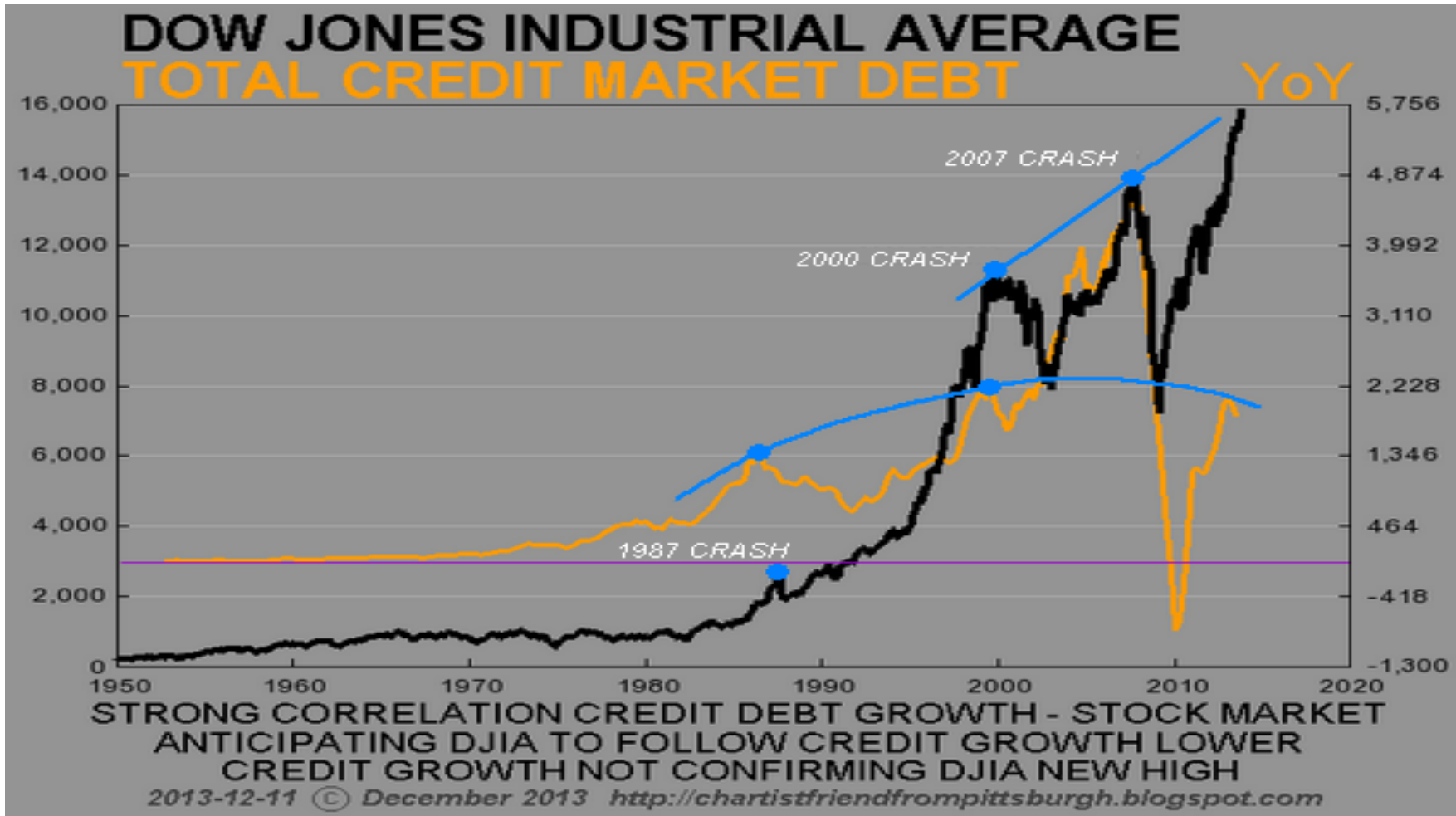


# Retail Trends





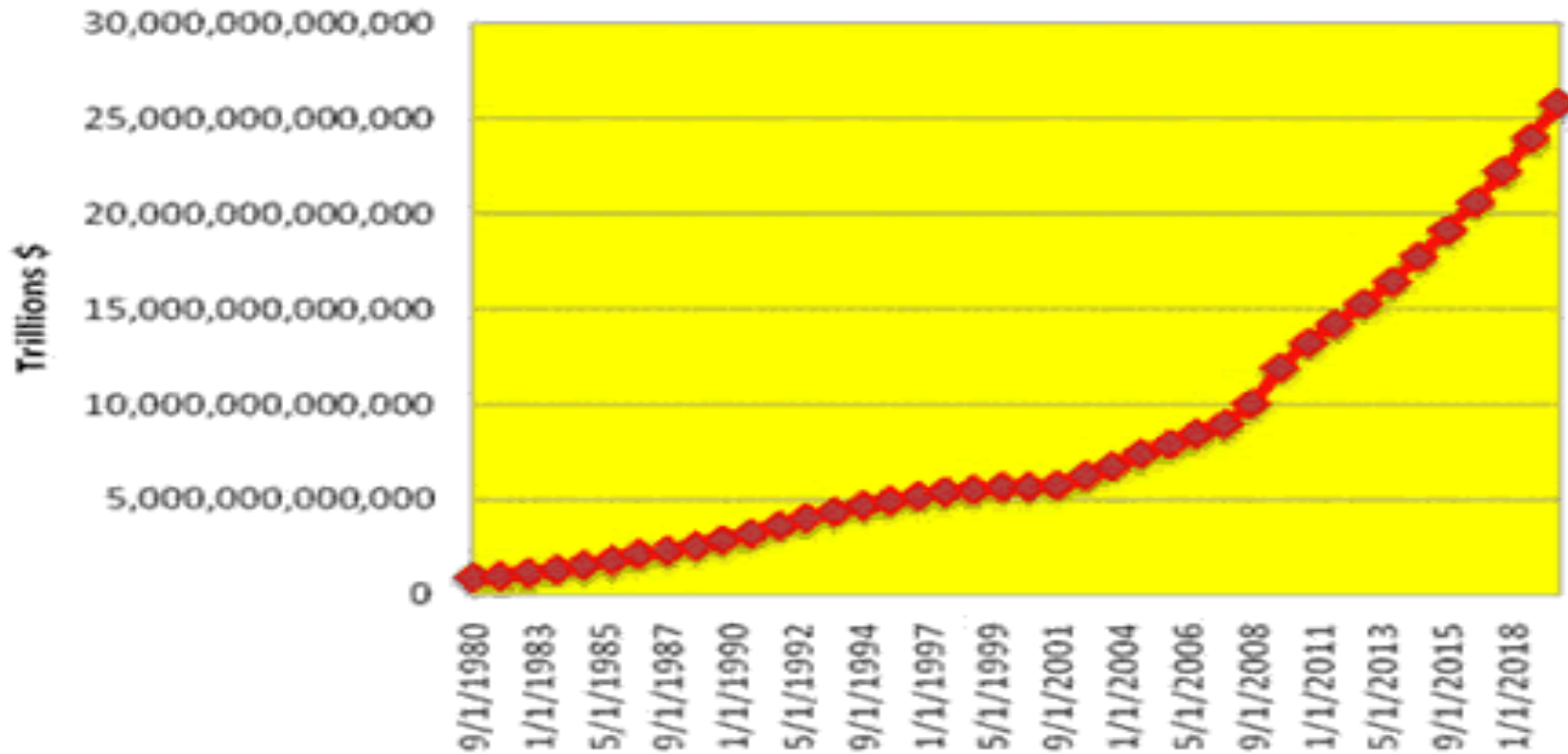
# Still Slated to Grow



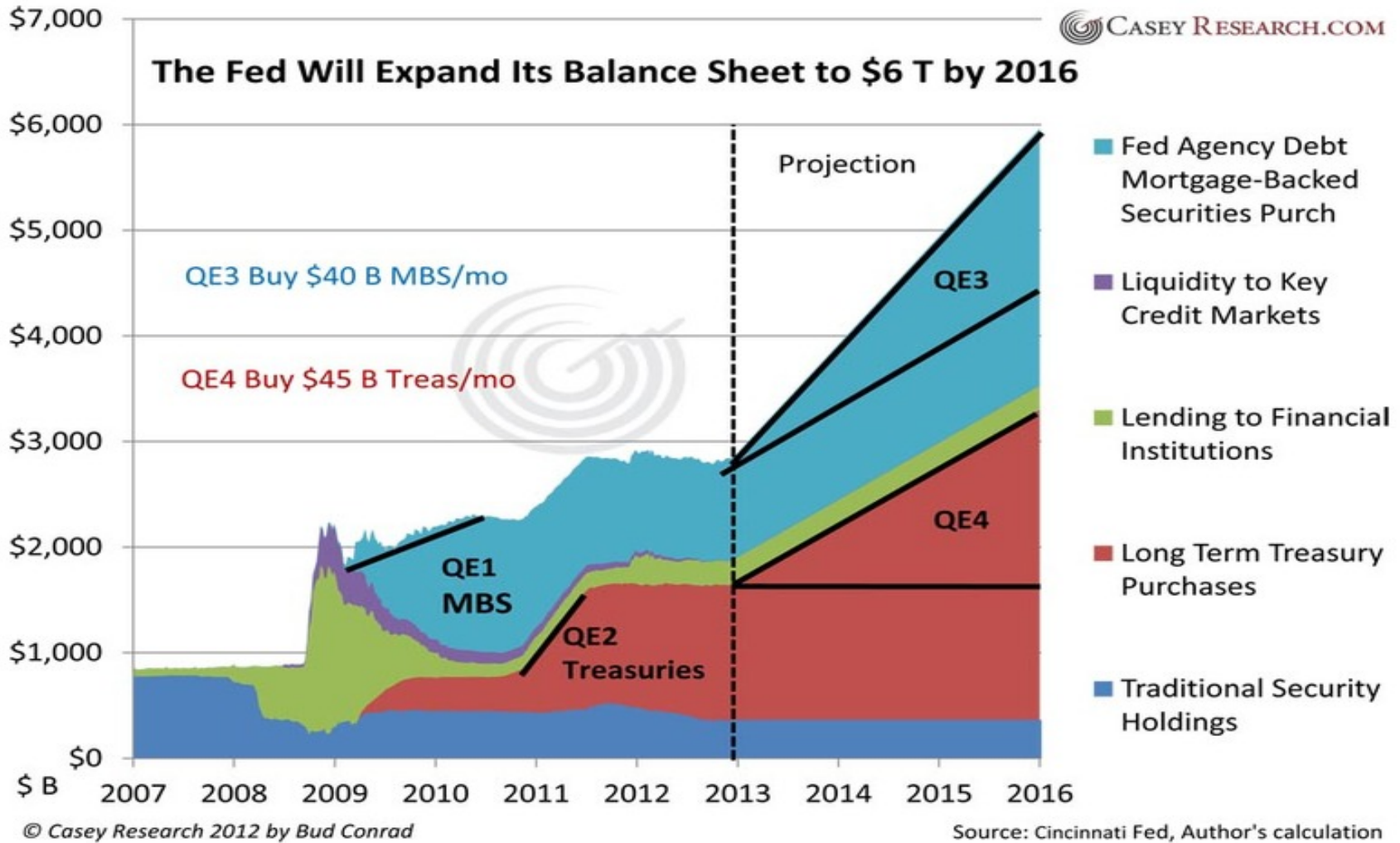
# How Big Can it Get?



## U.S. NATIONAL DEBT 1980 - 2019



# Still Stimulating





## ECONOMICS

TOO MANY PEOPLE SPEND MONEY THEY HAVEN'T EARNED,  
TO BUY THINGS THEY DON'T WANT, TO IMPRESS PEOPLE THEY DON'T LIKE.

