

Business Cycle Trends and Predictors

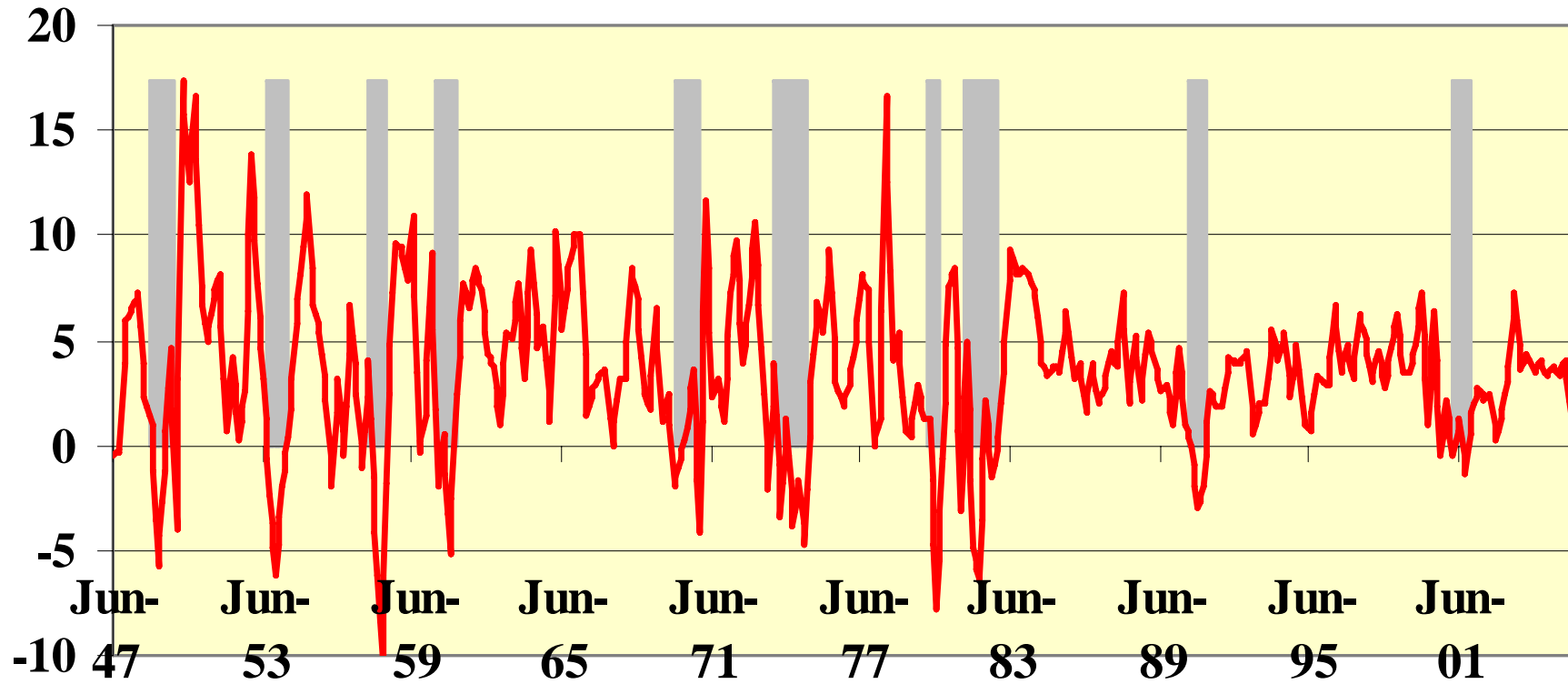
**Presented to
The National Association of
Purchasing Managers of Southern Colorado
February 23, 2005**

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Southern Colorado Economic Forum
University of Colorado at Colorado Springs**

Objectives

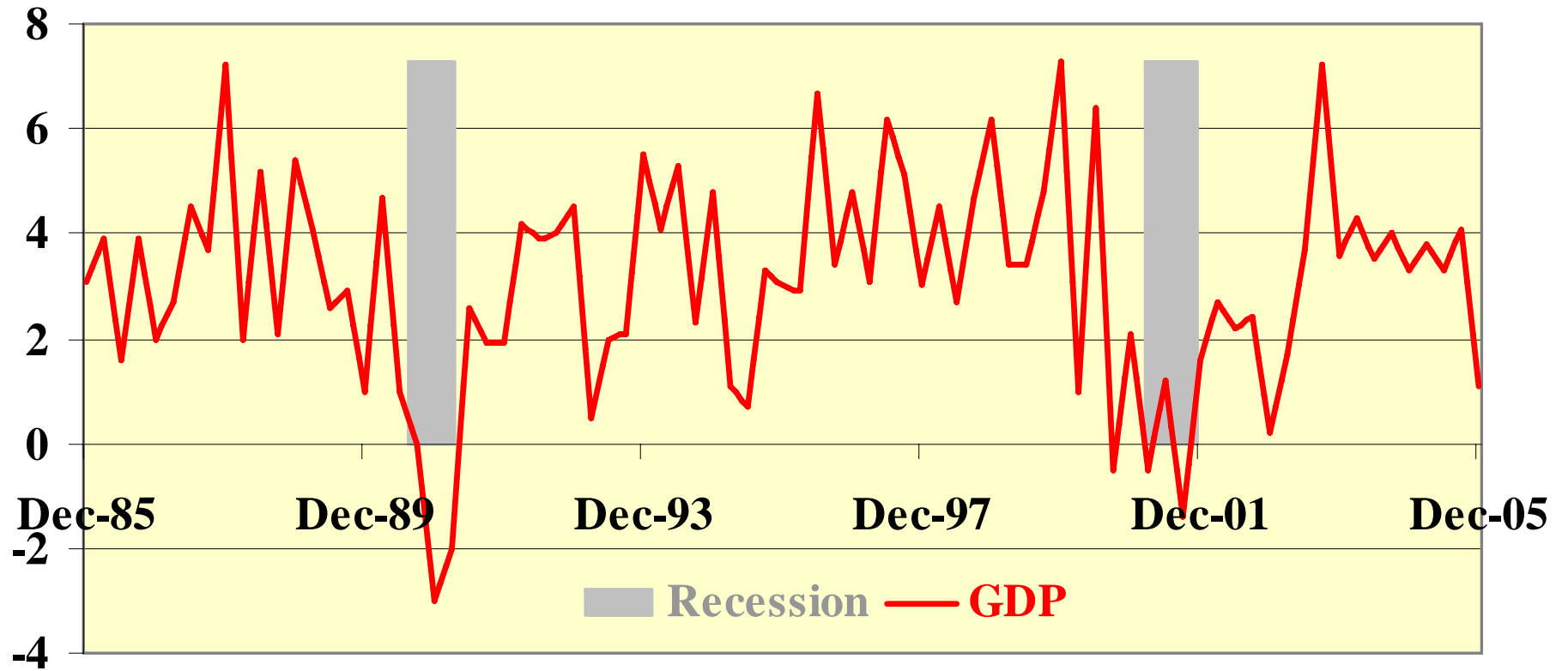
- GDP and the business cycle
- Leading economic indicators
- Local indicators
- The oil/hurricane blip in the economy
- Non-manufacturing PMI
- A proposal to consider
- Questions

