

Petroleum Equipment Institute

“The Future is Your Decision”

Presented by

ITR[®]

Brian Beaulieu

October 2011

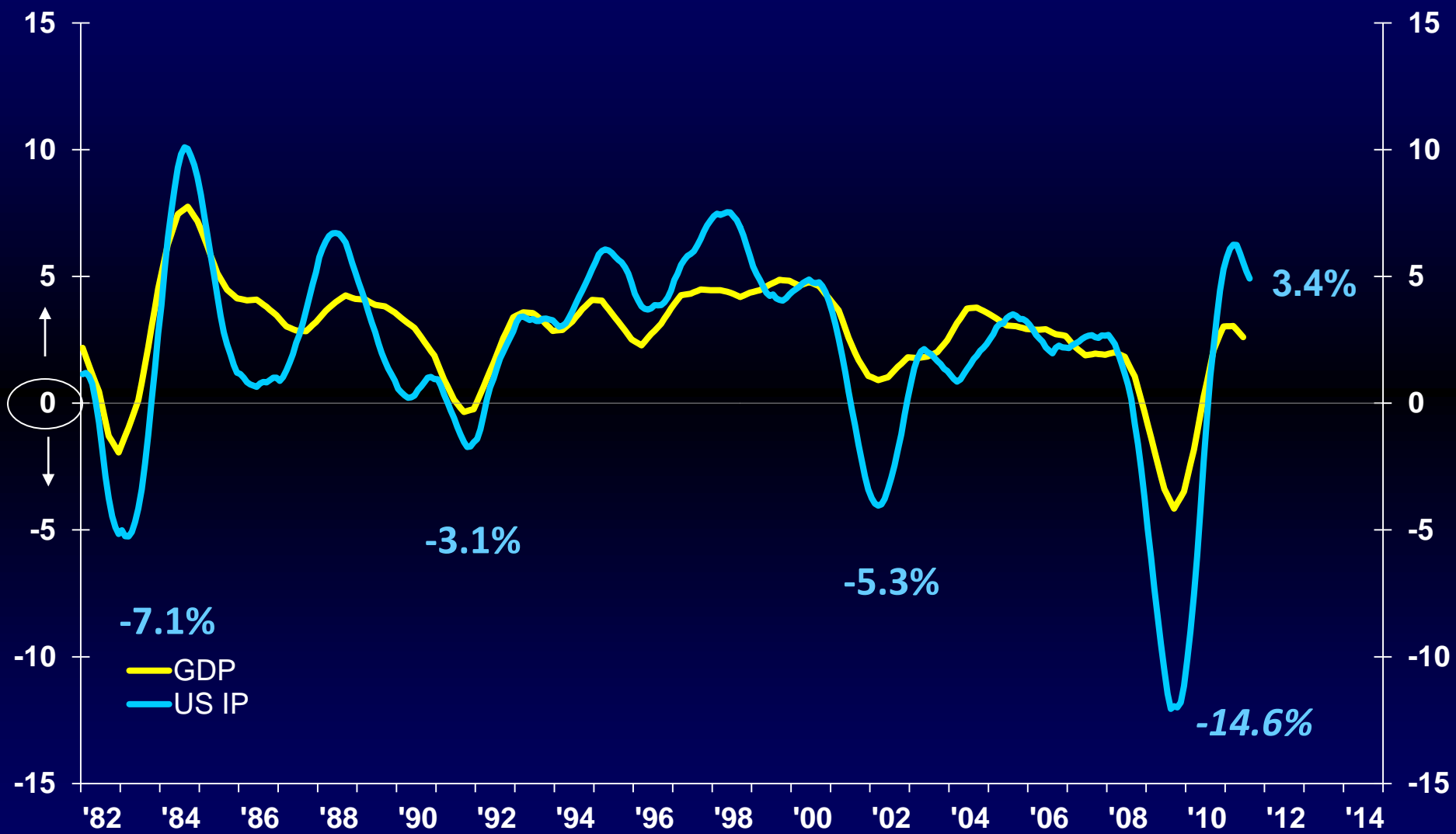
The U.S. economy remains almost comatose. The current slump already ranks as the longest period of sustained weakness since the Great Depression. Once-in-a-lifetime dislocations will take years to work out.

Among them: the job drought, the debt hangover, the defense-industry contraction, the banking collapse, the real estate depression, the health-care cost explosion and the runaway federal deficit.

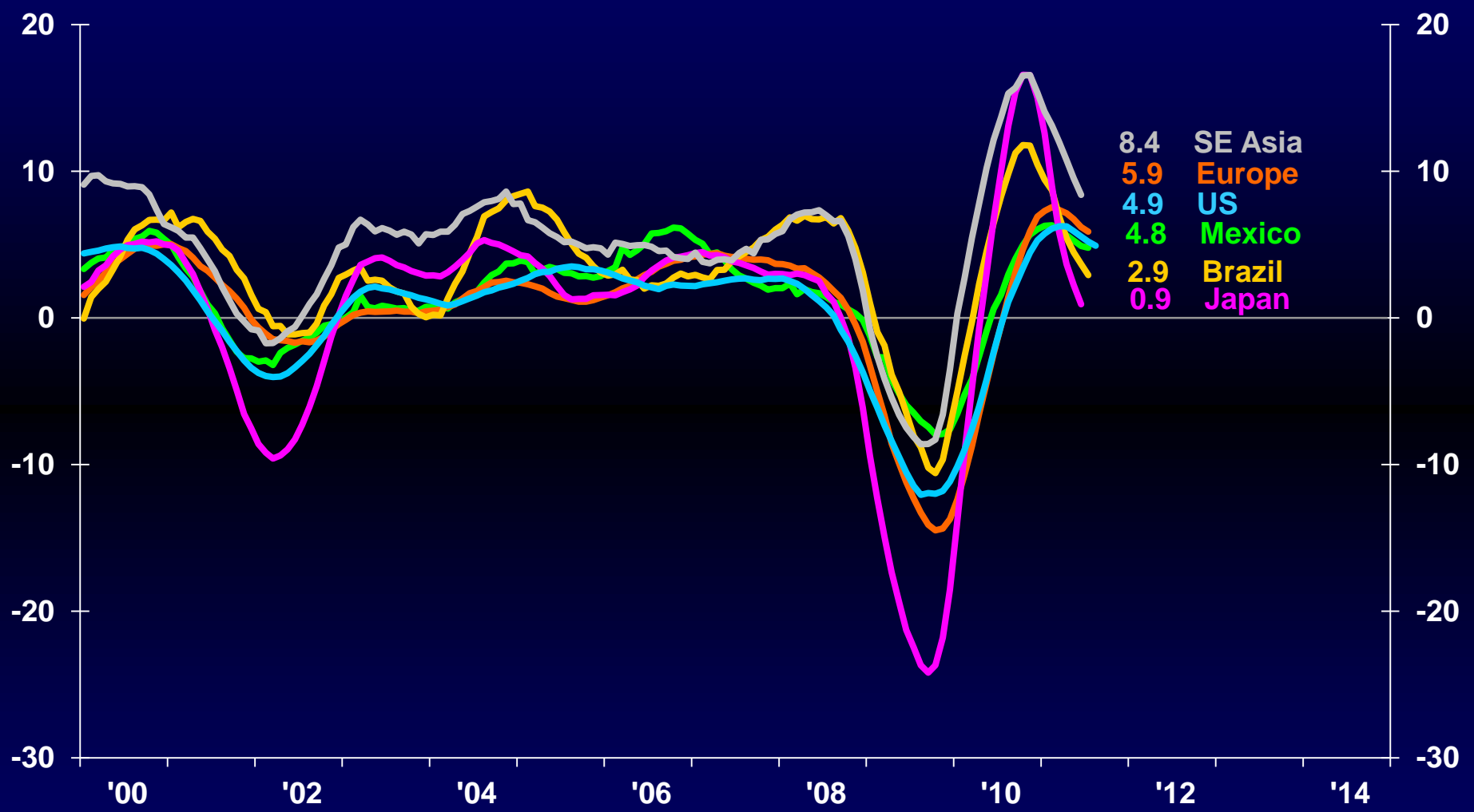
TIME

September 1992

US Industrial Production to Gross Domestic Product Year-over-year Quarter to Quarter (3/12)



Global Industrial Production Indices 12/12 Rates-of-Change



Example: Revenue 12MMT

Monthly

Sept 10				
Oct 10			12MMT = 17.54	
Nov 10		3MMT = 4.63		
Dec 10				
Jan 11				
Feb 11		3MMT = 5.14		
Mar 11				
Apr 11				
May 11		3MMT = 4.98		
June 11				
July 11		3MMT = 4.22		
Aug 11		3MMT = 3.95	12MMT = 18.70	
Sept 11		3MMT = 4.24	12MMT = 18.97	8.2%

