

The Economic Forecasting Center

The Economic Outlook Using Indicators and the Bloomberg Orange Book Atlanta, GA

Wednesday, February 20, 2013



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Bloomberg Economic BRIEF

Author of "The Trader's Guide to Key Economic Indicators"

Earnings/Analyst Conference Calls



Bloomberg Orange Book

Summary of Commentary on _____

**Current
Economic
Conditions**

By Corporation

from earning statements commencing January 1, 2013

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Wonderful Identifier of Issues...

*“...we're still seeing that midnight shopping in our stores when that **EBT card...when it is ready and it is funded, ...we've had some of our busiest ours at midnight.**”*

Rosalind Brewer, EVP, Wal-Mart April 12, 2011

*“...we continue to see **volume** pick up heavily at the beginning of each month, and then steadily erode through the month, **being particularly soft in the last week to 10 days of the month. That just tells us that people are running out of money.**”*

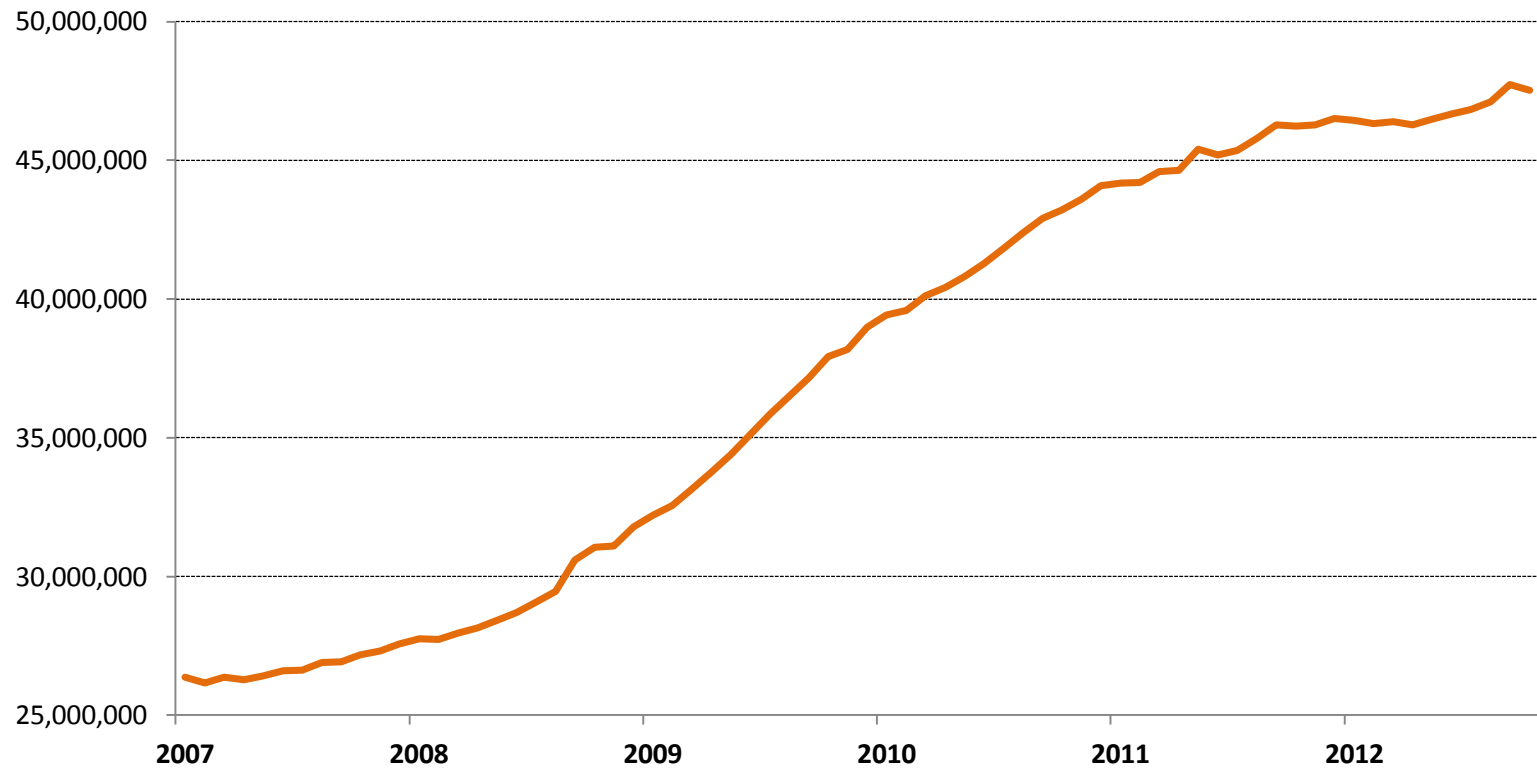
Gregg Engles, CEO Dean Foods May 10, 2011

*“**Now clearly when it gets to the end of the month and they've run out of dollars and the first of month gets there, you'll see some pick-up in sales...**”*

J. Michael Schlotman, CFO, SVP Kroger May 17, 2011

No Typo, Over 47 Million People at or Below Poverty!