Annualized Real Growth Rate in GDP and Recession Periods



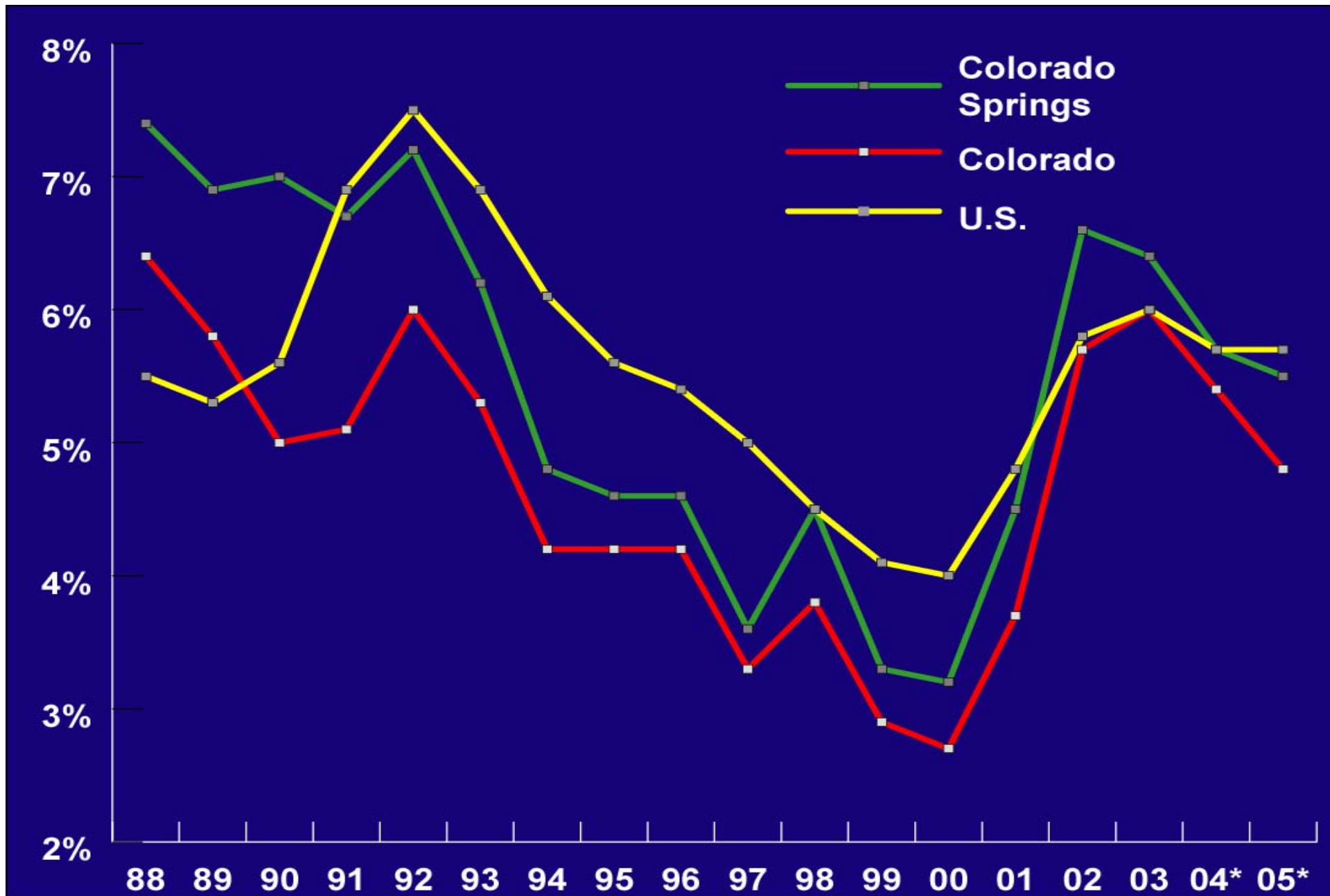
Source: BEA

Real Growth in GDP: 1985-2005

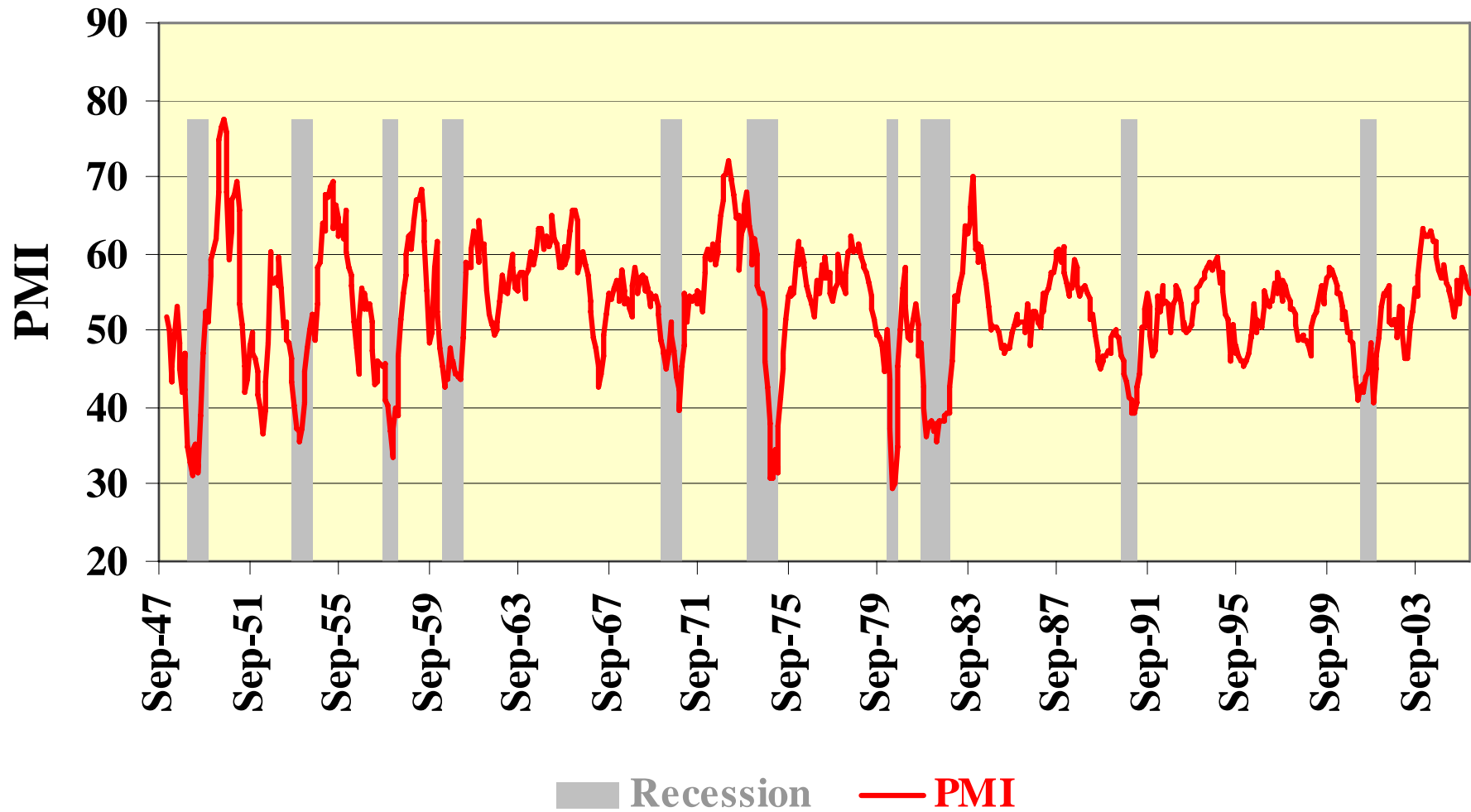


Source: BEA

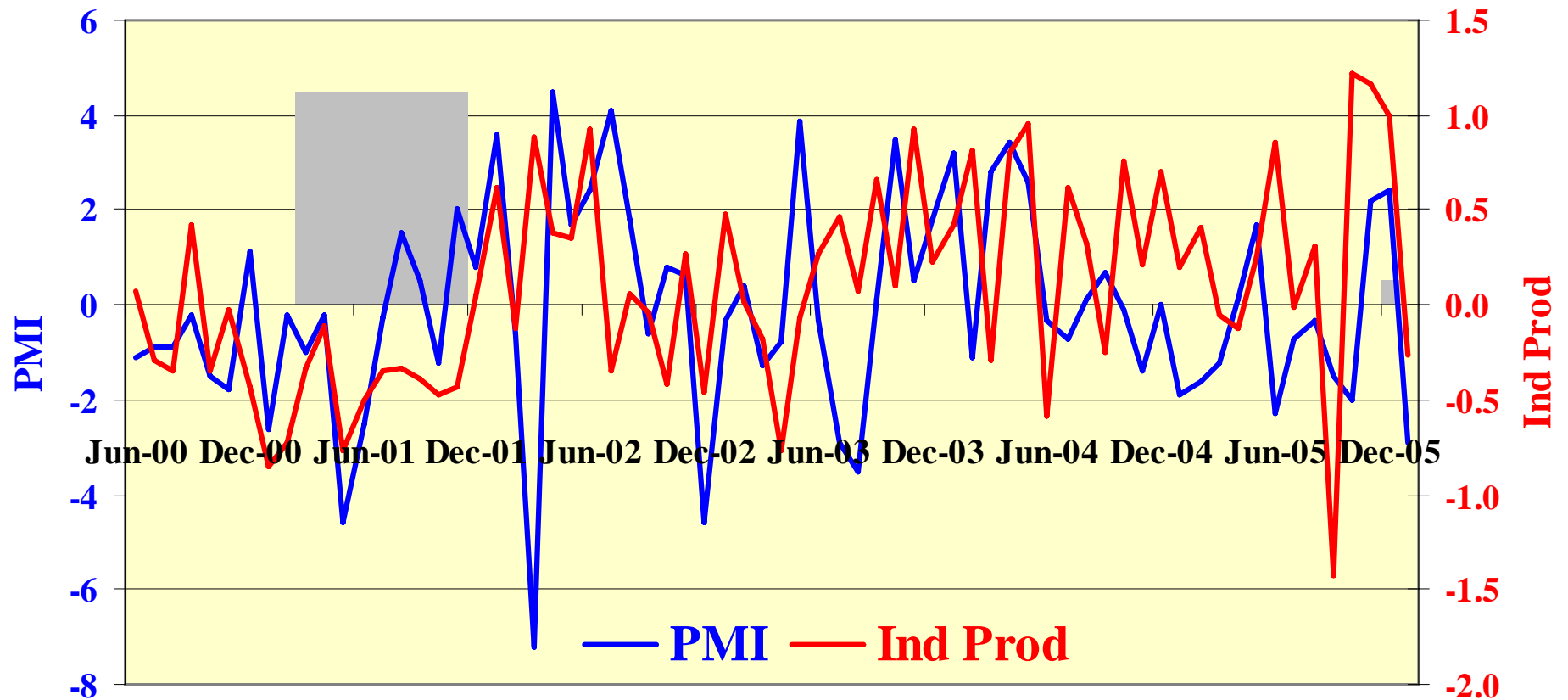
Unemployment



Manufacturing PMI and Recession Periods

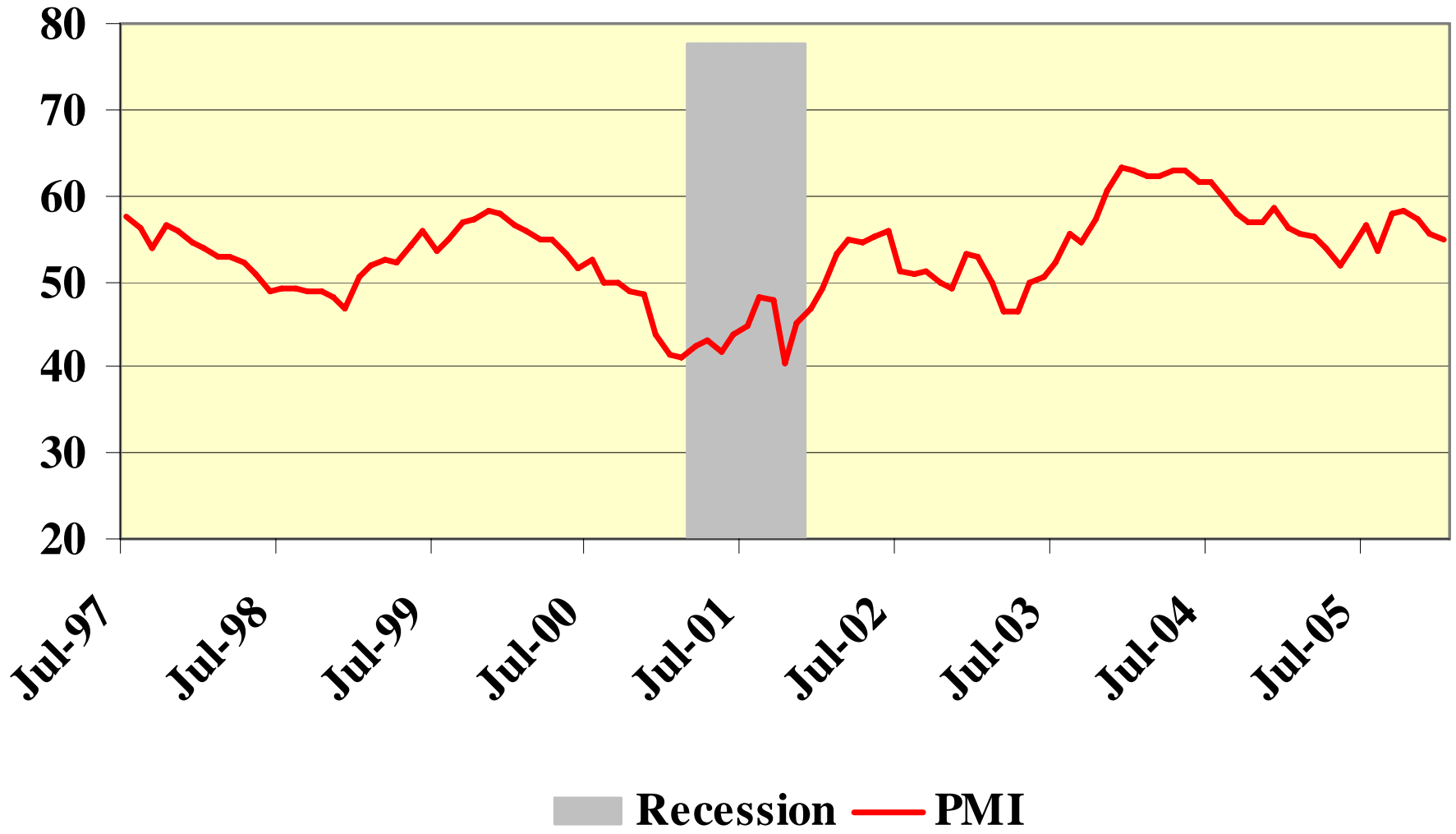