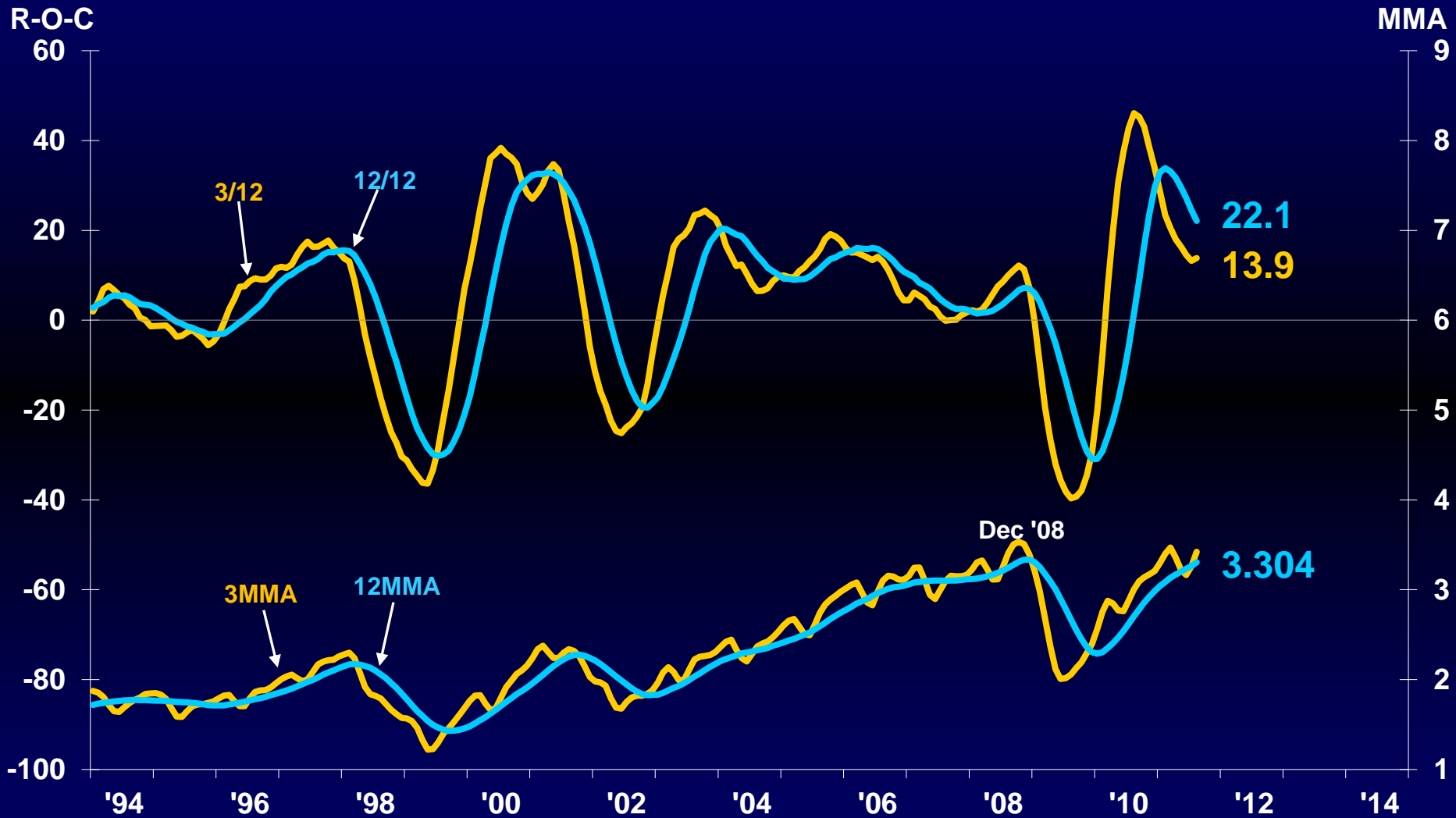
RATE-OF-CHANGE

$$\frac{\text{ACTUAL MONTHLY DATA AS OF 9/11}}{\text{ACTUAL MONTHLY DATA AS OF 9/10}} = 1/12$$

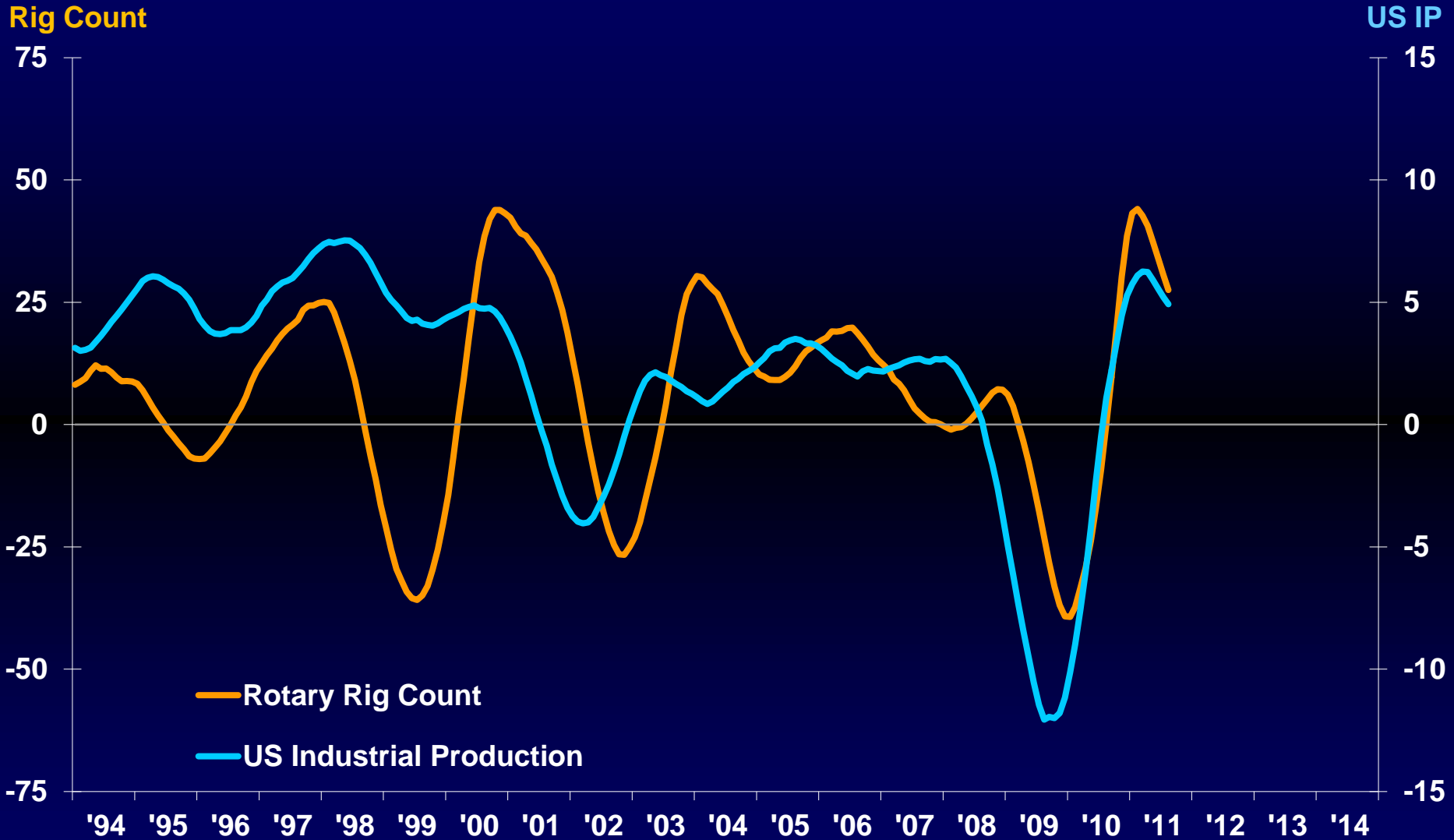
$$\frac{\text{3-MOS MOVING TOTAL (3MMT) AS OF 9/11}}{\text{3-MOS MOVING TOTAL (3MMT) AS OF 9/10}} = 3/12$$

$$\frac{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 9/11}}{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 9/10}} = 12/12$$

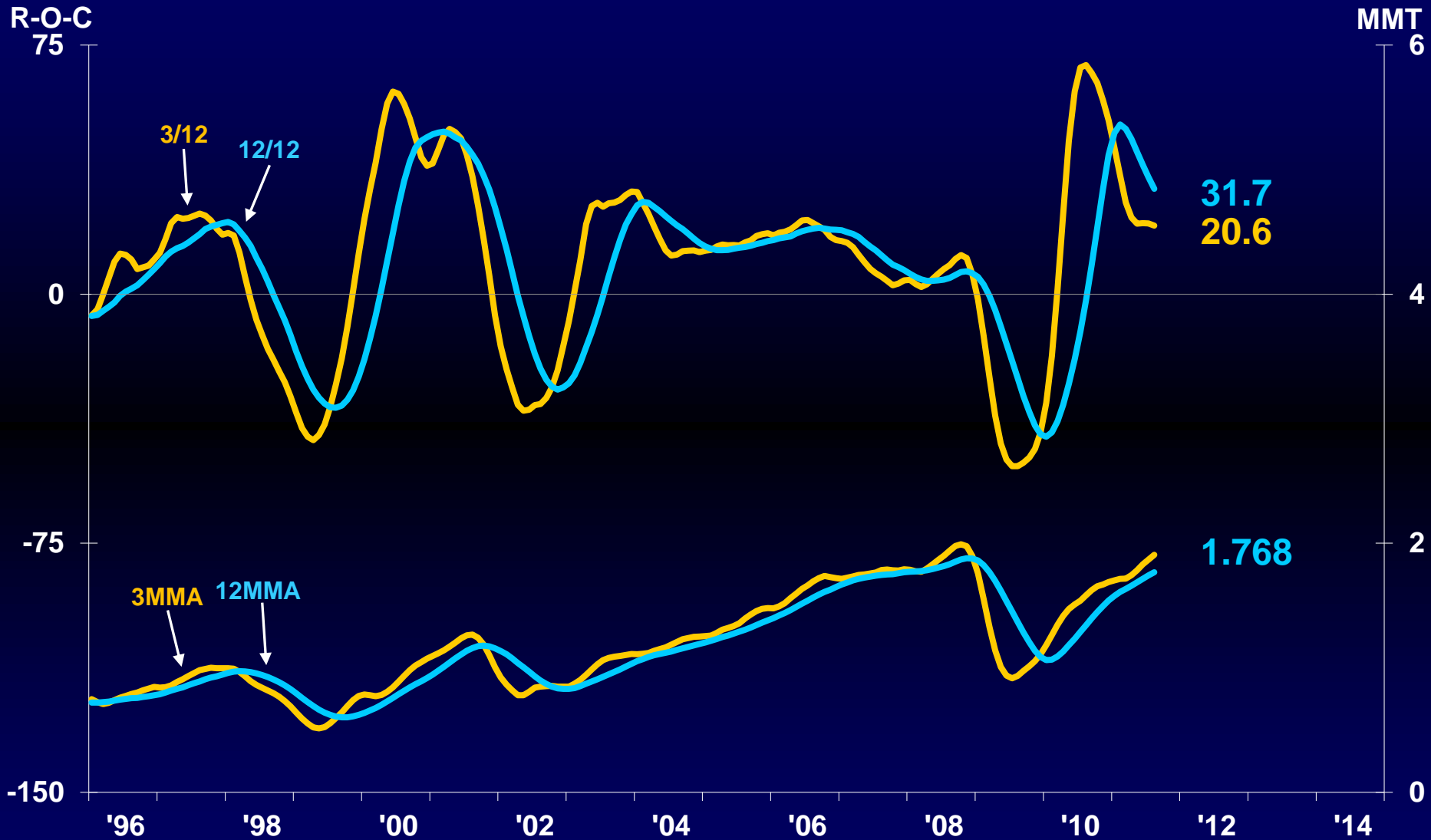
Worldwide Rotary Rig Count Thousands of Units