alond@gmail.com, 2008

## Five Reasons to Chill Out

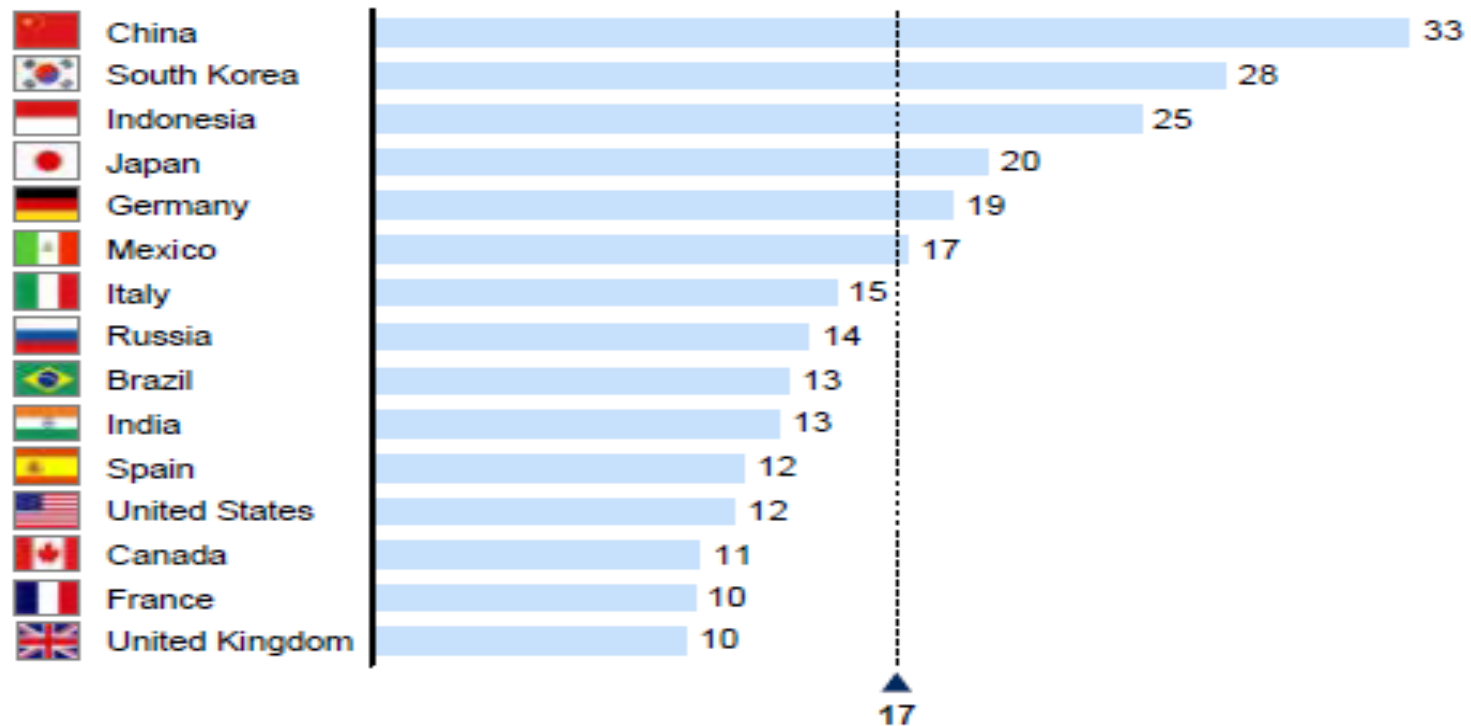
- **Most of the key indicators are either trending in a slightly positive direction or at least they are stable – everything from housing to jobs to some of the manufacturing numbers**
- **Job growth has been consistent – at the U-3 and U-6 levels.**
- **The dollar strength has been less of an issue than slow economic growth in key markets like Europe and Asia and there has been some life there.**
- **Low oil prices have started to kick in as far as consumer activity is concerned**
- **Consumers and the business community as a whole has money to spend if they should desire to do so**

# Share of GDP



## Manufacturing's share of GDP in the top 15 manufacturing nations ranges from 10 to 33 percent

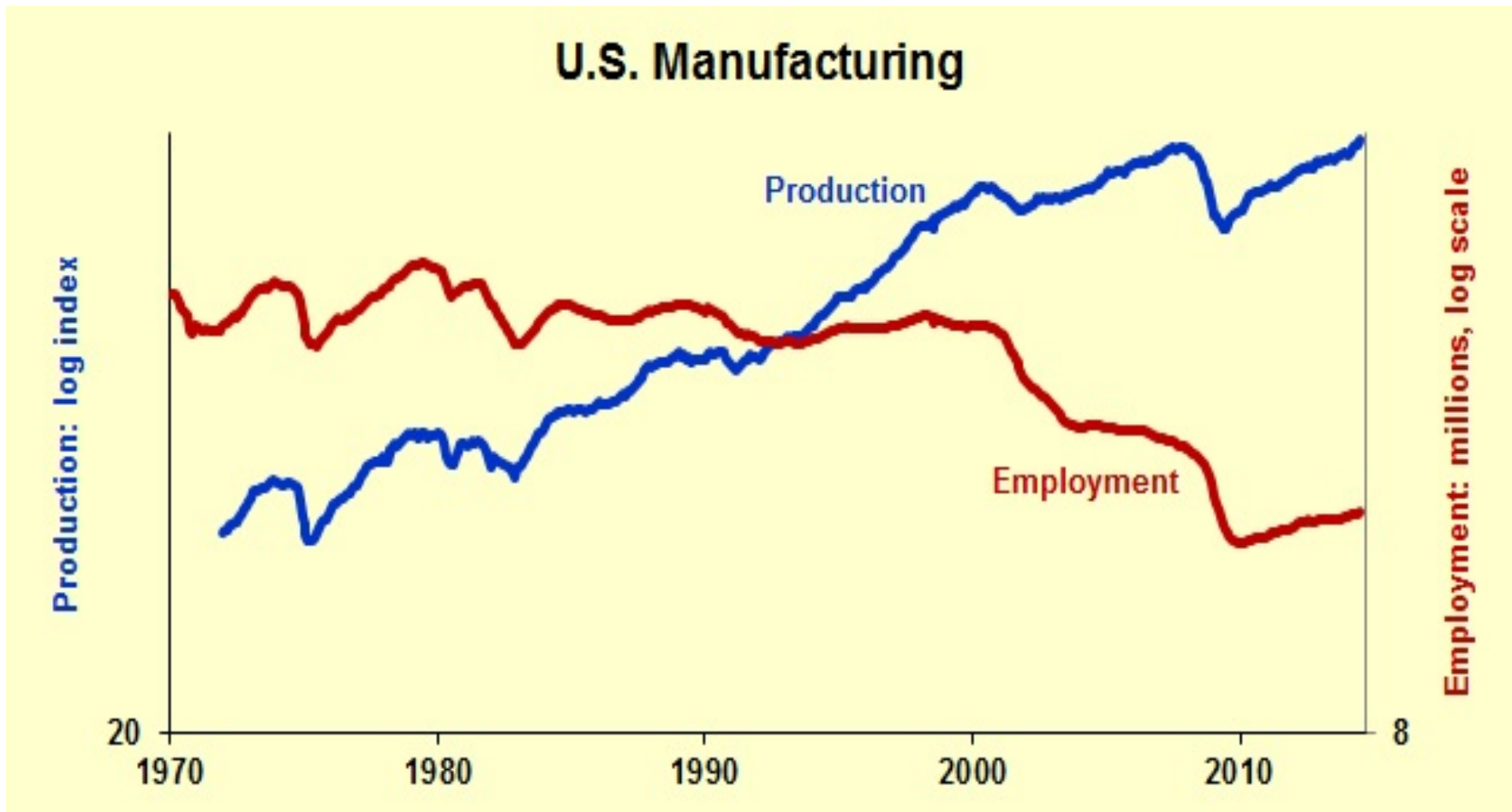
Manufacturing share of GDP, 2010  
%



SOURCE: United Nations Statistics Division; US Bureau of Economic Analysis (BEA); McKinsey Global Institute analysis