Industrial Production Lagged 5 Months Behind PMI: Correlation = 0.19

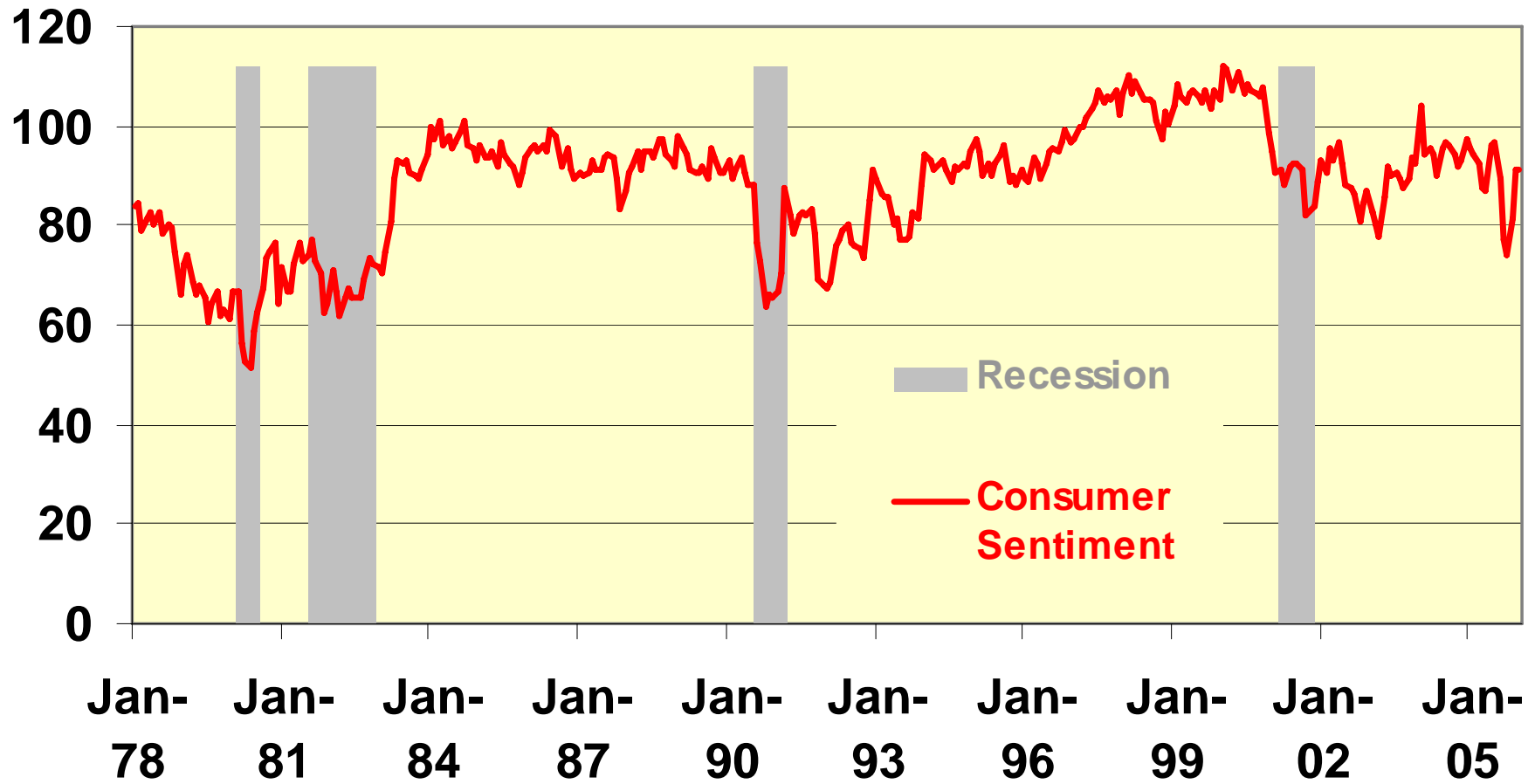


Note: Time Line is Set for Industrial Production

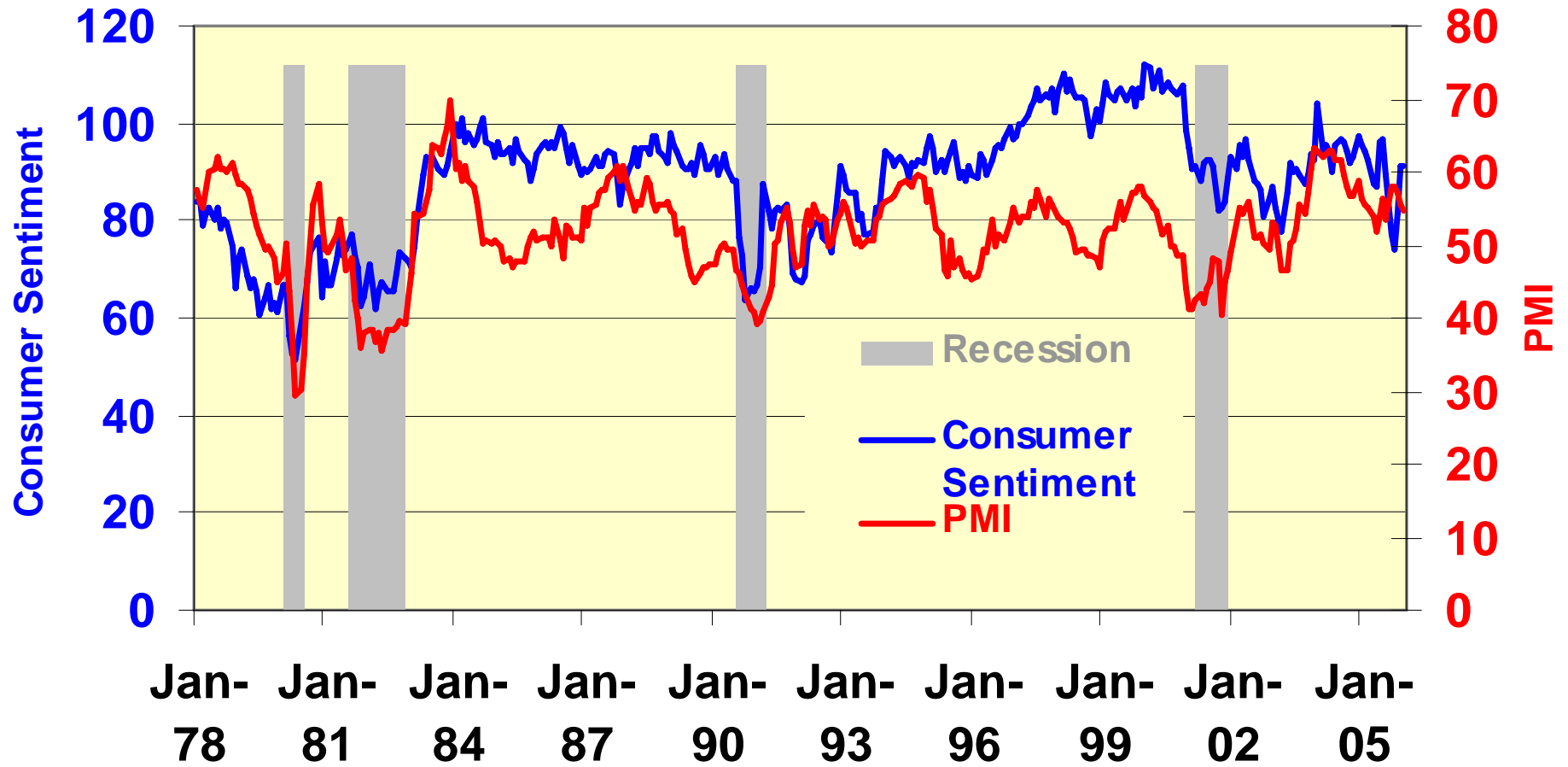
PMI and the 2001 Recession



Consumer Sentiment and Recessions

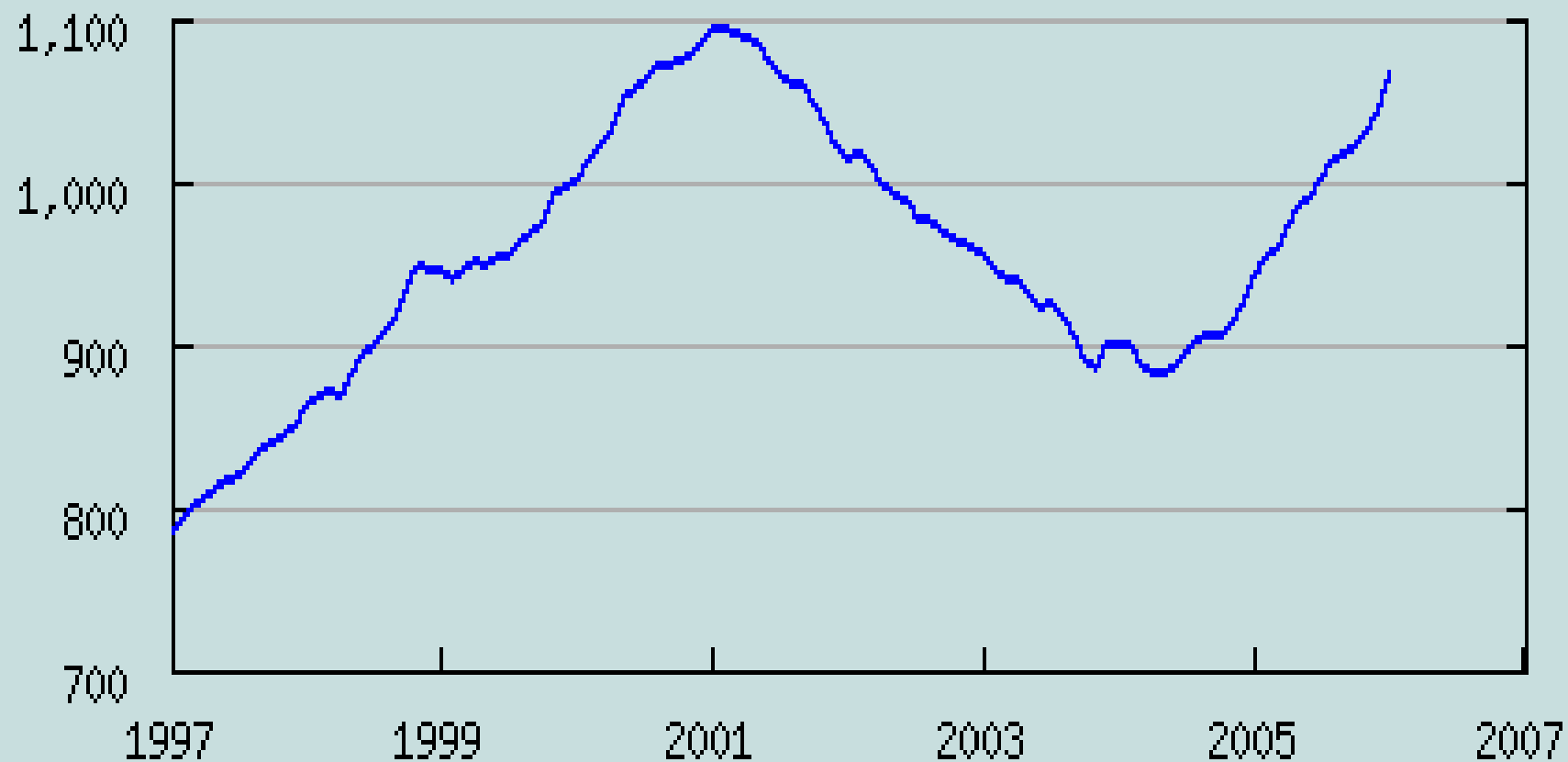