North America Rotary Rig Count to US Industrial Production 12/12 Rate-of-Change



US Rotary Rig Count Thousands of Units



Exploratory Wells Thousands of Units



US Industrial Production to Petroleum Refineries Production 12/12 Rates-of-Change

Petroleum

US IP

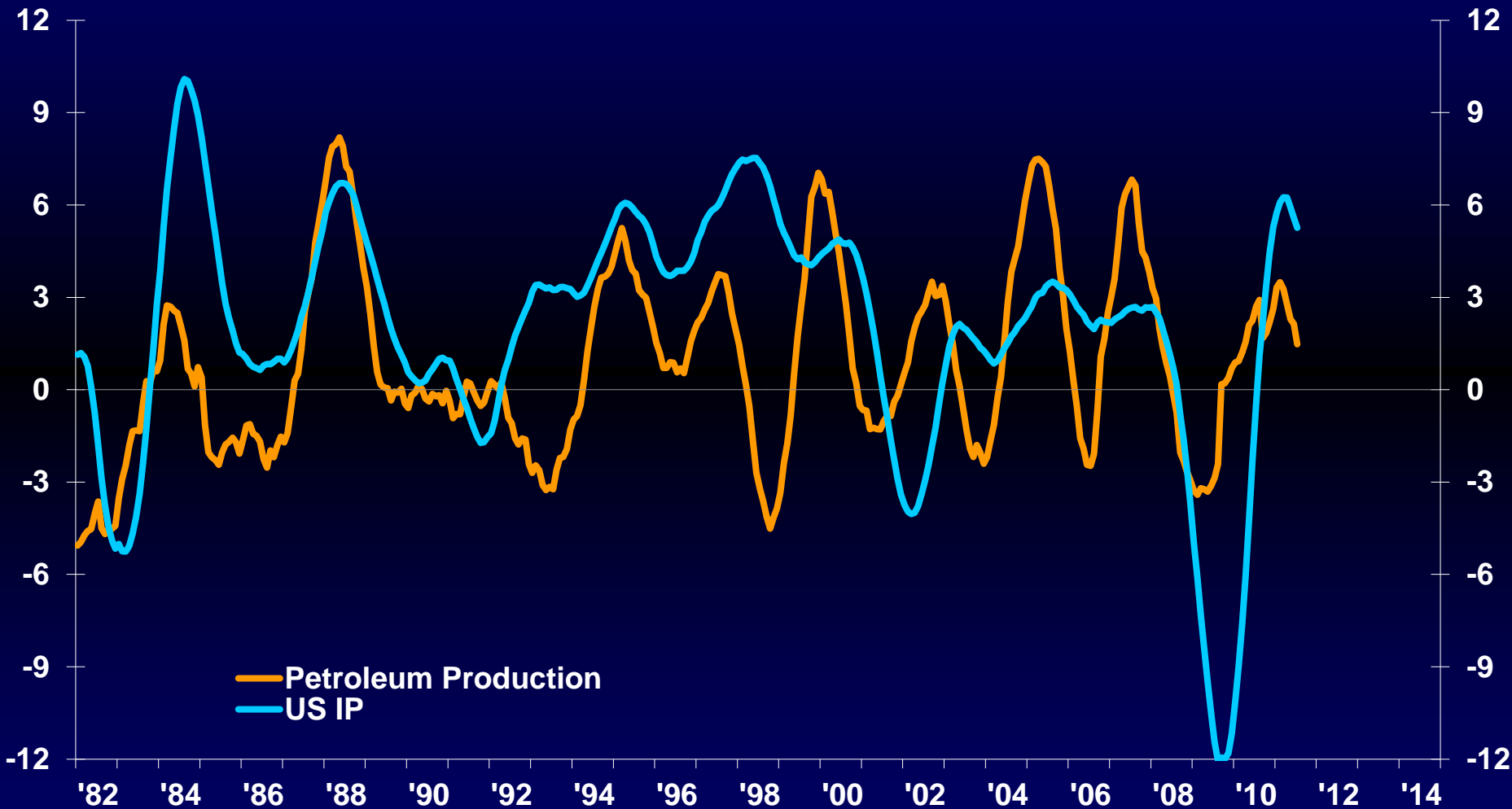
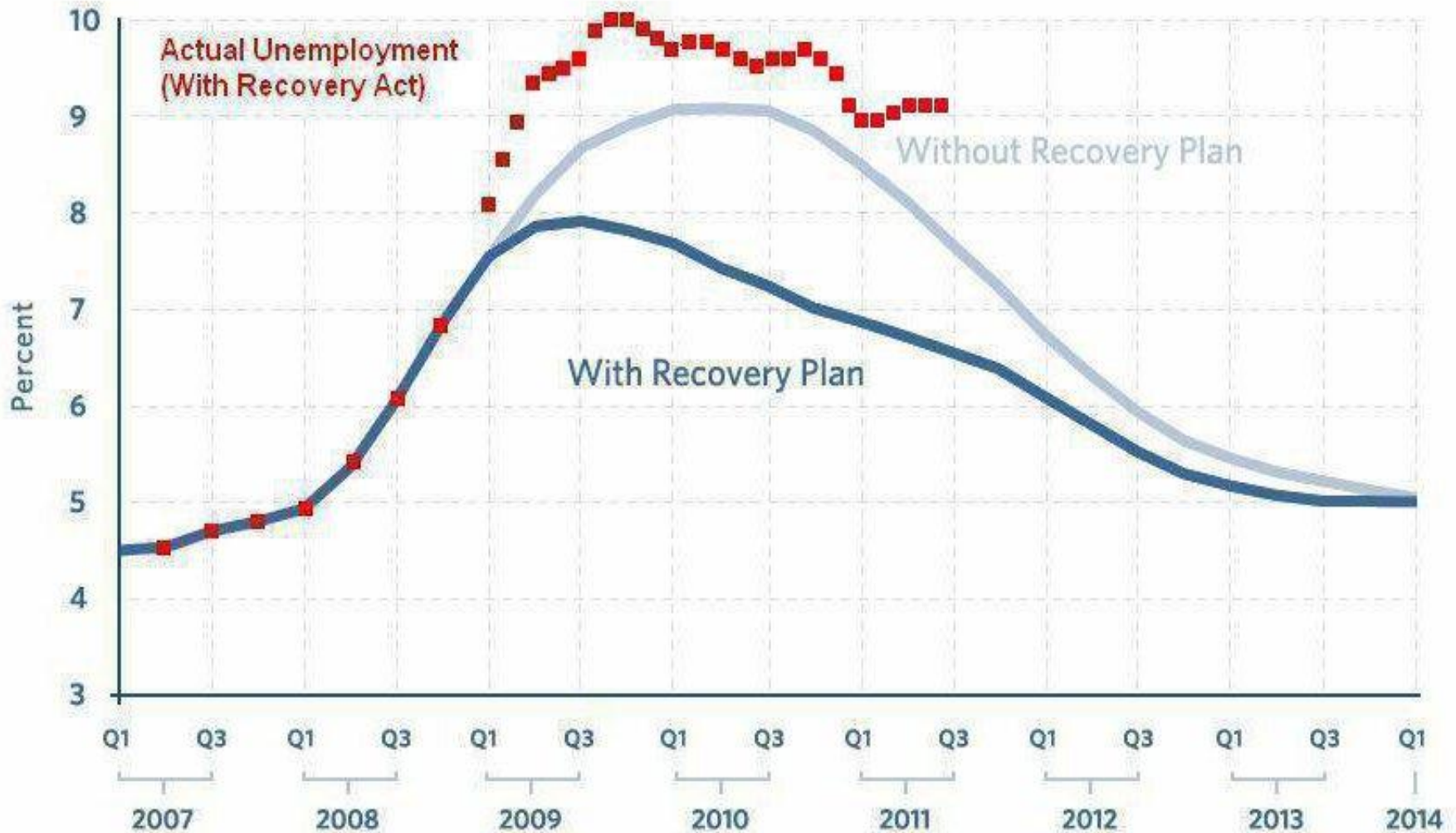
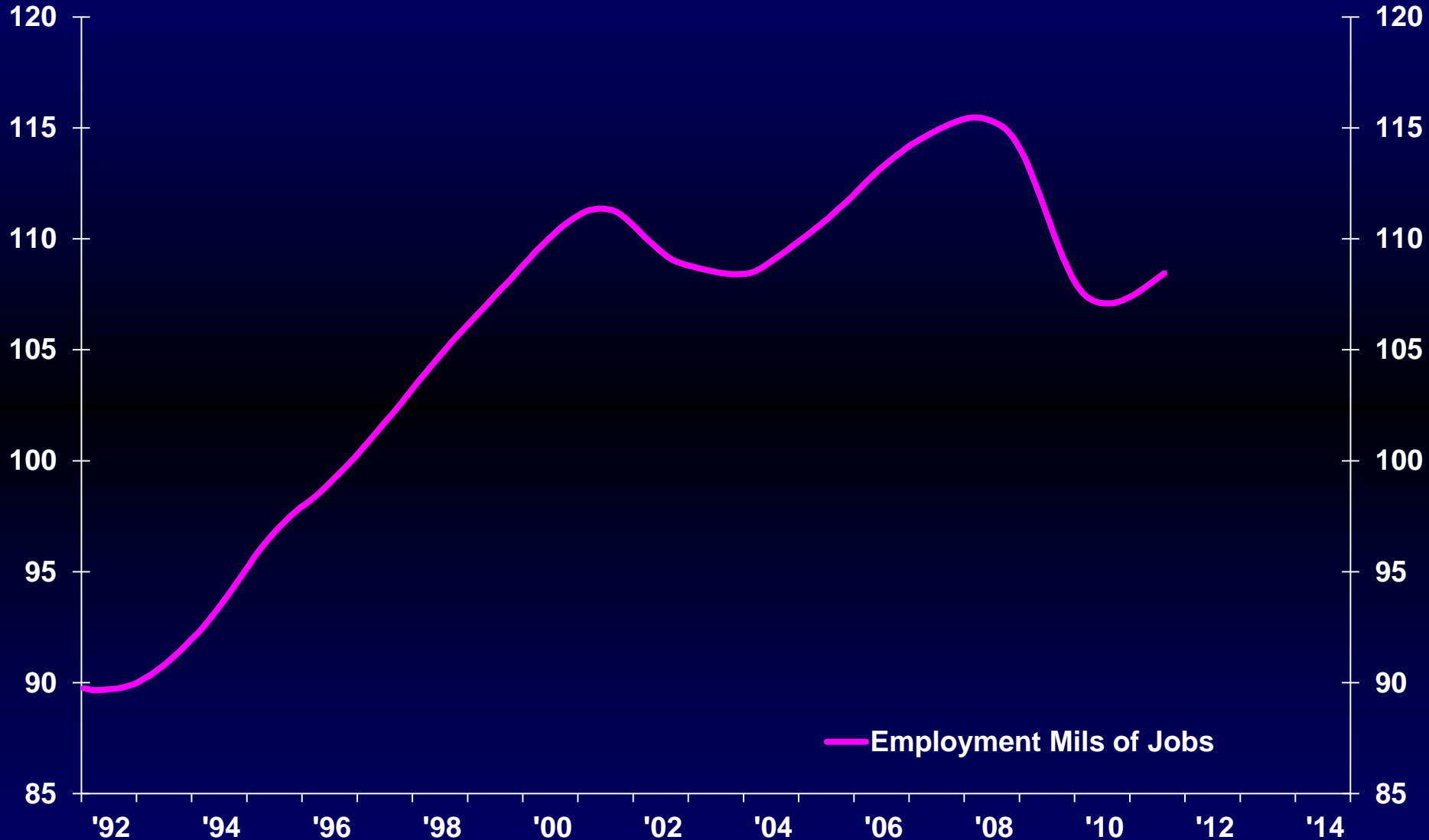