# Employment and Productivity

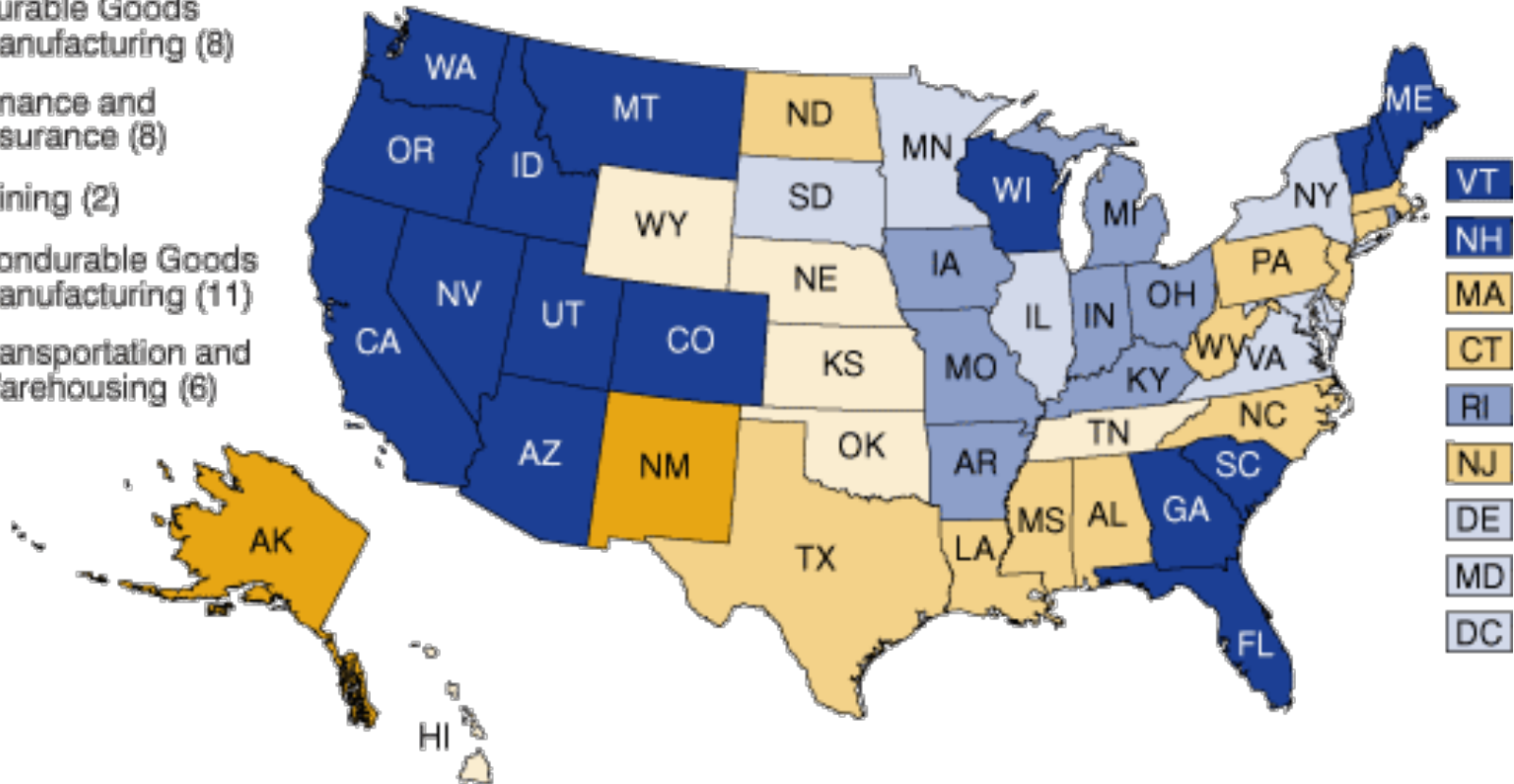


# Where are the Manufacturers?

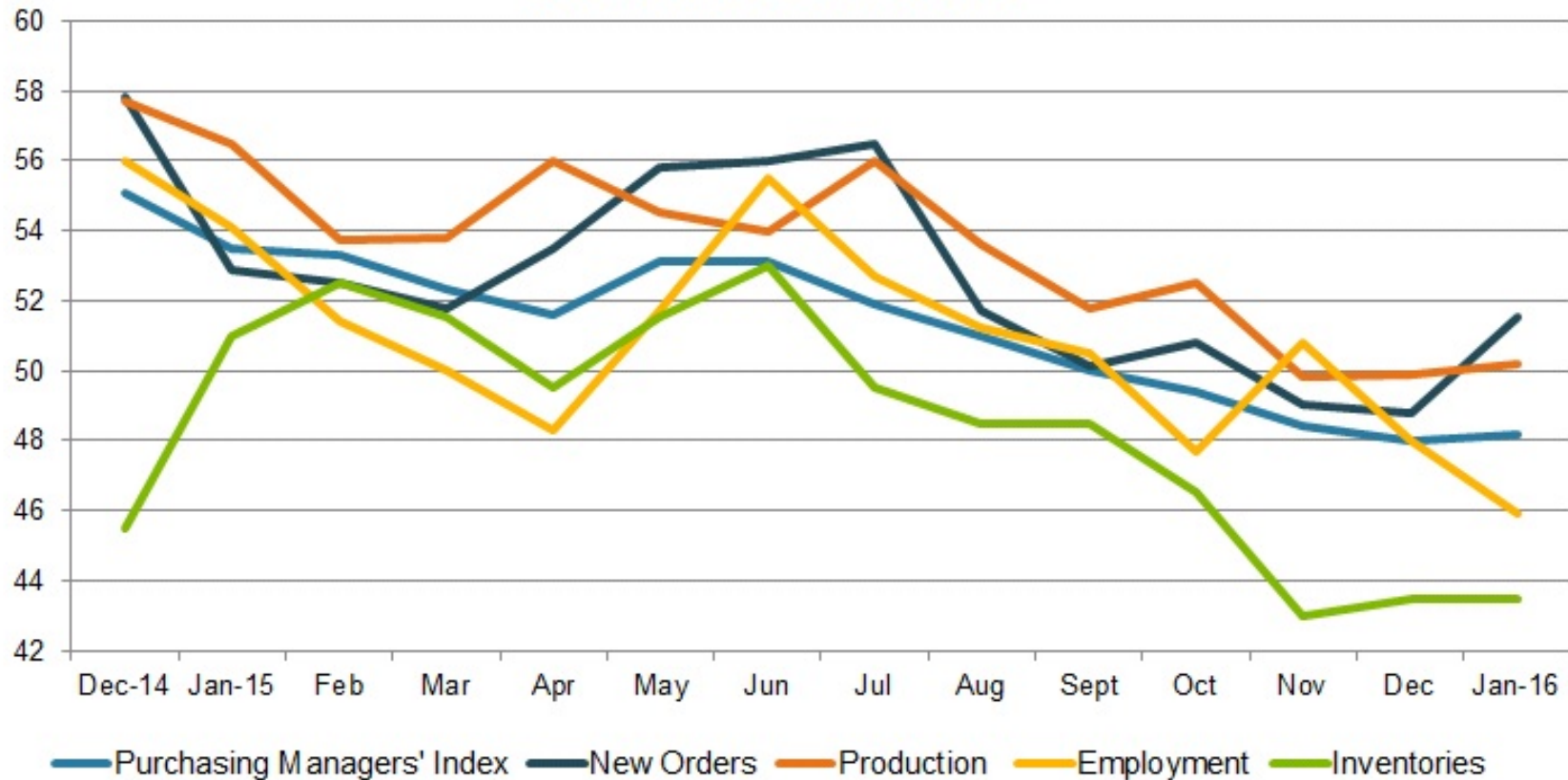


- Construction (16)
- Durable Goods Manufacturing (8)
- Finance and Insurance (8)
- Mining (2)
- Nondurable Goods Manufacturing (11)
- Transportation and Warehousing (6)