Consumer Sentiment, Recessions and PMI



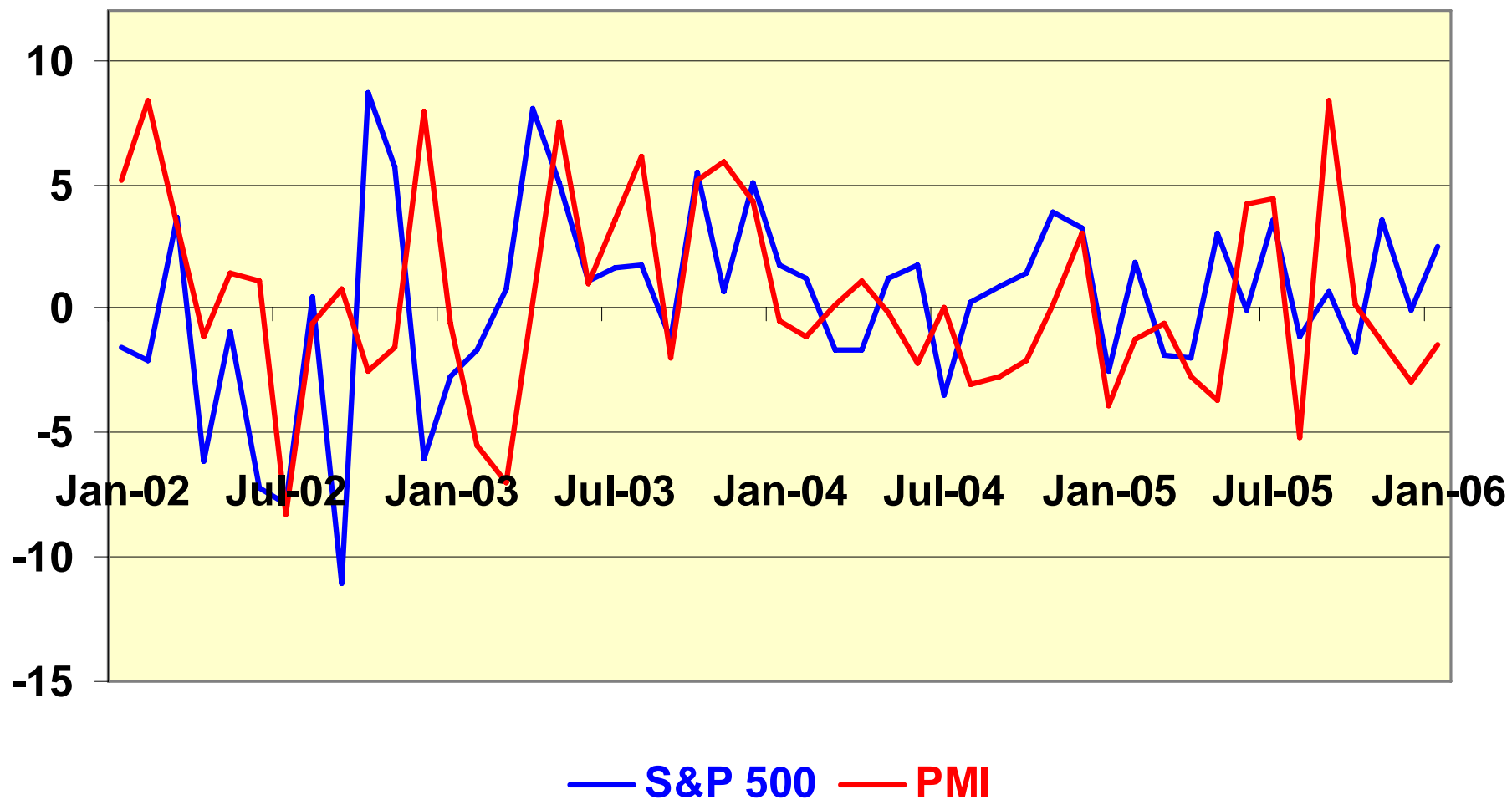
Commercial and Industrial Loans at All Commercial Banks
(Billions of Dollars)

Source: Board of Governors of the Federal Reserve System



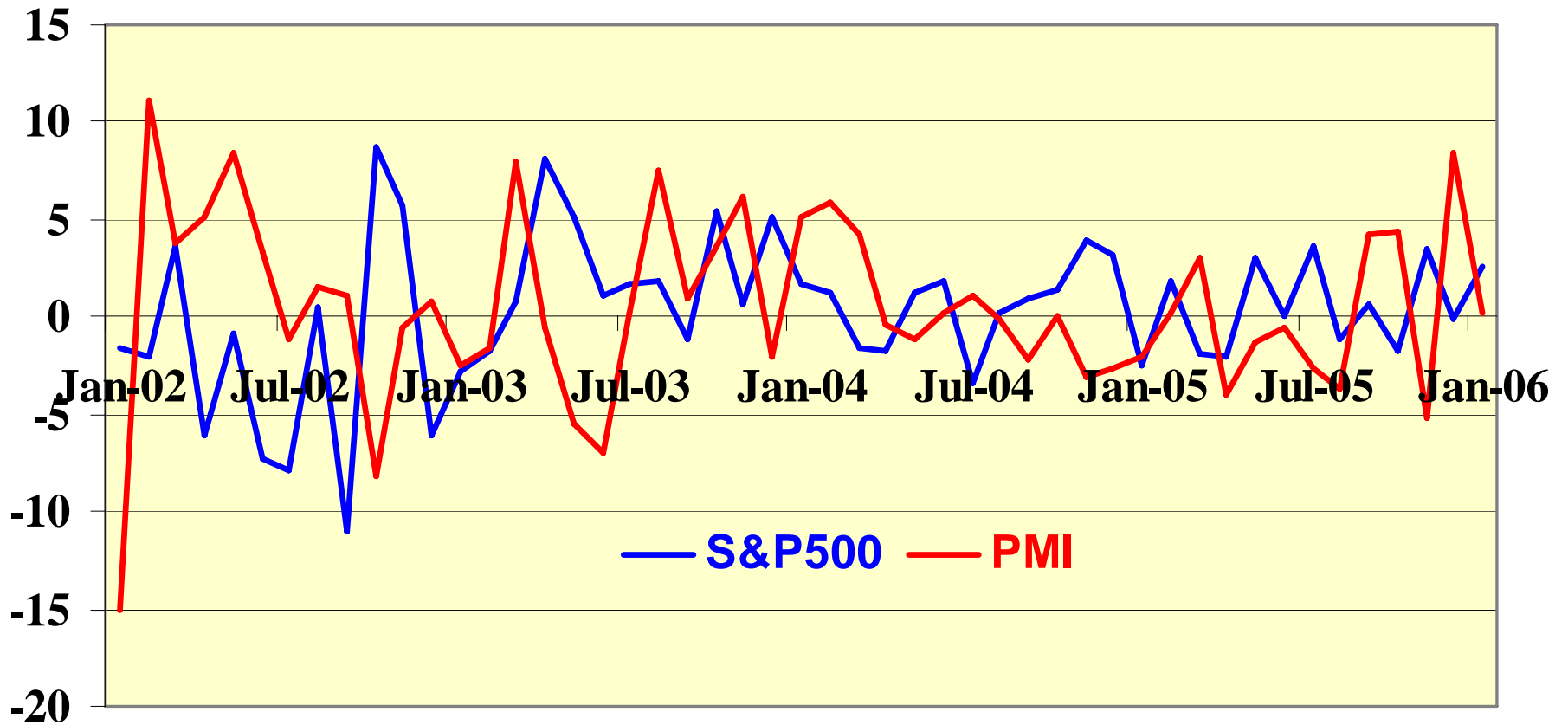
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S&P500 and PMI: Correlation = 0.13