Figure 1
Unemployment Rate With and Without the Recovery Plan

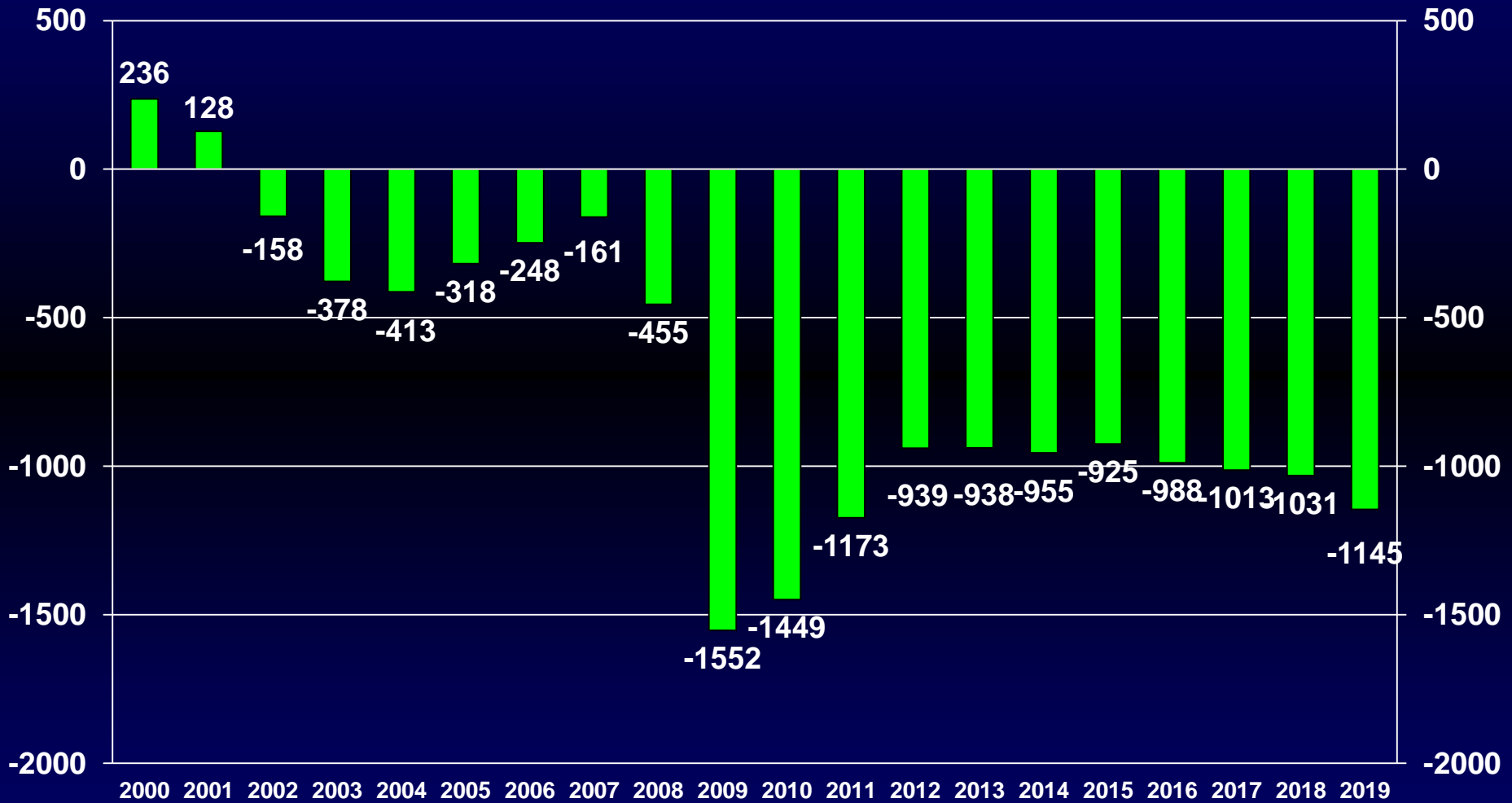


Employment – Private Sector Annual Data Trend

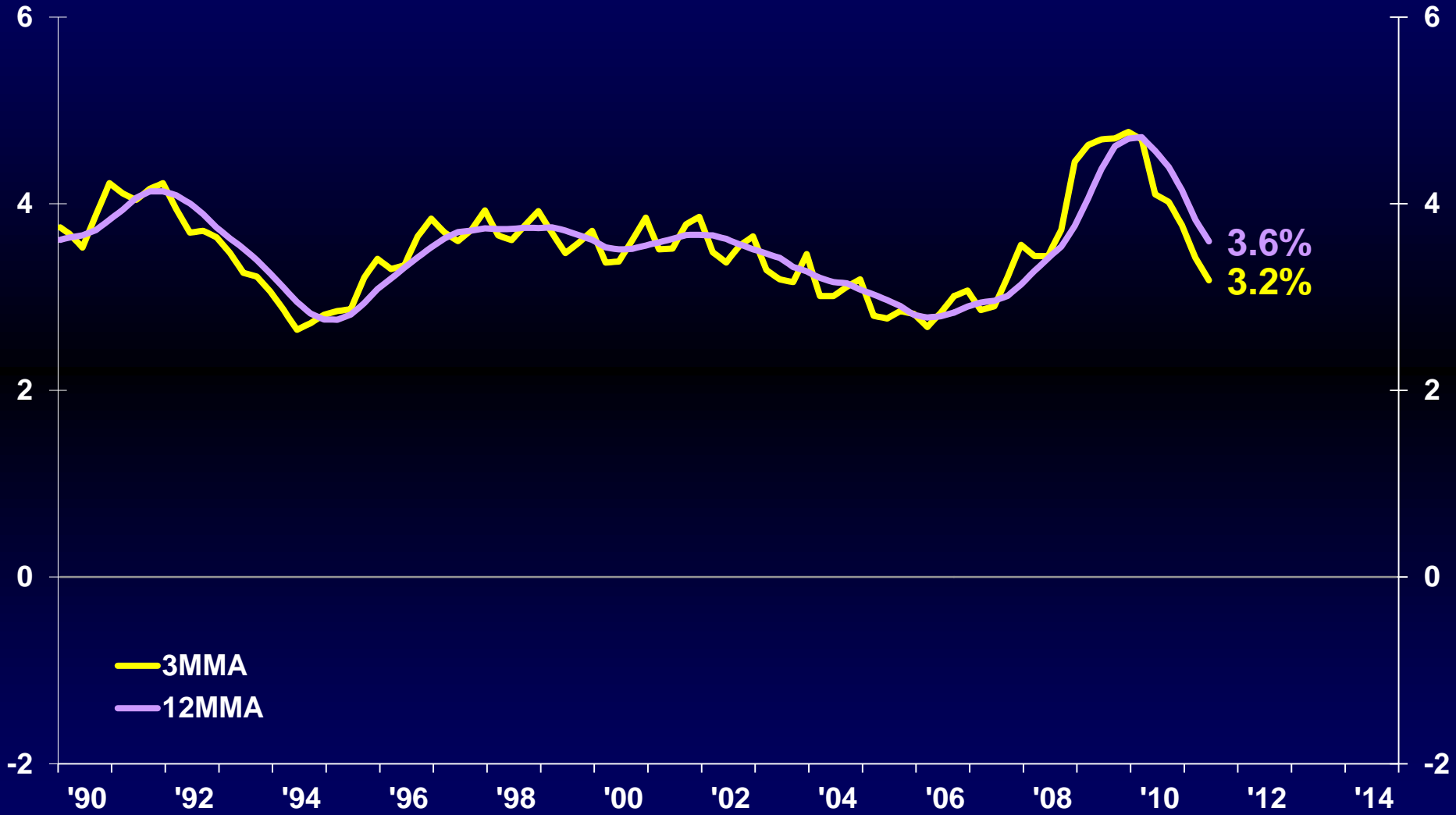


— Employment Mils of Jobs