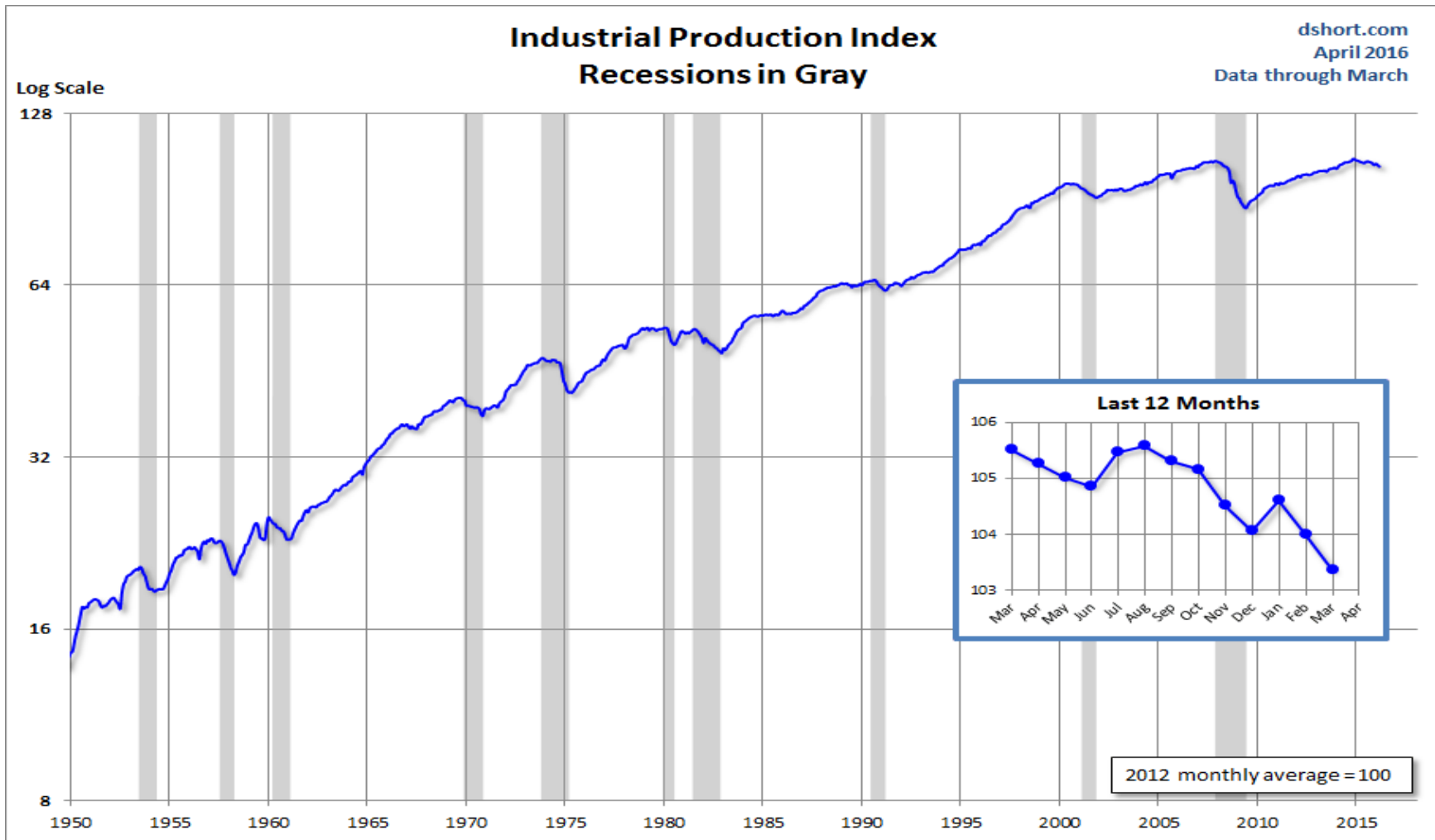
United States = Construction



## ISM Manufacturing Purchasing Managers' Index (December 2014–January 2016)



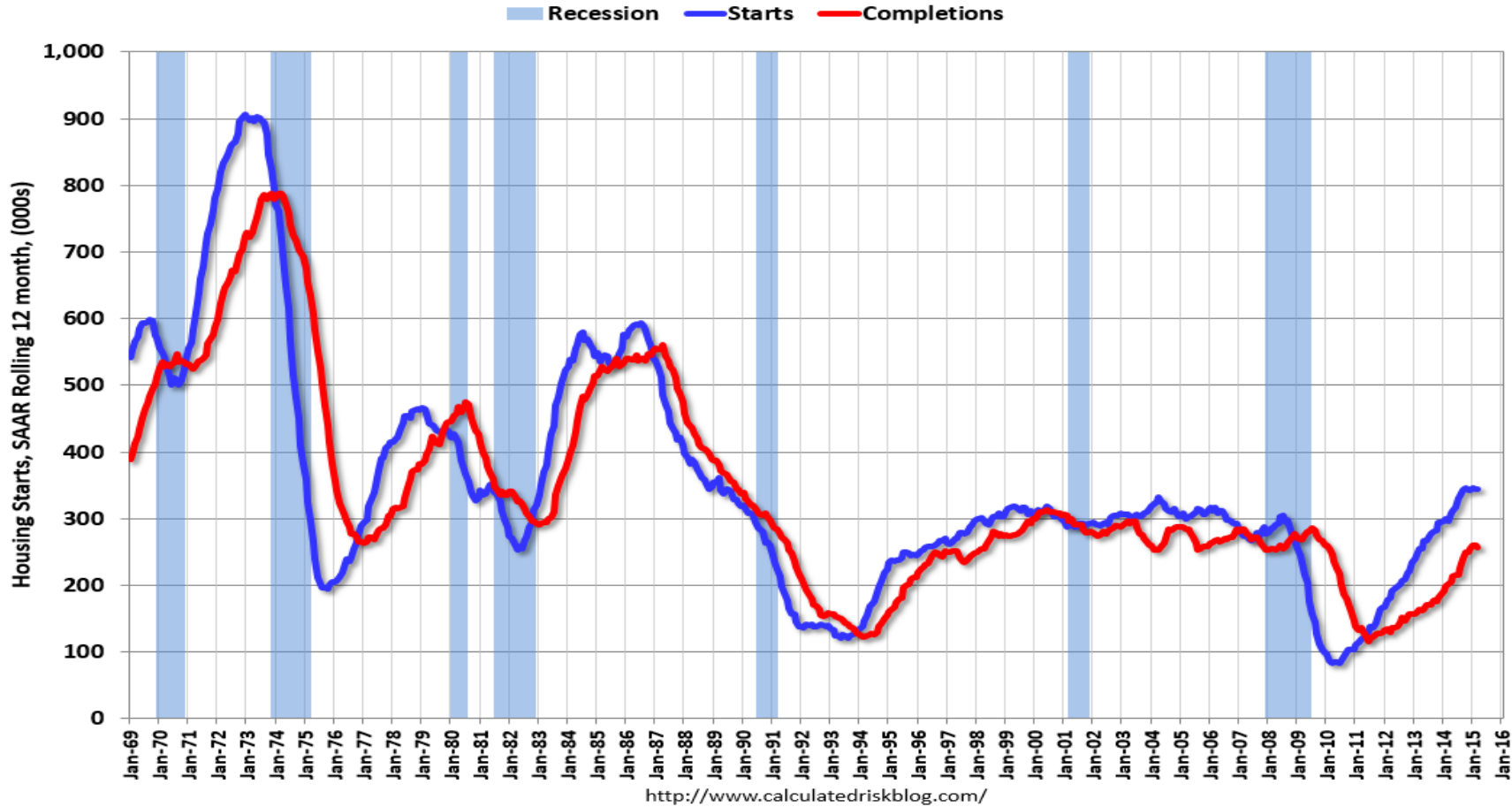