S&P 500 Lagged 3 Months Behind

Correlation = -0.20

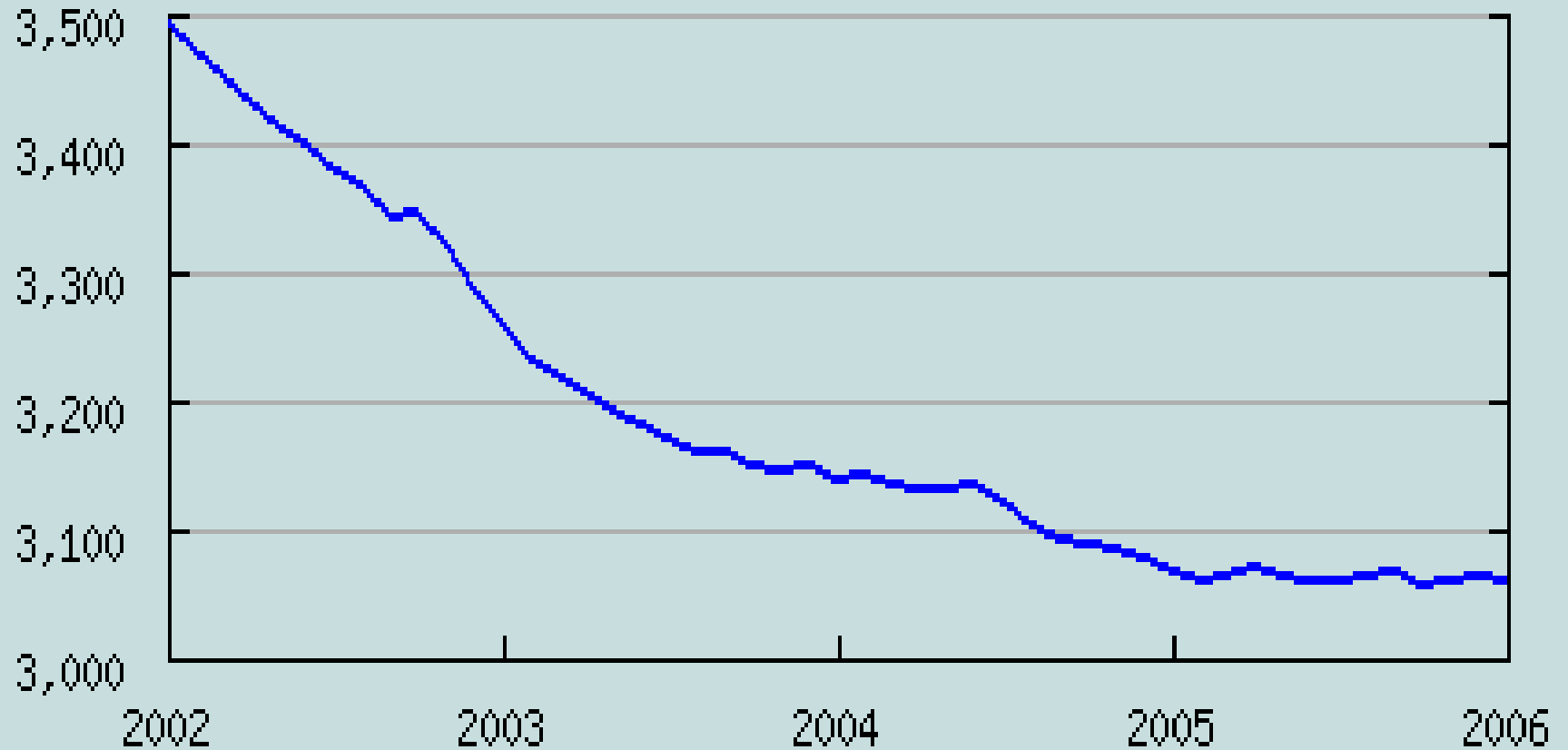


Employment Trends During Recession

- Tech & telecomm
- Goods producing industries
- Professional services
- National, state and local
- The El Paso County Business Conditions Index

All Employees: Information Services
(Thousands)

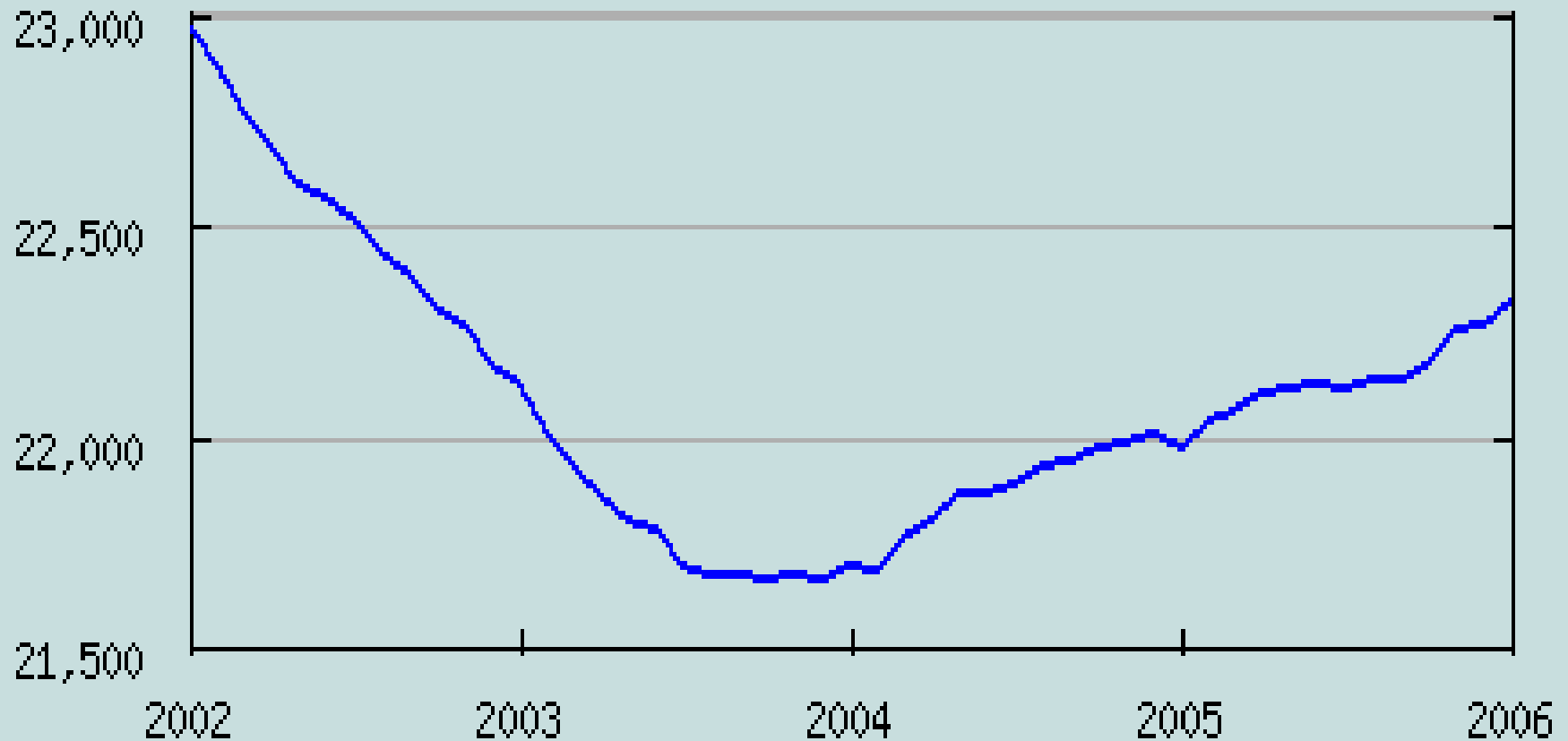
Source: U.S. Department of Labor: Bureau of Labor Statistics



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All Employees: Goods-Producing Industries
(Thousands)