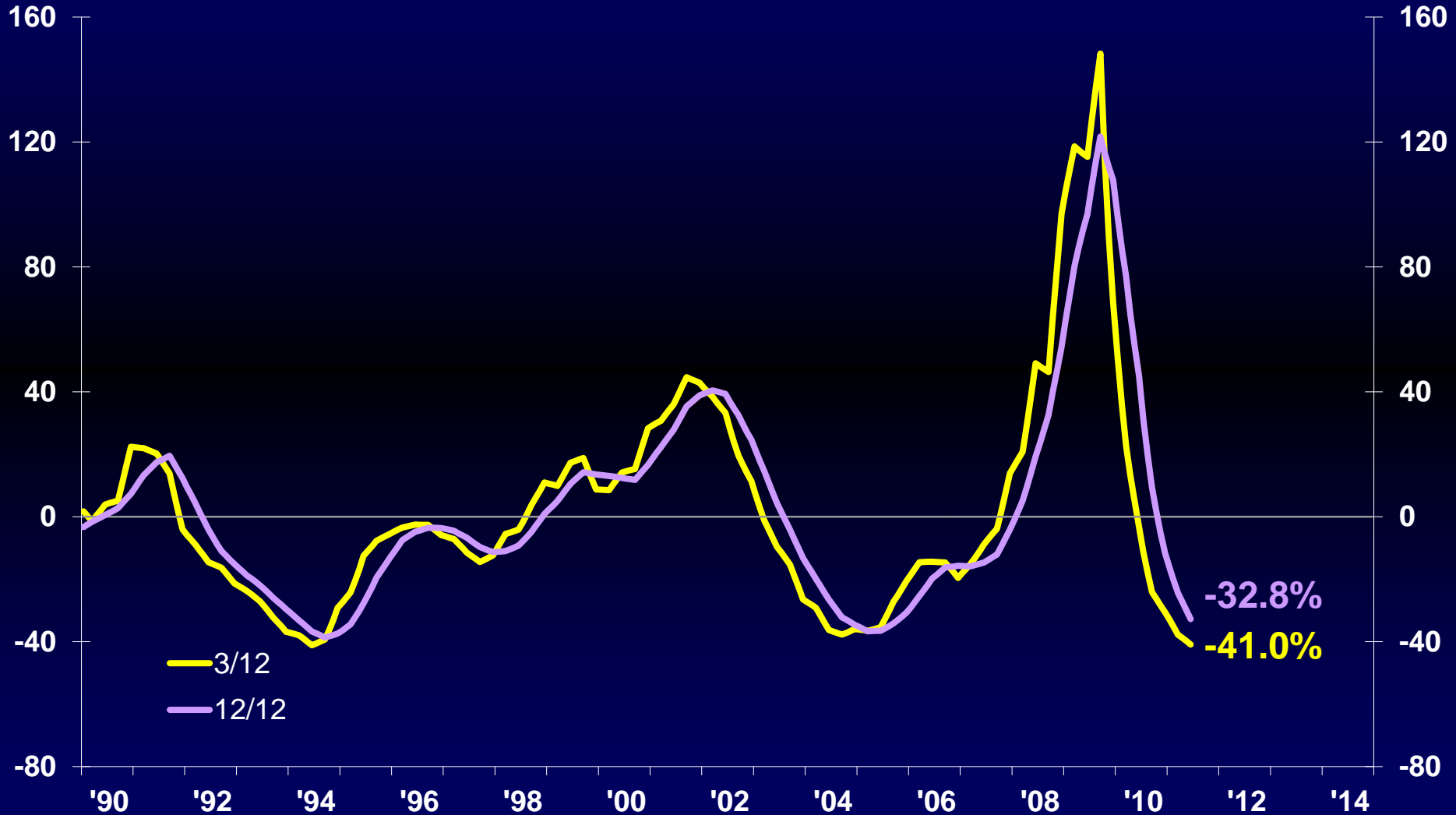
OMB's 10-Year Deficit Projections (Baseline of Current Policy) Billions of Dollars



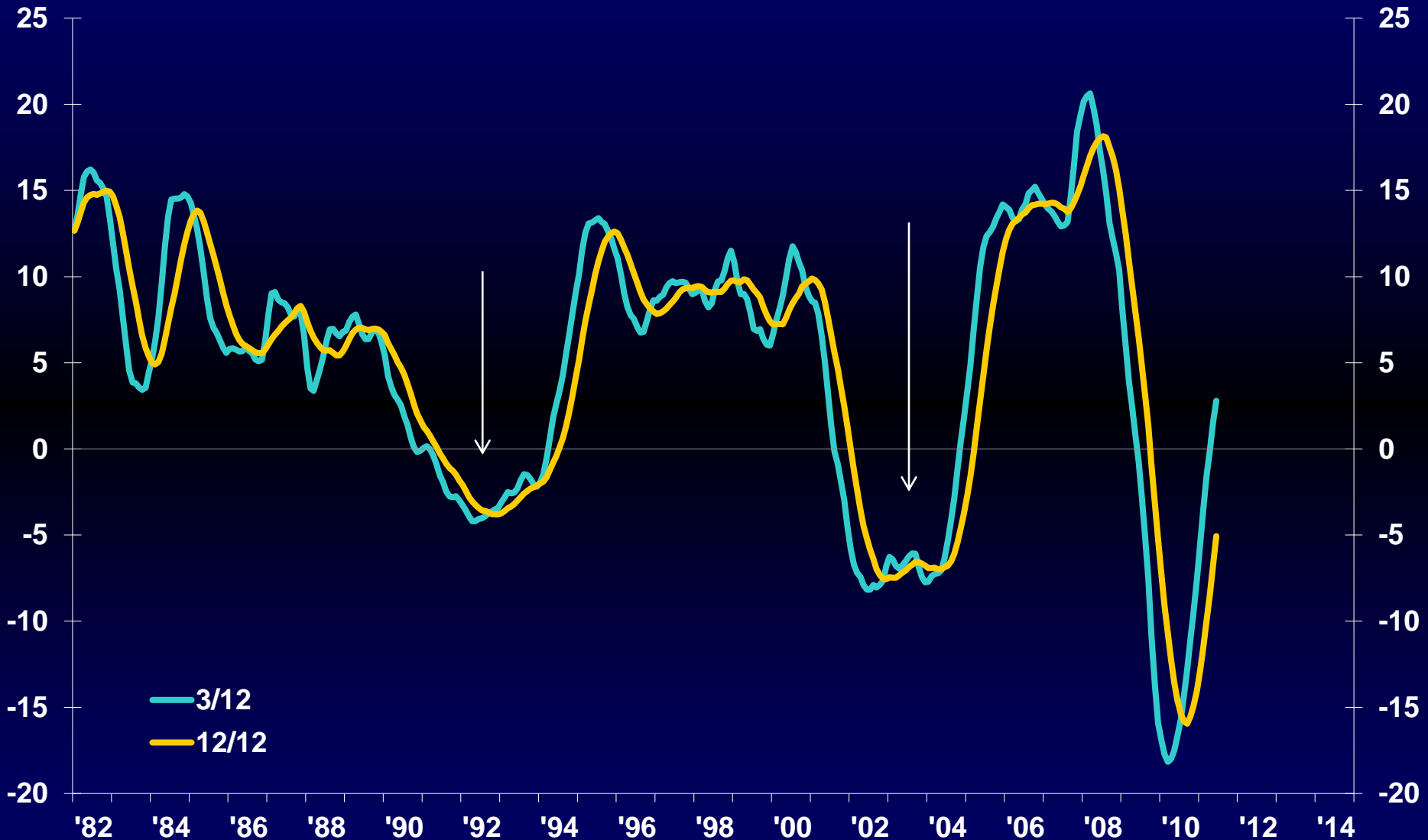
Consumer Loan Delinquency Rates 3MMA and 12MMA