# Industrial Production



# Housing Starts



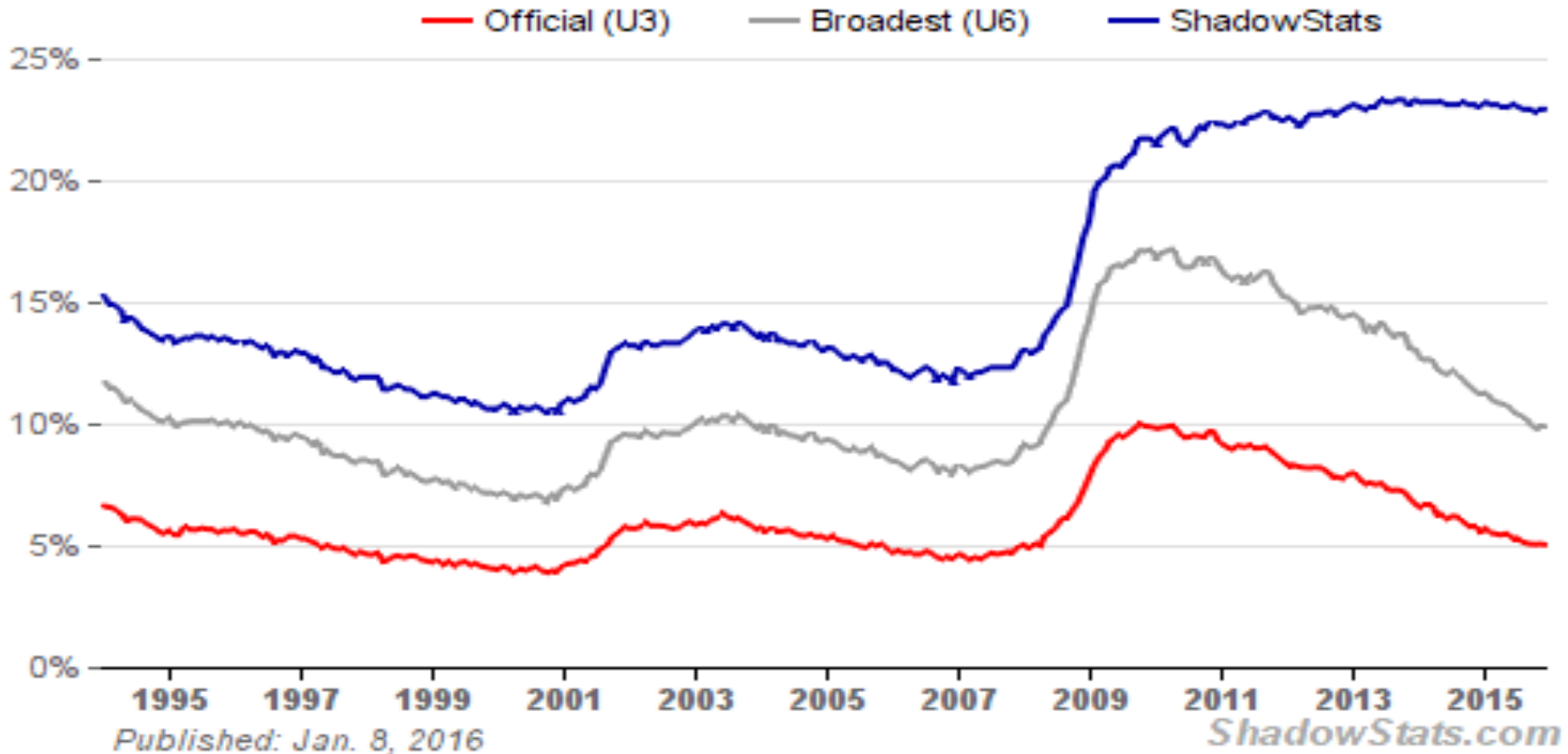
### Housing Starts and Completions, 5+ Unit Structures, Rolling 12 months