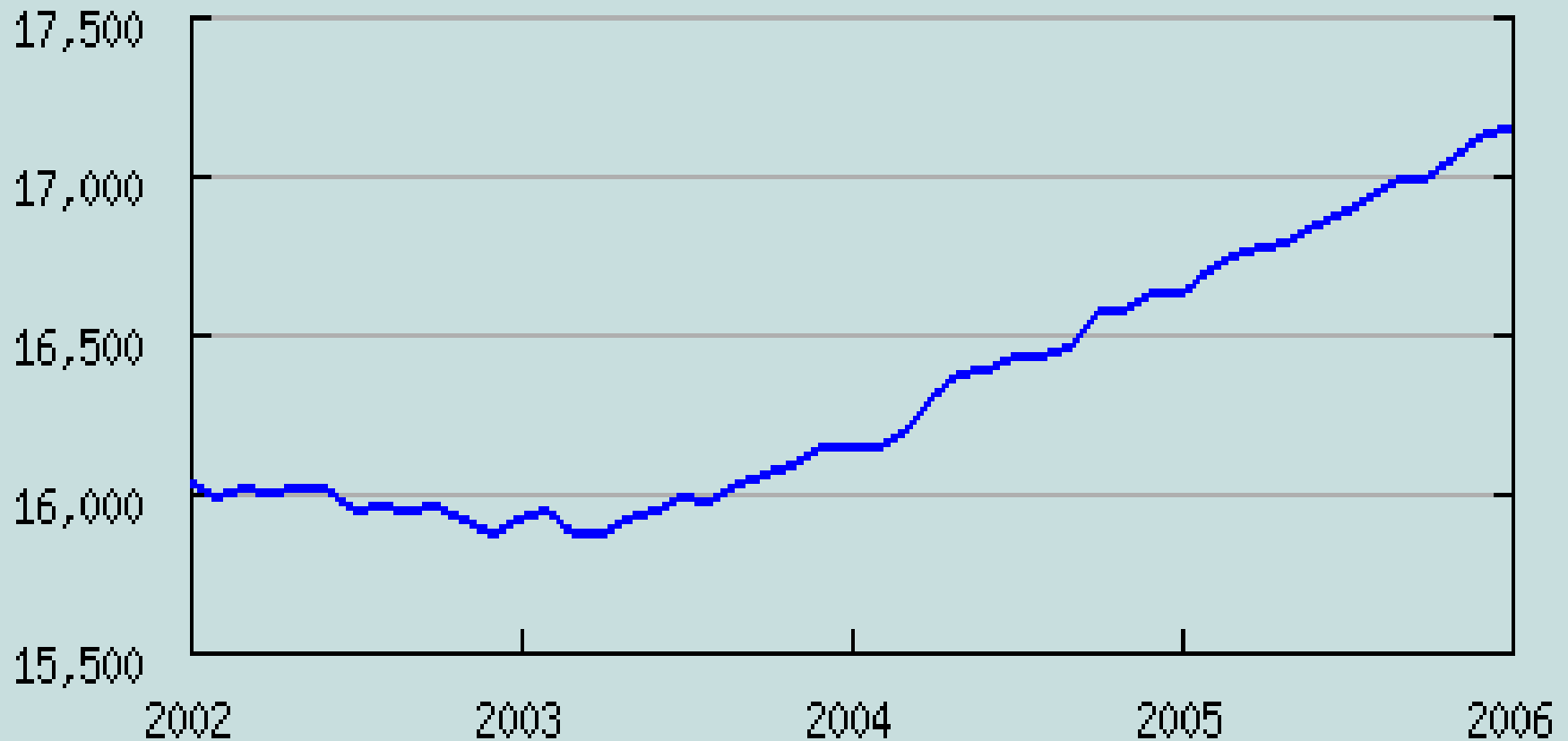
Source: U.S. Department of Labor: Bureau of Labor Statistics



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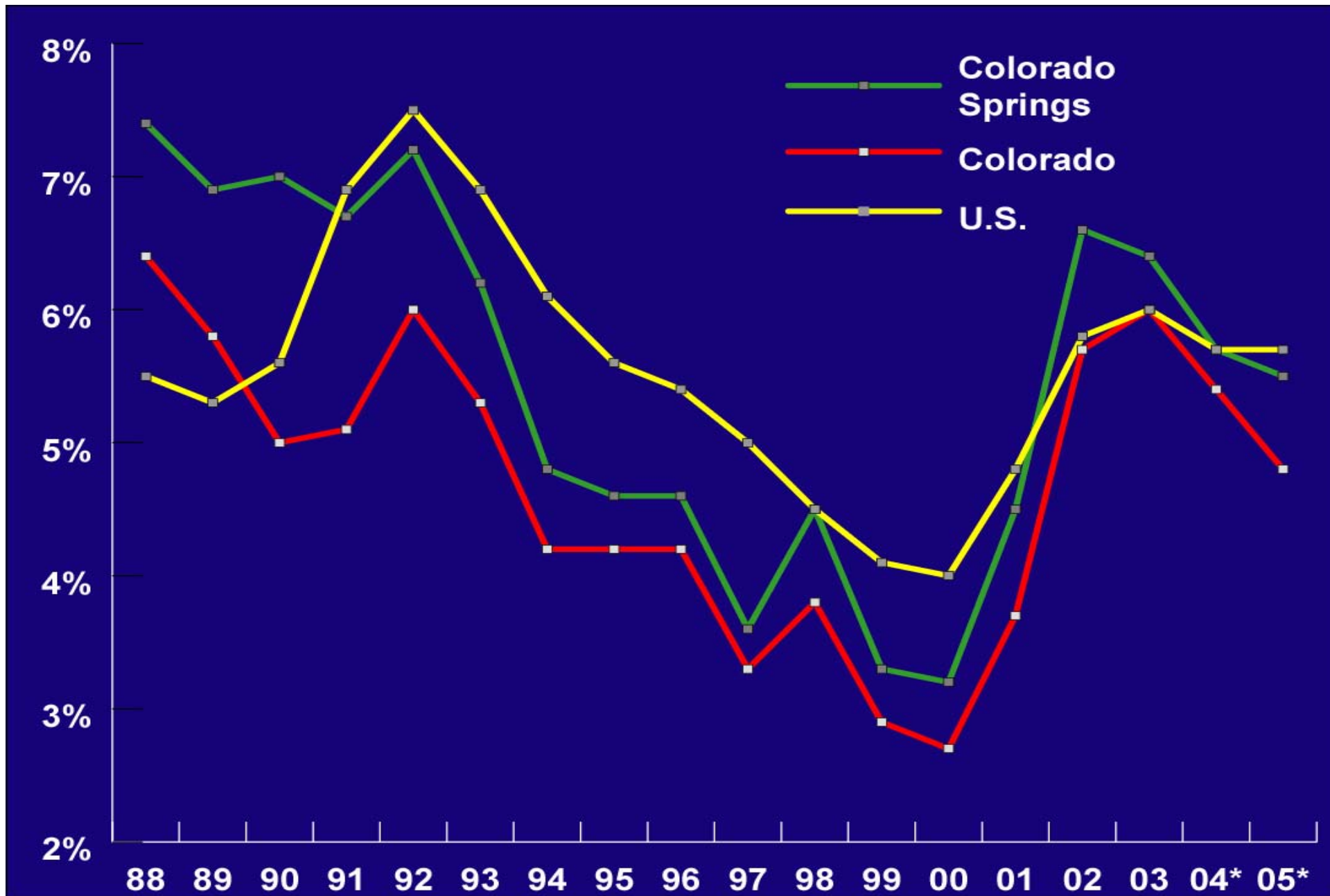
All Employees: Professional & Business Services
(Thousands)