Delinquency Rates for C&I Loans 3/12 & 12/12 Rates-of-Change

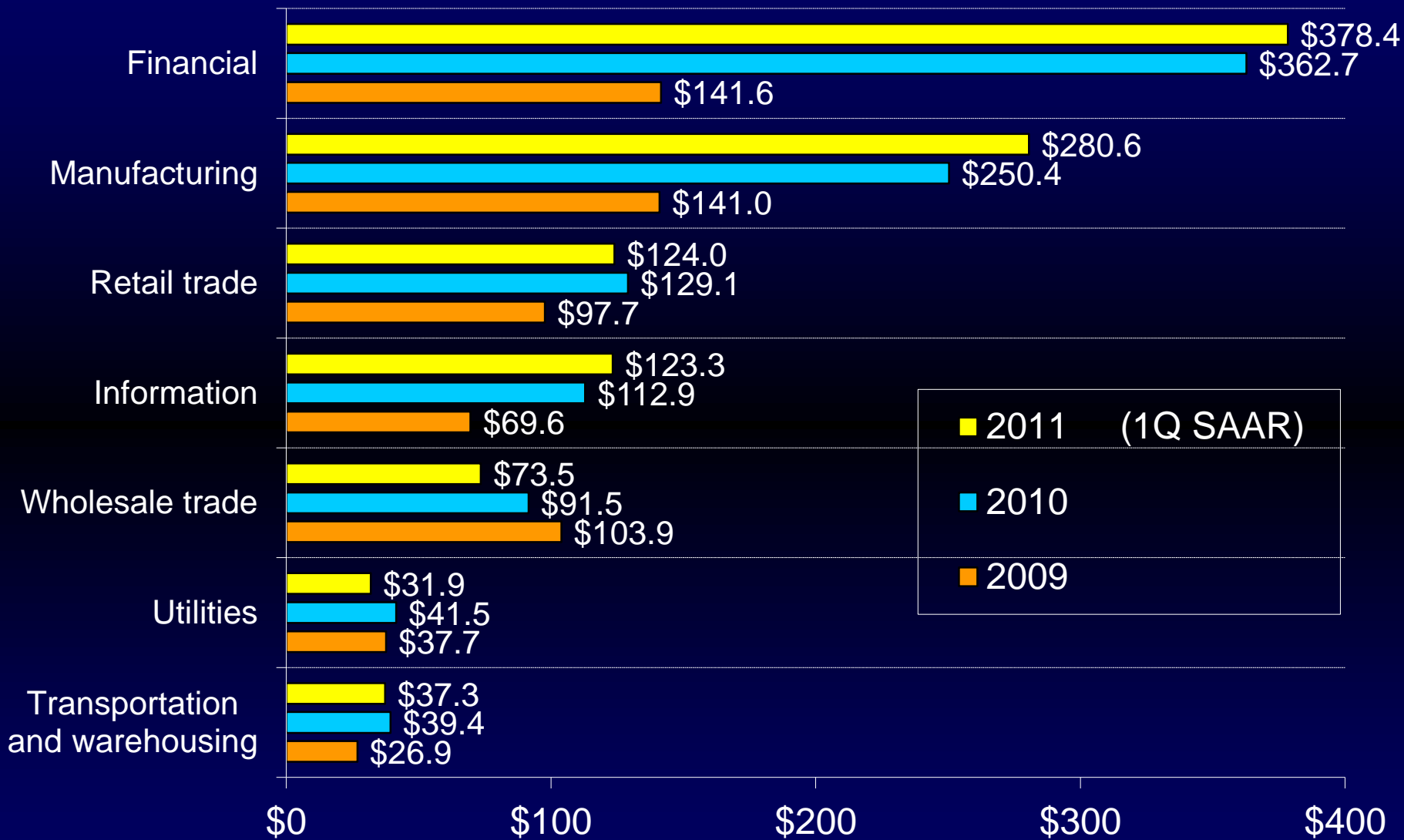


Commercial & Industrial Loans at Commercial Banks Rates-of-Change



Corporate Profits – 1st Quarter

Billions of \$



Nondefense Capital Goods New Orders w/o Aircraft Billions of \$

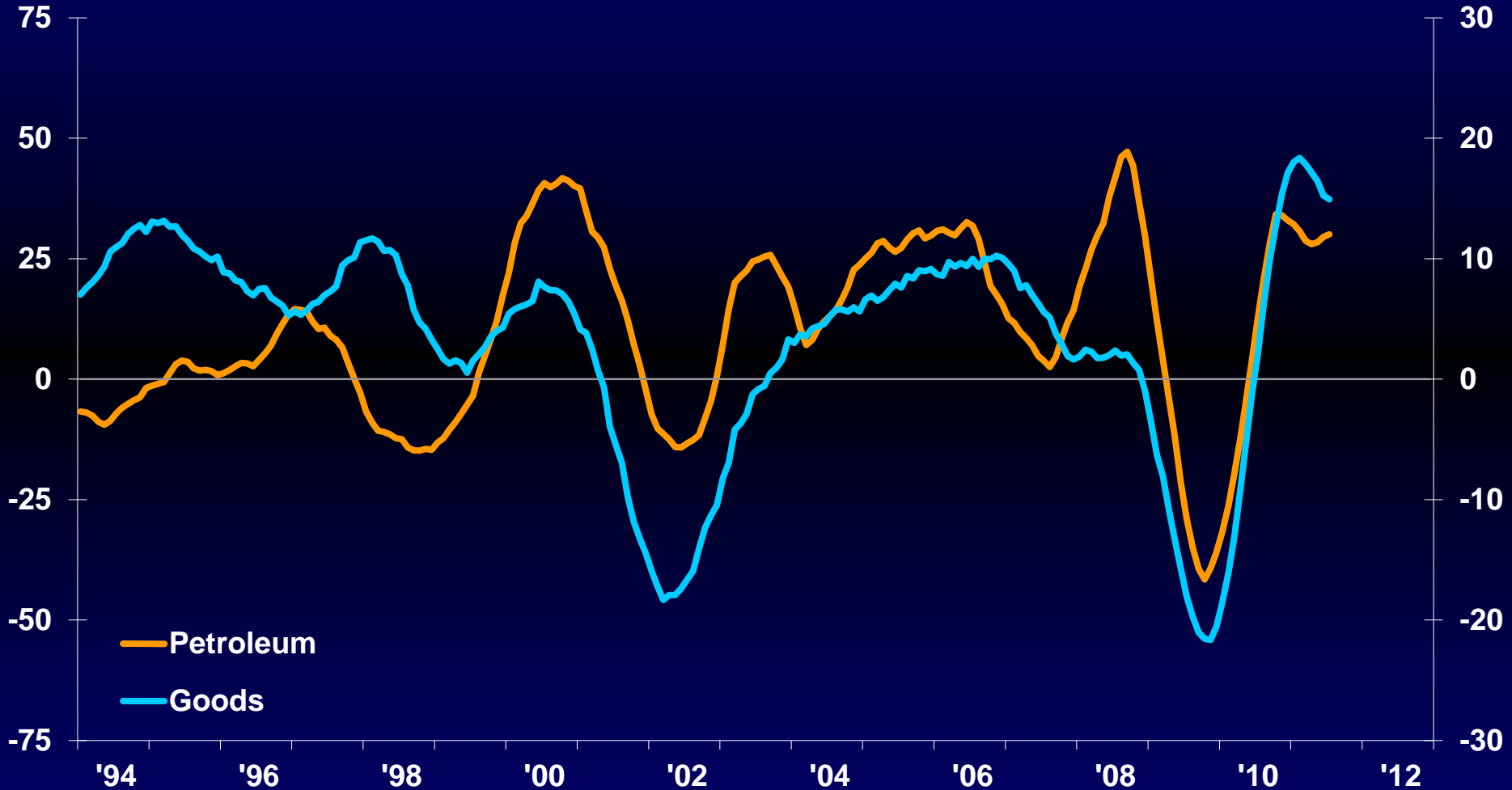


Wholesale Trade Petroleum & Petroleum Products to Nondefense Capital Goods New Orders w/out Aircraft 12/12 Rates-of-Change

20

Petroleum

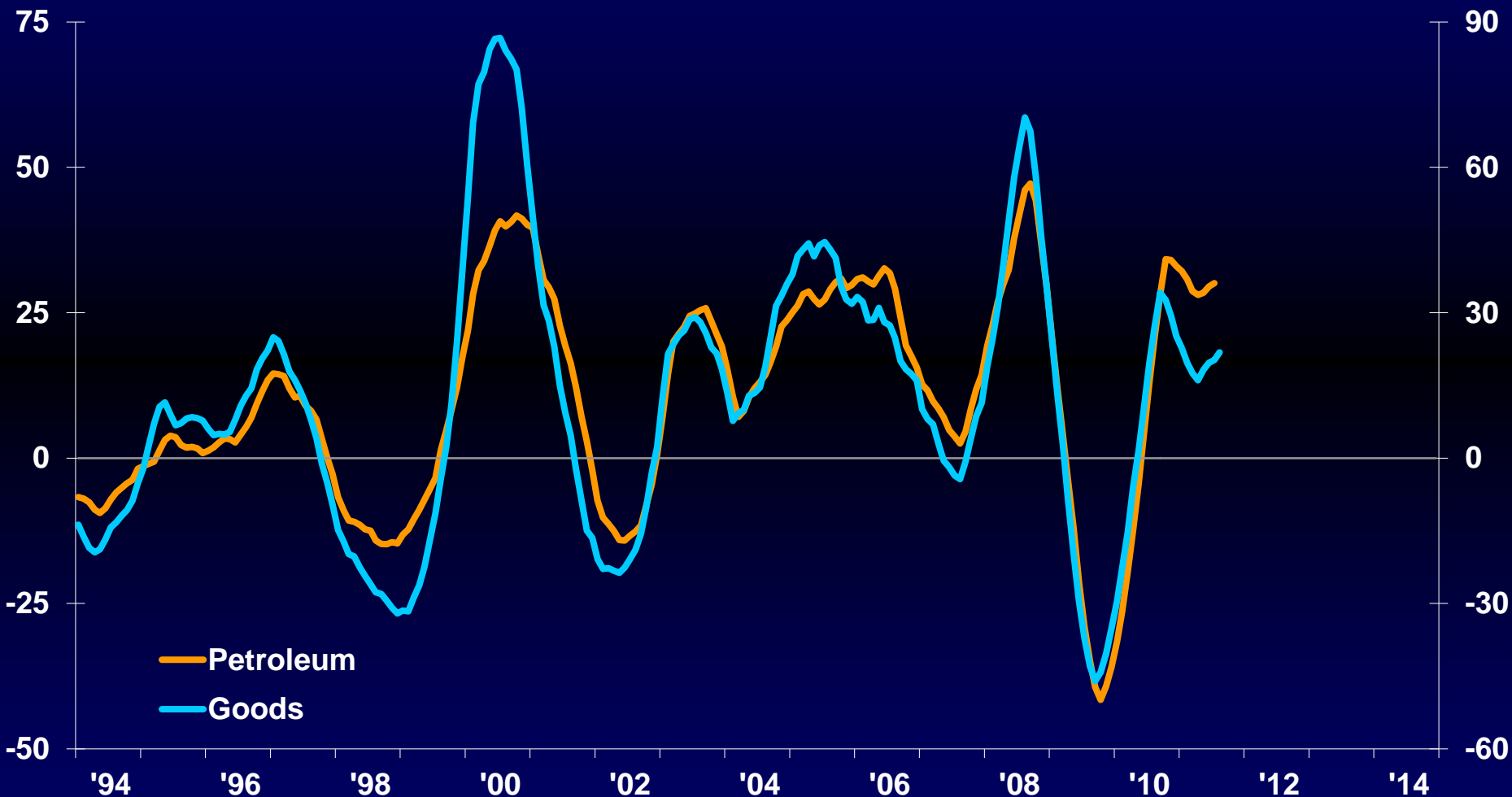
Goods



Wholesale Trade Petroleum & Petroleum Products to Crude Oil Futures Prices 12/12 Rates-of-Change