### Unemployment Rate - Official (U-3 & U-6) vs ShadowStats Alternate

Monthly SA. Through Dec. 2015 (ShadowStats, BLS)





# Consumer Spending



*Self-Reported U.S. Daily Consumer Spending, 2008 to 2015*

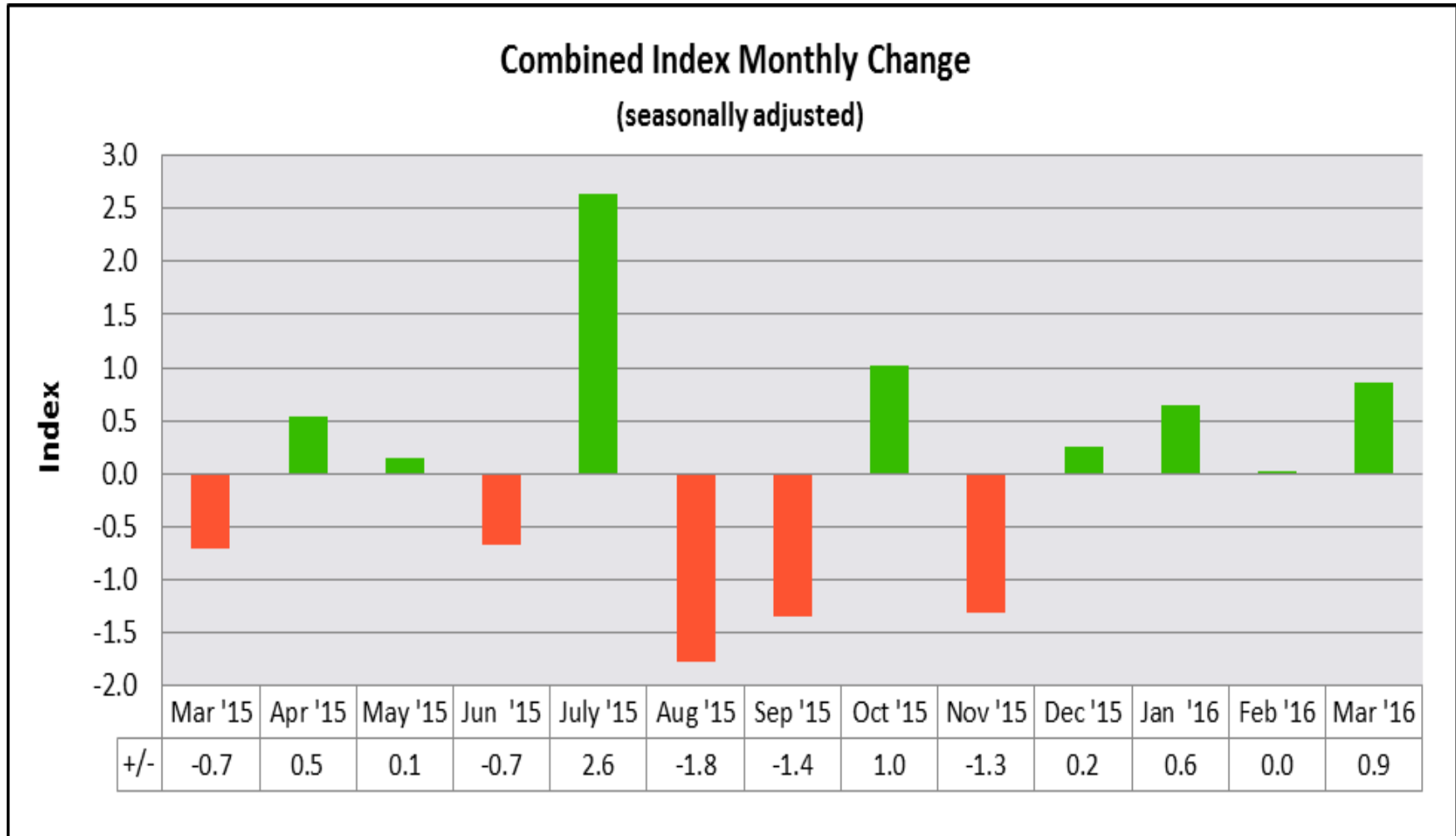
Monthly averages



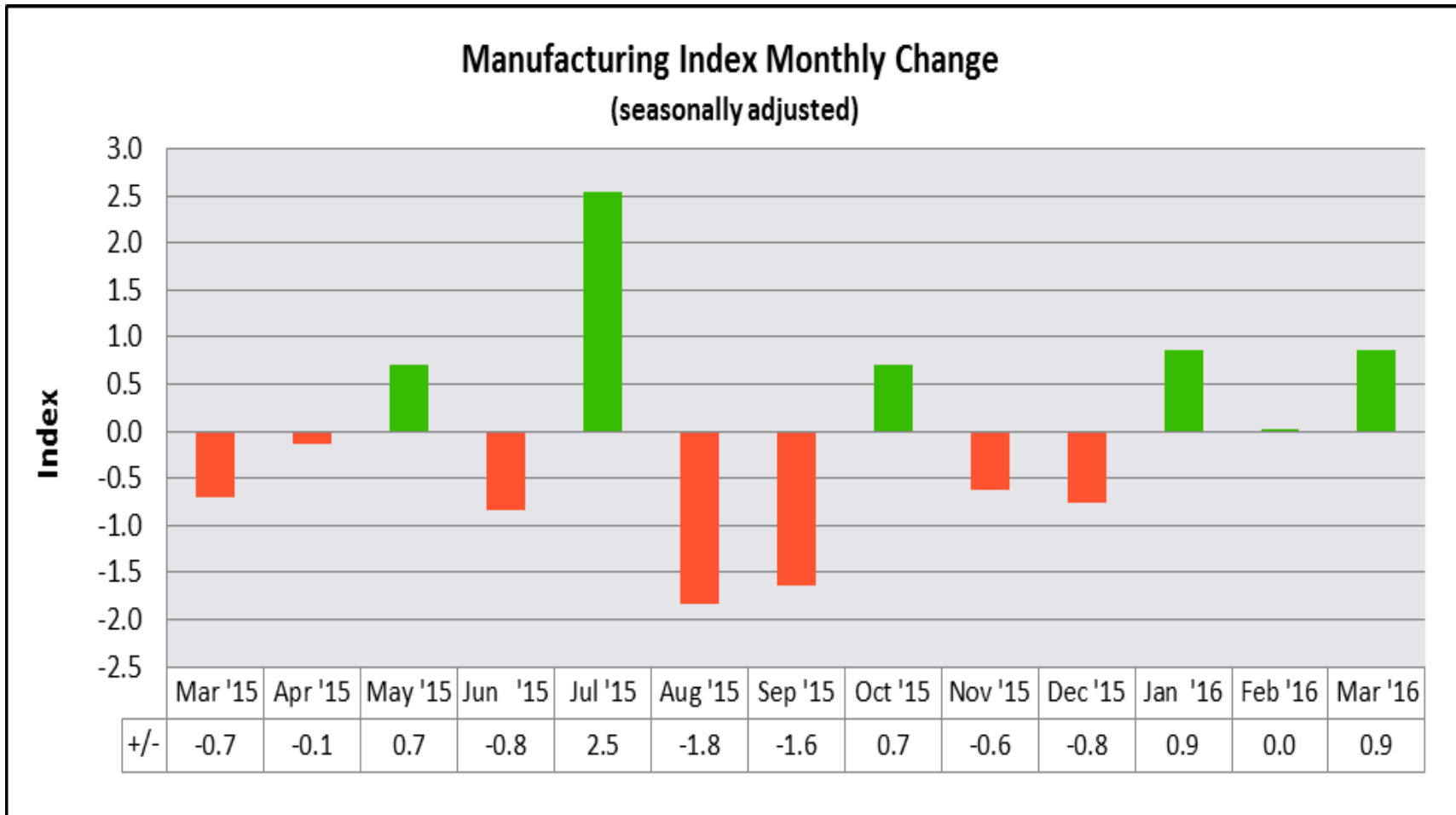
Figures shown are for December and January of each year

GALLUP®

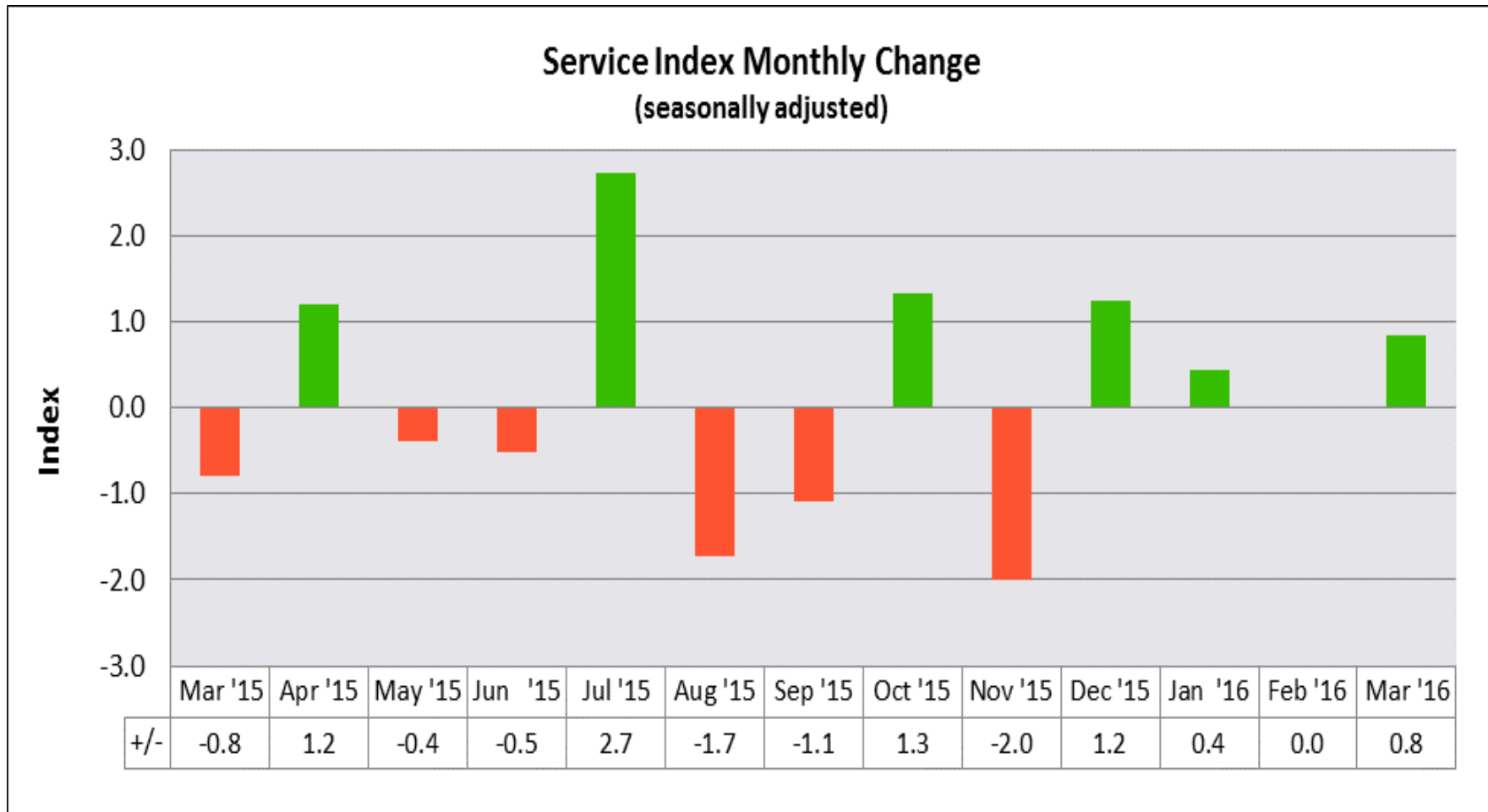
# Combined CMI



# Manufacturing CMI



# Service CMI



# Just Could Not Resist



Well played China...

Well played...

De Intel Solutions.com

# You **KNOW** you Want More!!!



**Contact Information – [chris.kuehl@armadaci.com](mailto:chris.kuehl@armadaci.com)**

## **Black Owl Report**

- **Economic trends**
- **Global economics**
- **Geopolitics**
- **Security**
- **Logistics**

**FREE Trial to BOR – one solid month (12 issues) plus Falcon Report, NESE, GESE**