Source: U.S. Department of Labor: Bureau of Labor Statistics

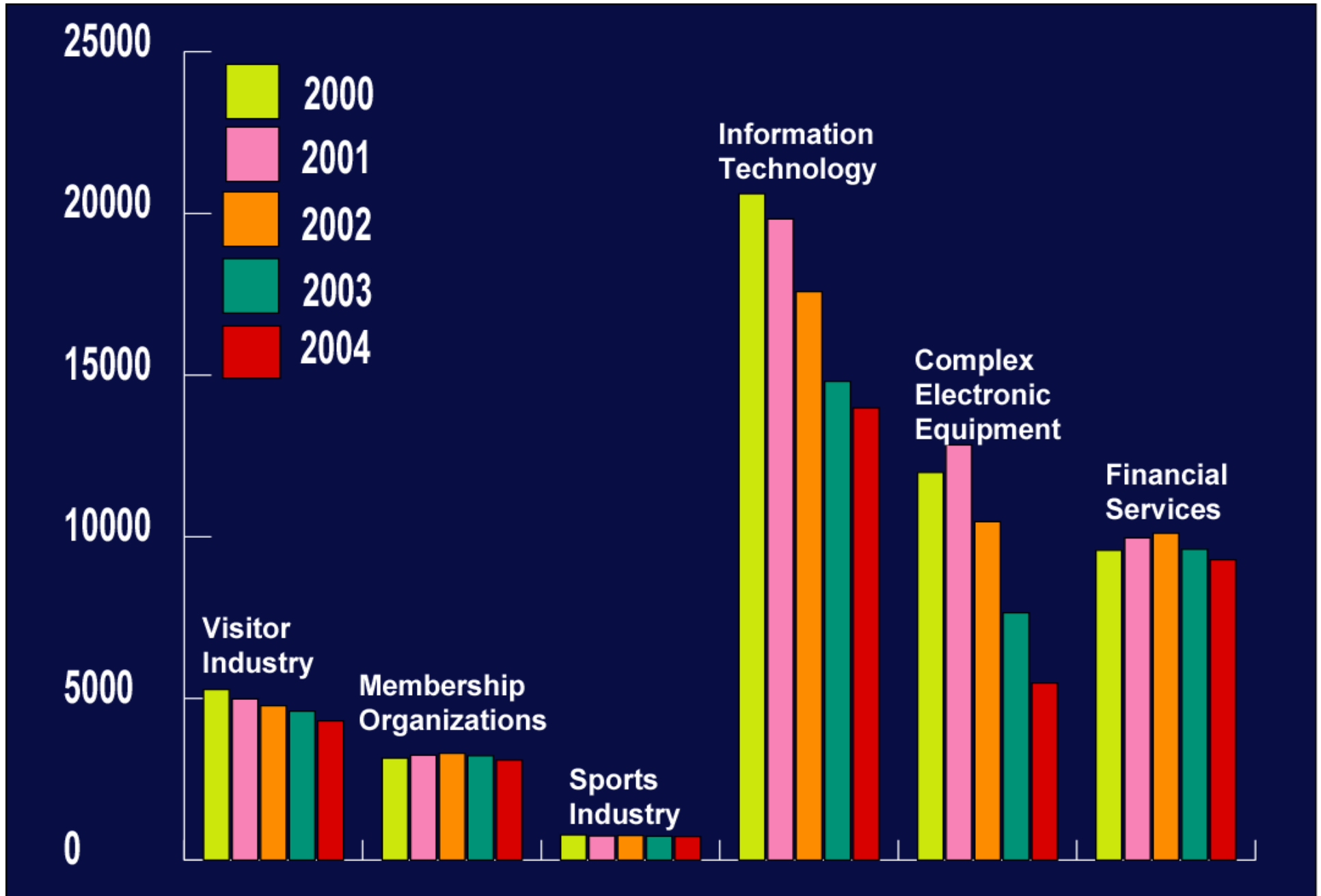


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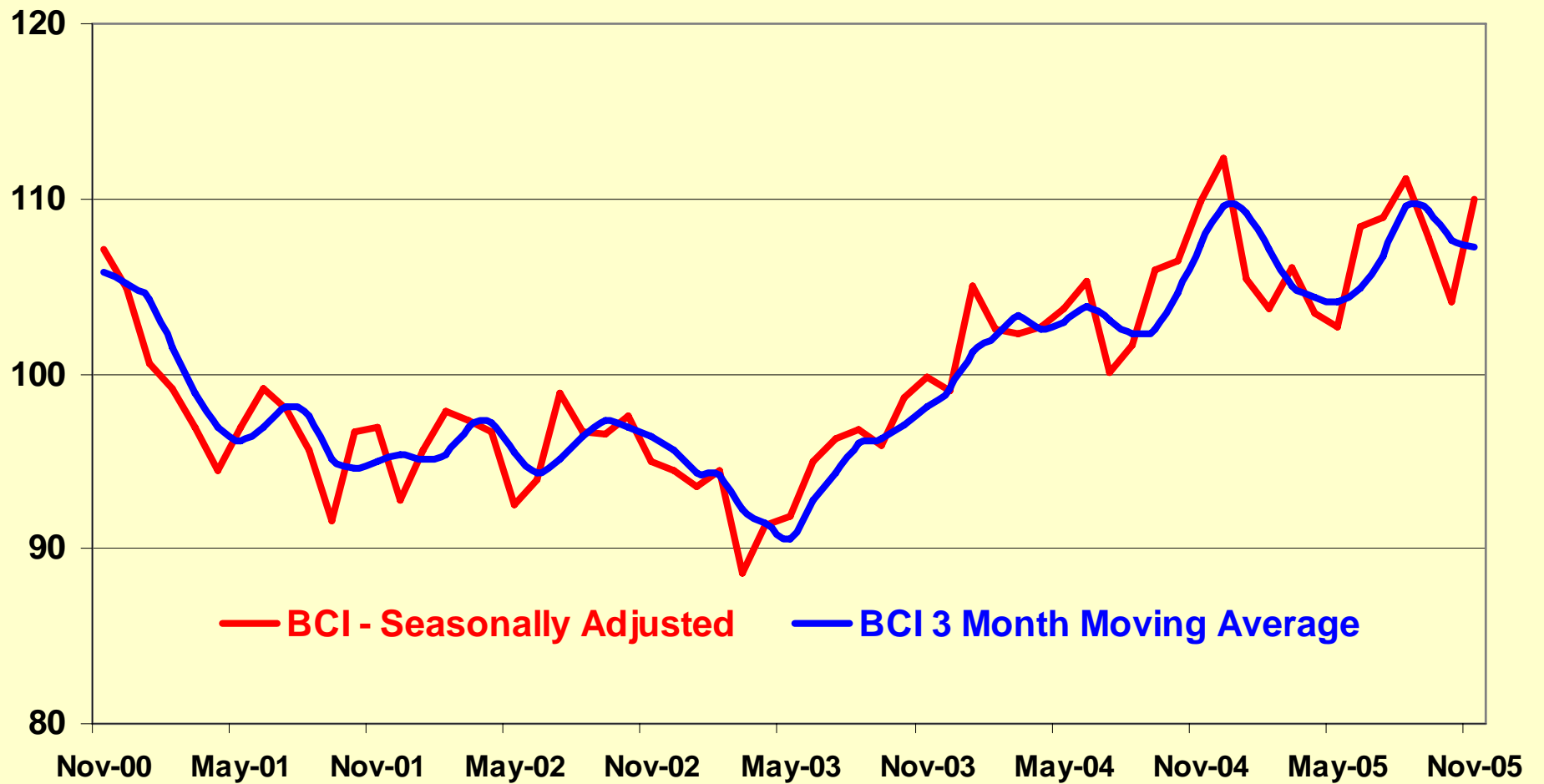
Unemployment



Cluster Employment In El Paso County



Colorado Springs Business Conditions Index (March 2001 = 100)



The Oil/Hurricane Blip

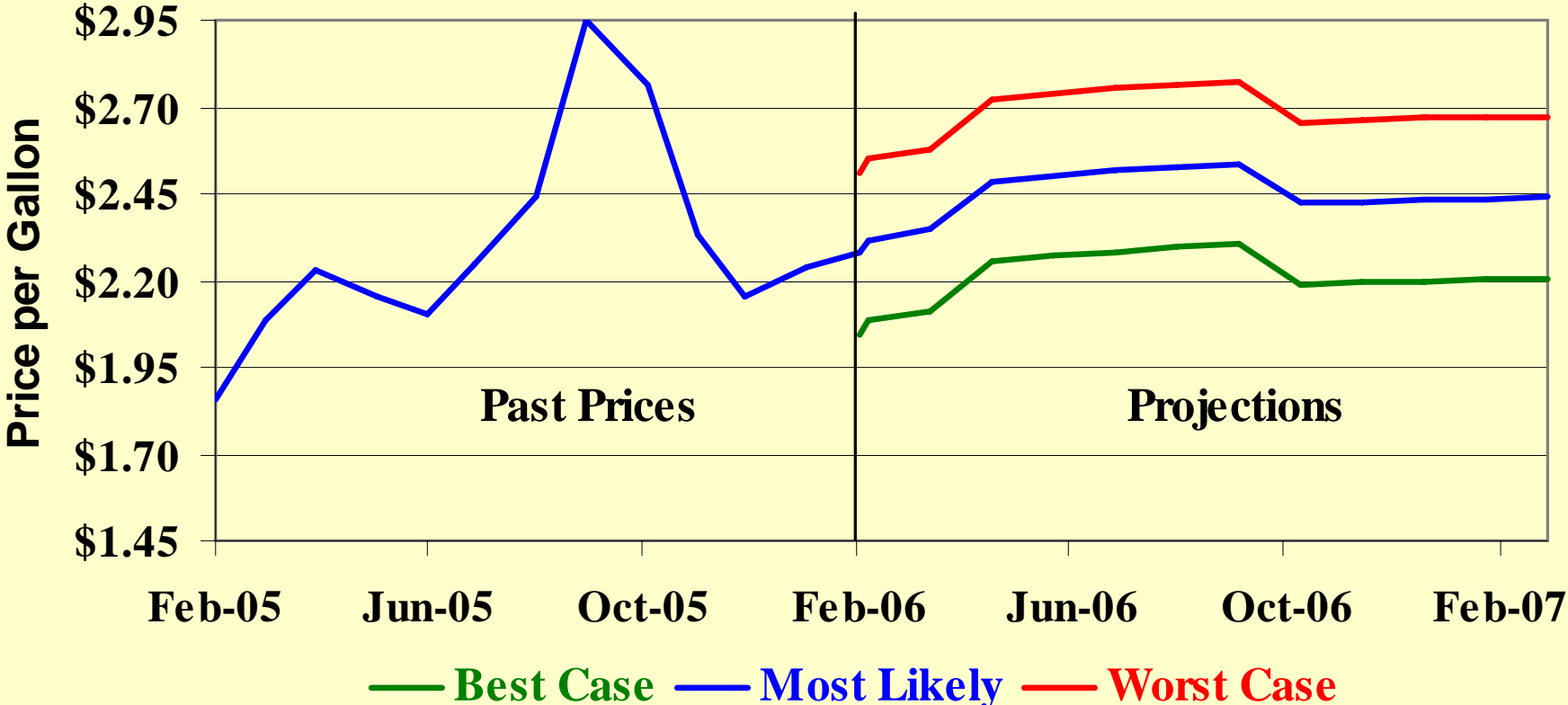
Spot Oil Price: West Texas Intermediate
(Dollars per Barrel)