Petroleum

Oil



M2 Money Supply Trillions of 82\$

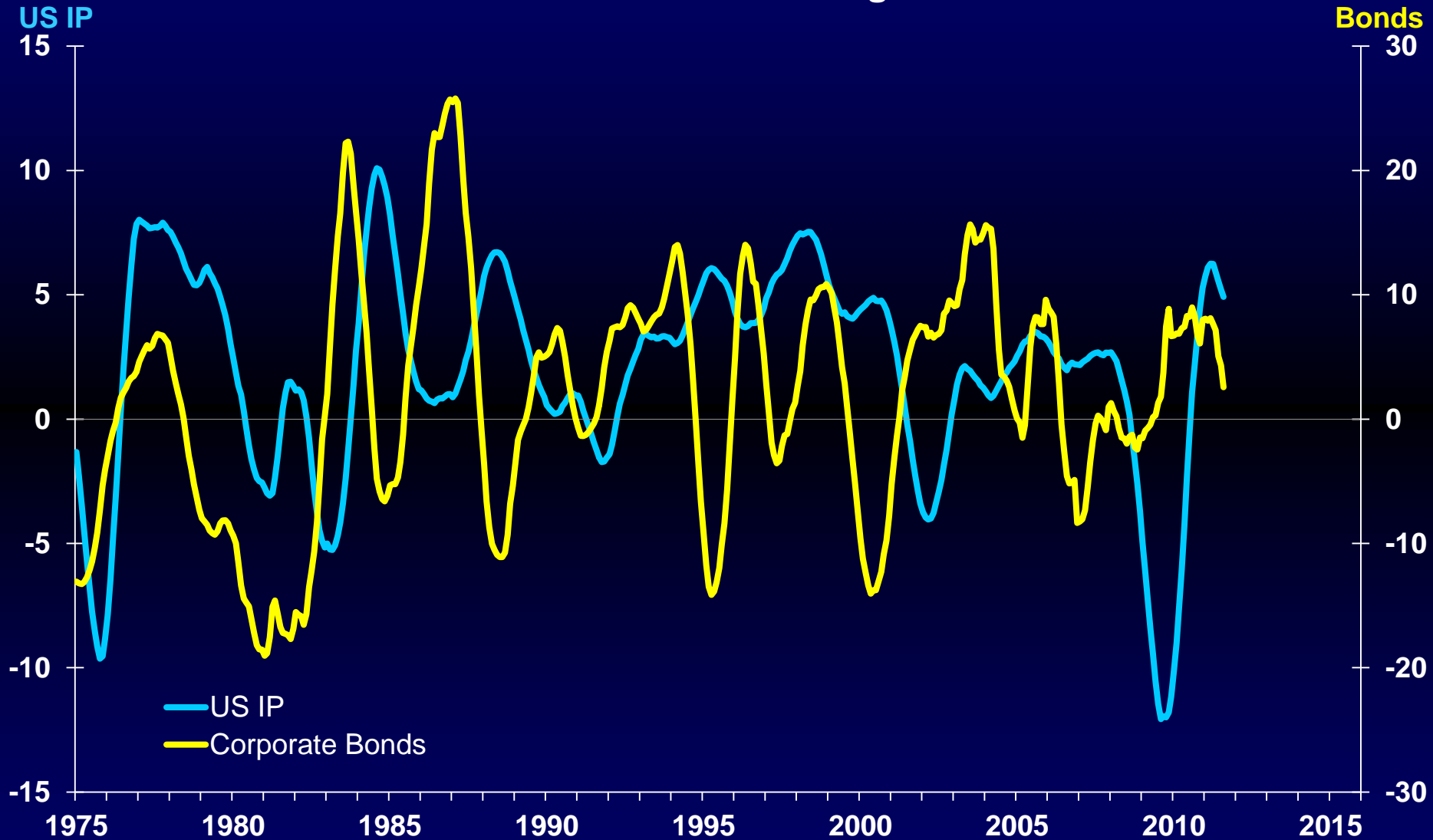


Short-Term Interest Rates to US Gov't Long-Term Bond Yields

Raw Data Trends



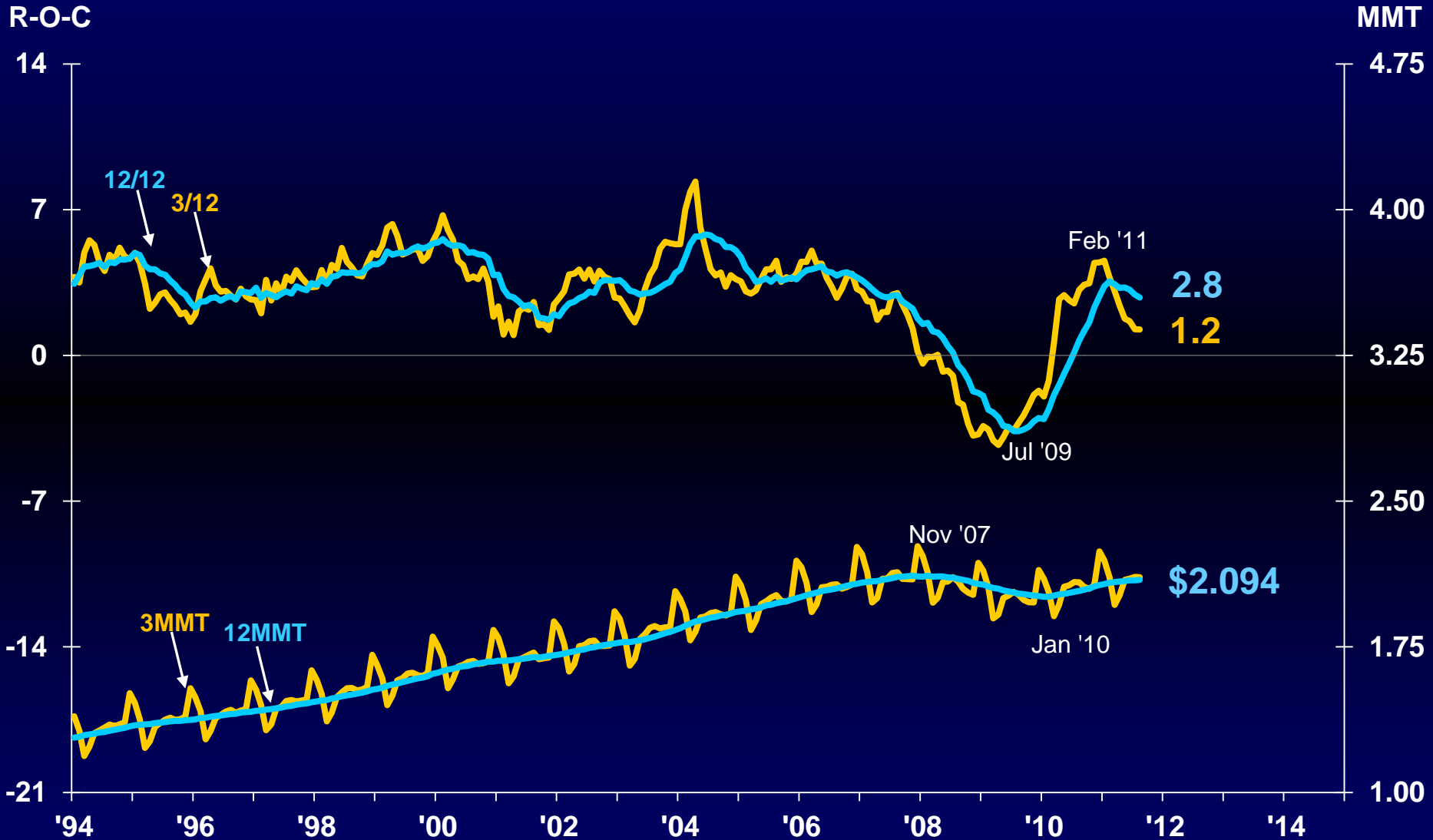
US Industrial Production to Corporate Bond Prices 12/12 Rates-of-Change



US Leading Indicator 1996 = 100



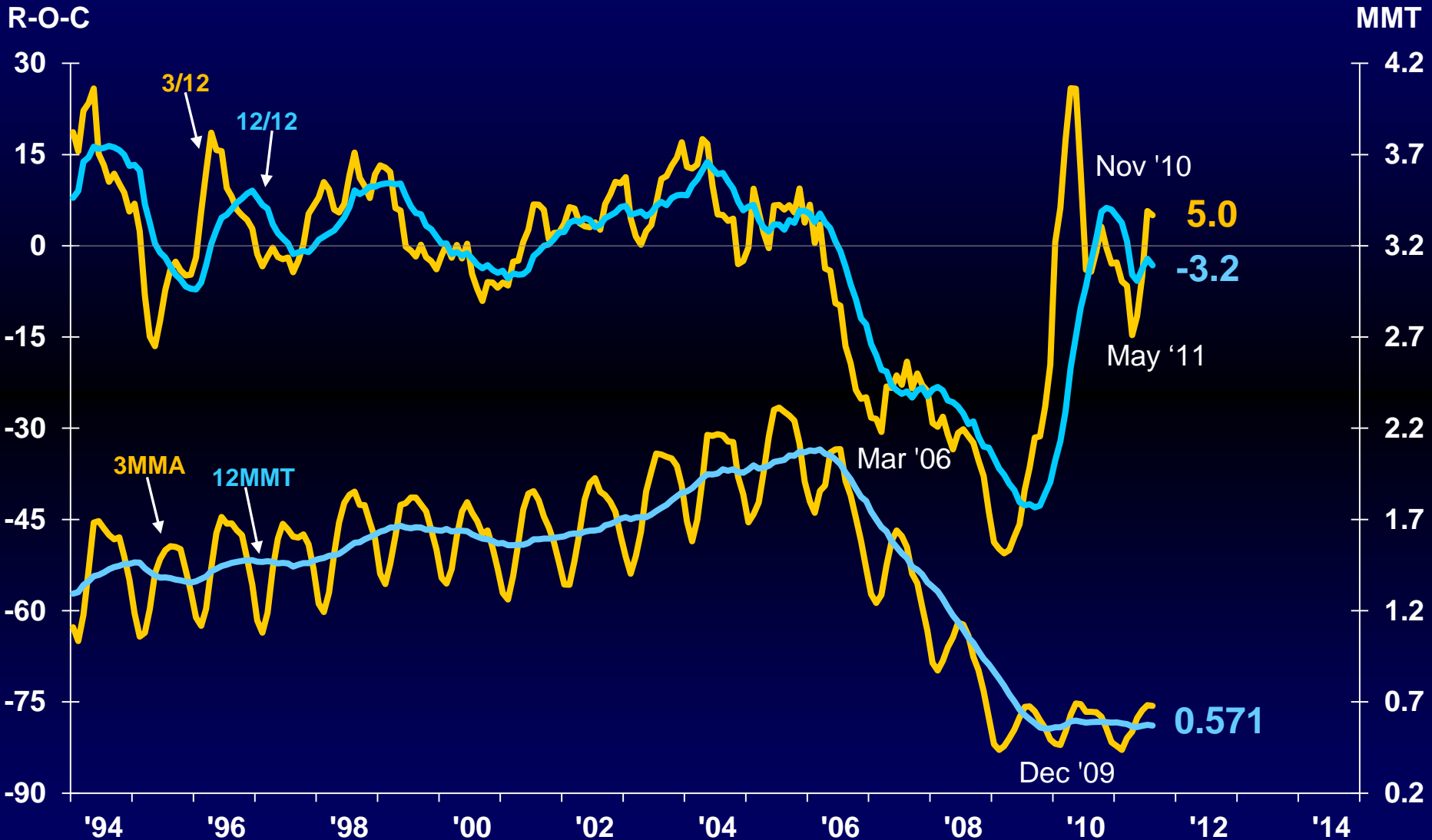
Retail Sales Excluding Automobiles Trillions of 82-84\$