Source: Dow Jones & Company



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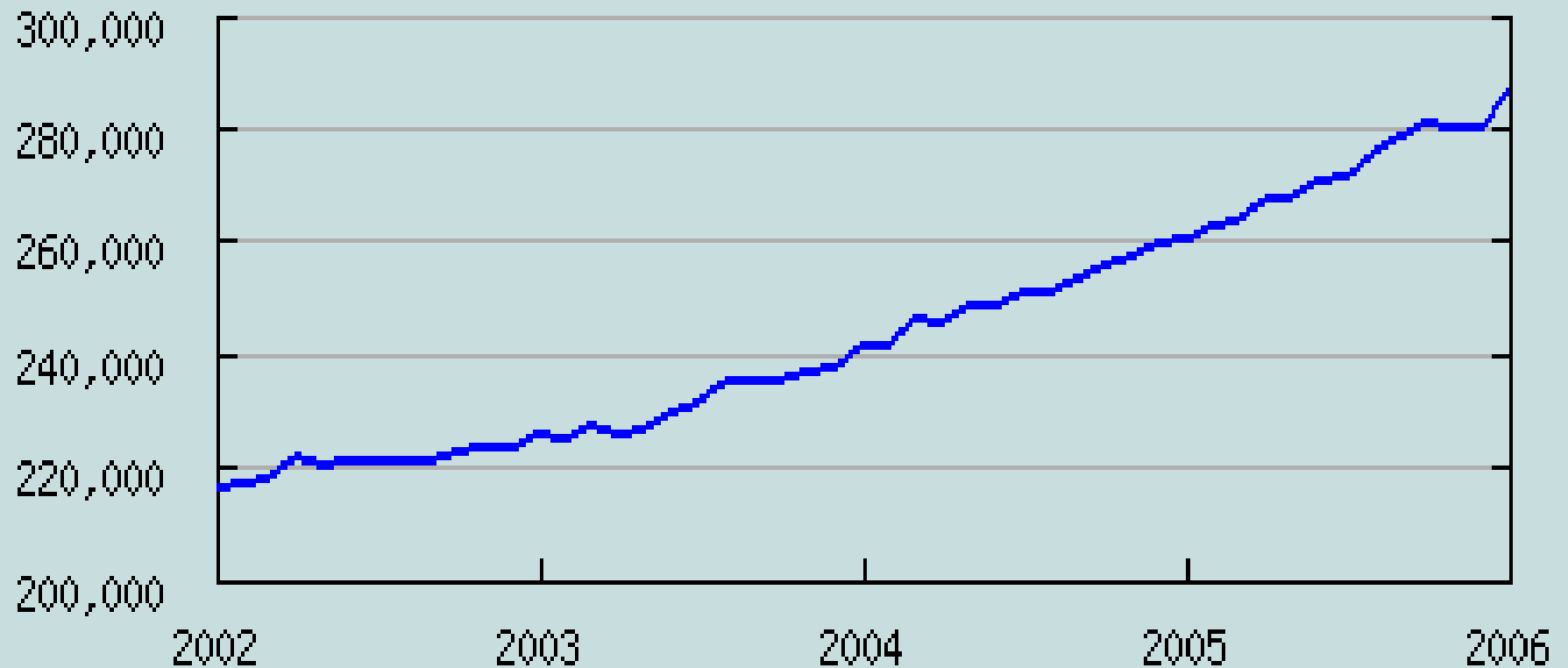
Price per Gallon of Gasoline in Colorado



Retail Sales and Food Services Excluding Motor Vehicles and Parts Dealers

(Millions of Dollars)

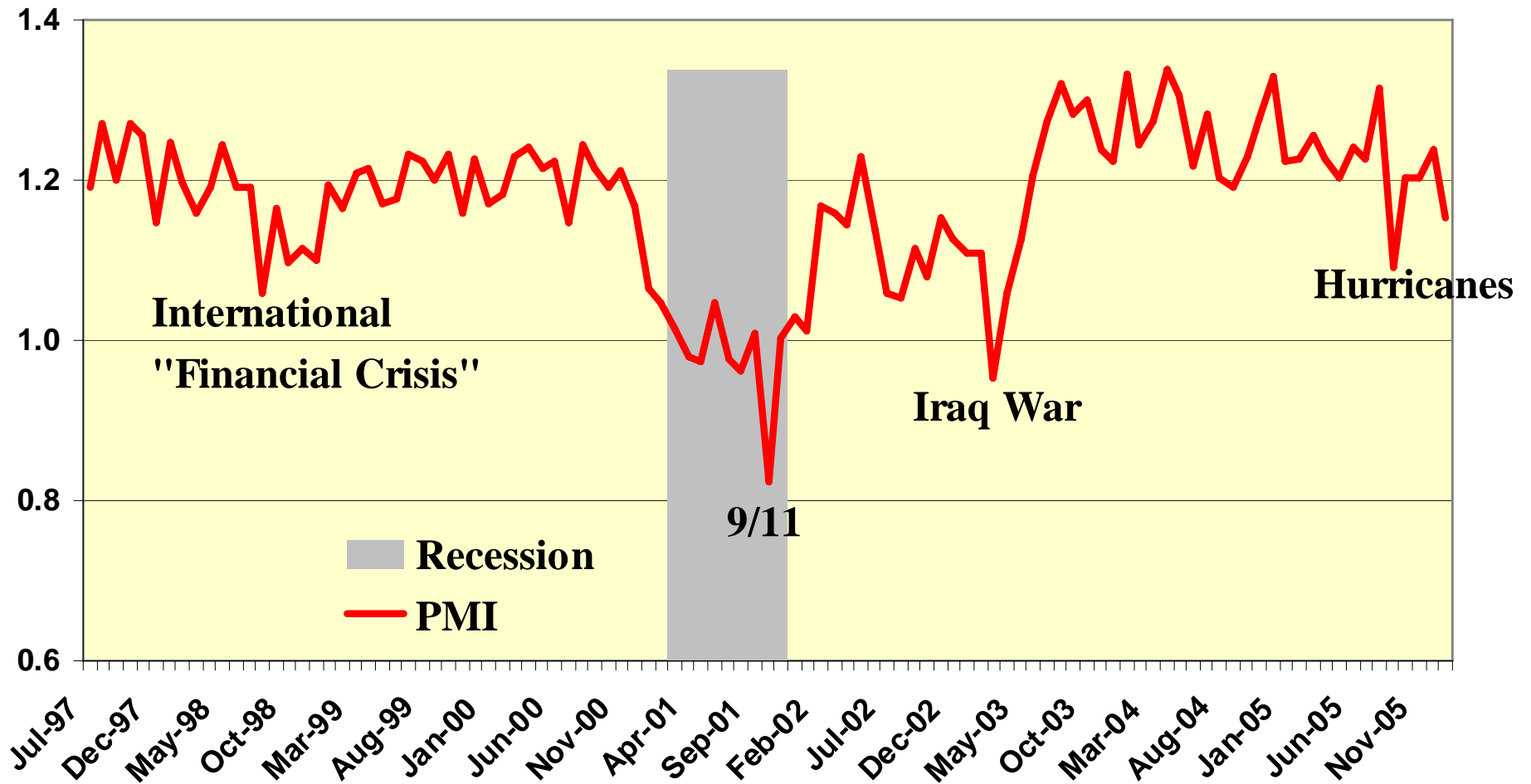
Source: U.S. Department of Commerce: Census Bureau



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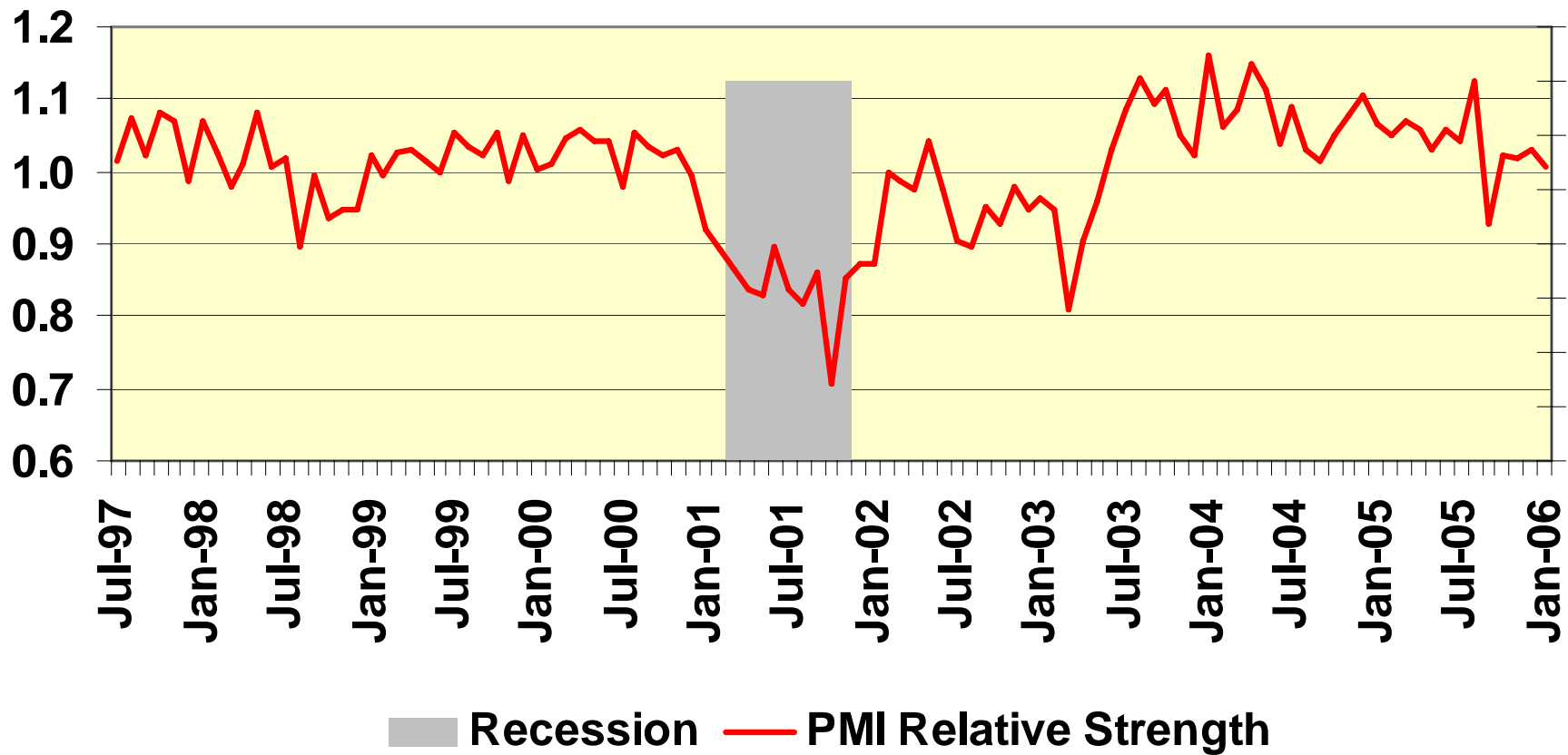
The Non-Manufacturing PMI

Non Manufacturing Activity PMI & The Recession



Source: NAPM, BEA

Relative Strength of the Non-Manufacturing PMI



A Question for You

- I would like to start a PMI for El Paso County.
- Would your firm answer the survey questions?
 - Monthly
 - Online
 - About 15 minutes per month
- Would your firms provide financial support?
 - Estimated at \$5,000 per year.
 - Actual to be determined.
- Benefits would include
 - Monthly report and analysis – Electronic distribution via PDF
 - Annual presentations

Questions?