Stock Prices Index S&P 500, 1941-43 = 10



Housing Starts Millions of Units

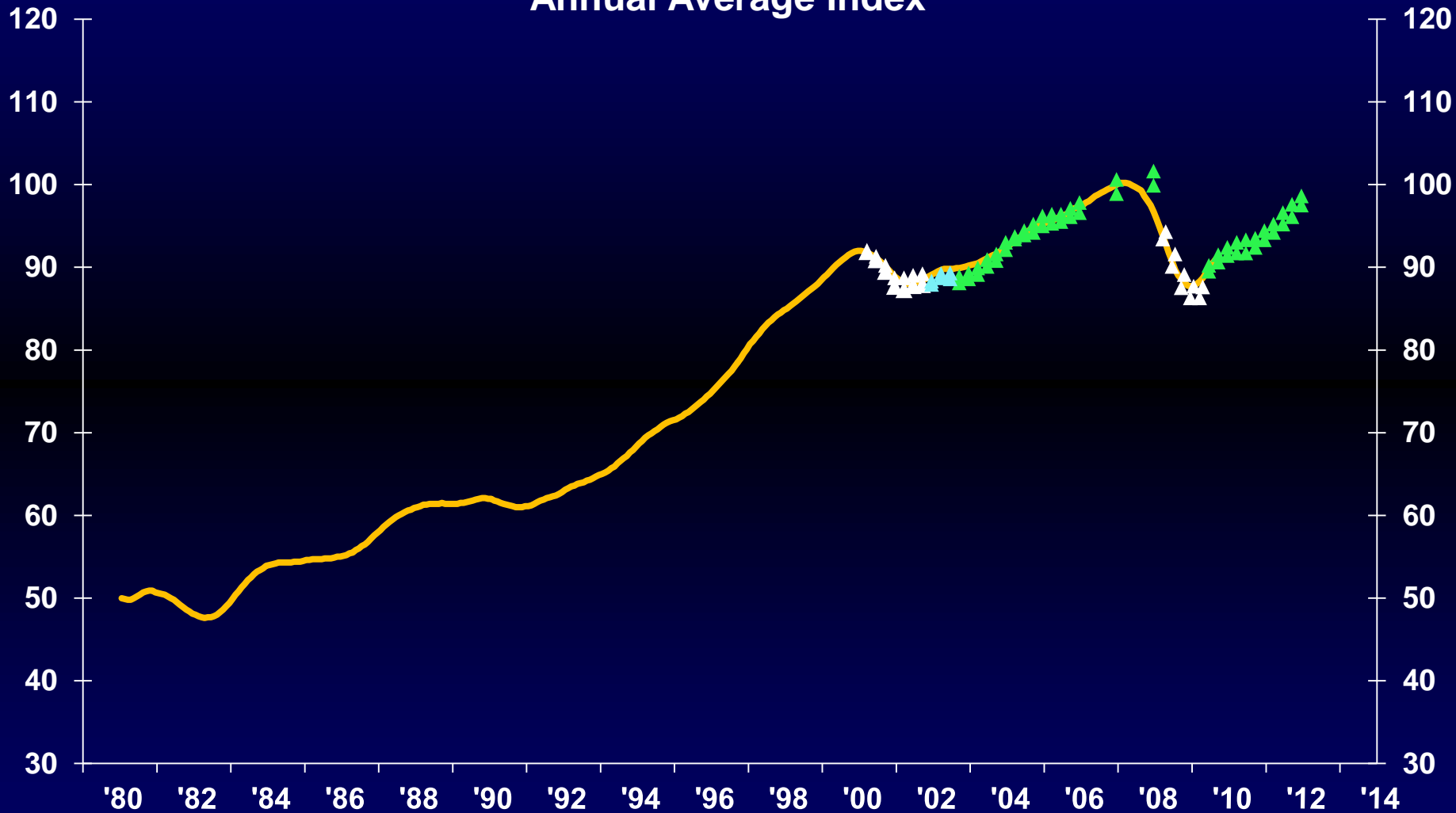


US Industrial Production Index

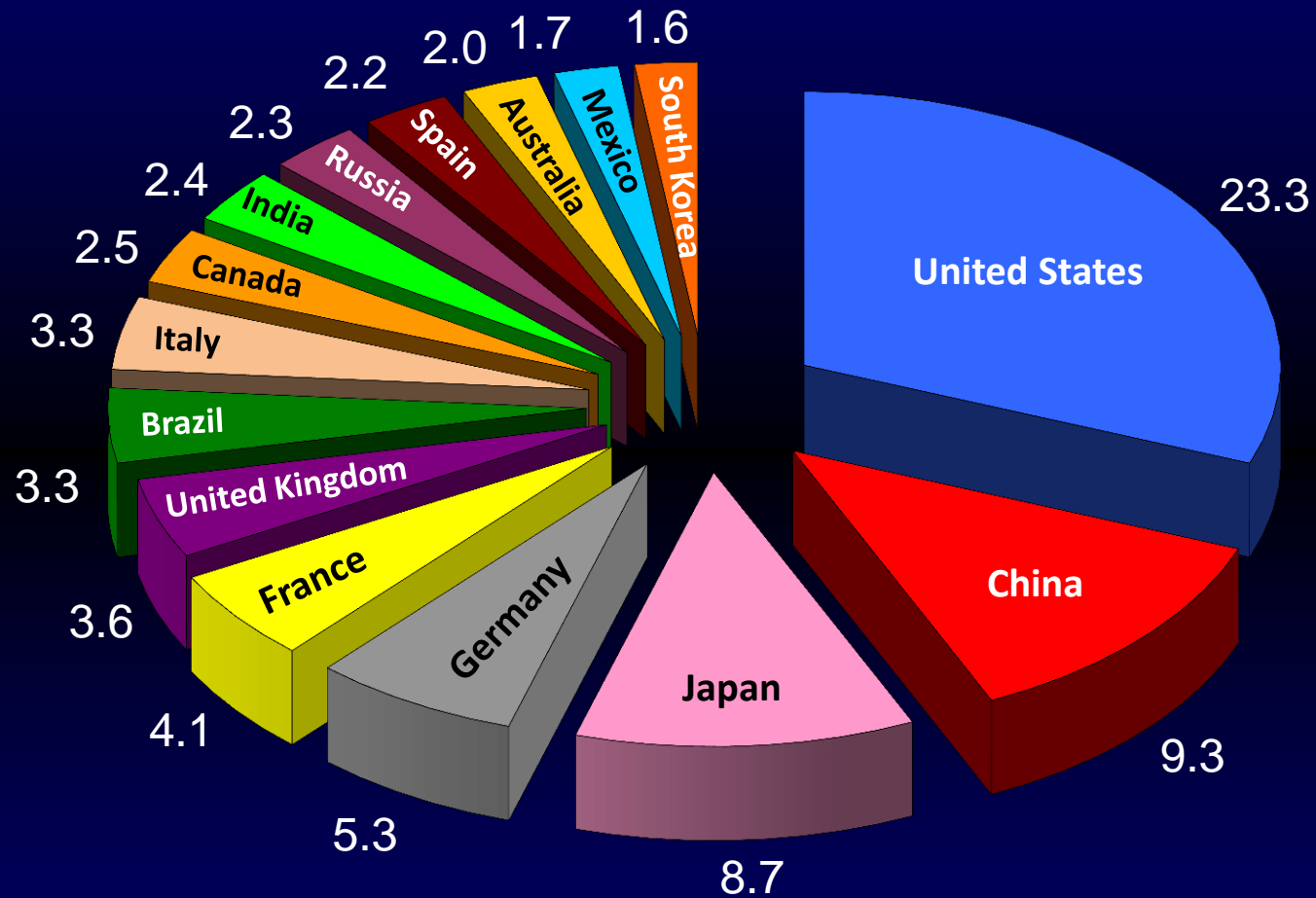
2007 = 100

Forecast Through December 2012

Annual Average Index



World GDP, Bils of US \$, Current Prices Percent of World GDP



Winning Demographics

USA ~ 300 million grows to 400 – 500 million
India
Indonesia
Australia
Mexico
Brazil

Negative Demographics

China
Europe
Japan
Russia (13% want to leave)

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

**kristen@itreconomics.com
603-796-2500**

Clients and Subscribers may call at any time to ask questions.