**Supplemental Nutrition Assistance Program
Number of Participants**



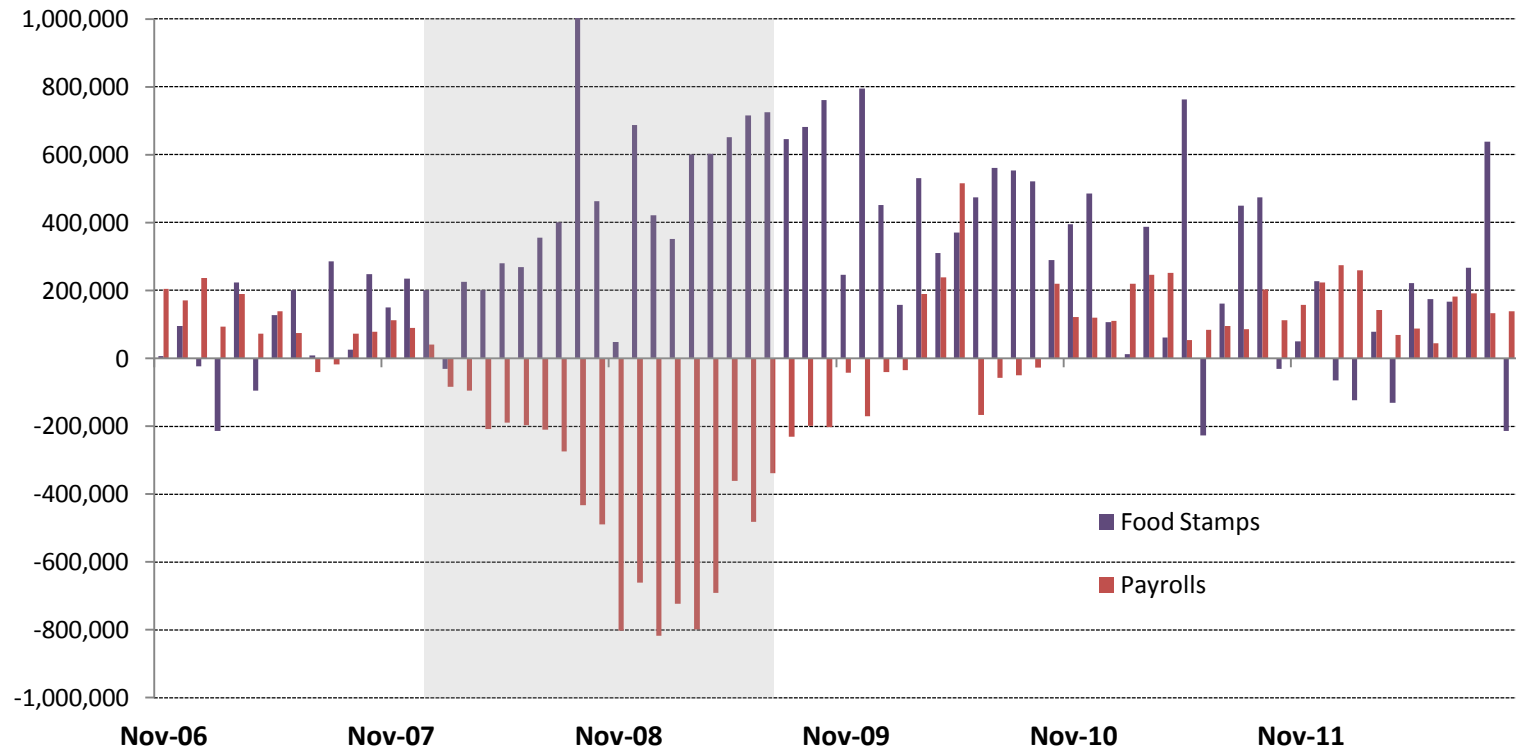
Source: U.S.D.A, Bloomberg

FDSPNUM <Index>

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More People Added to Food Stamp Program than Payrolls

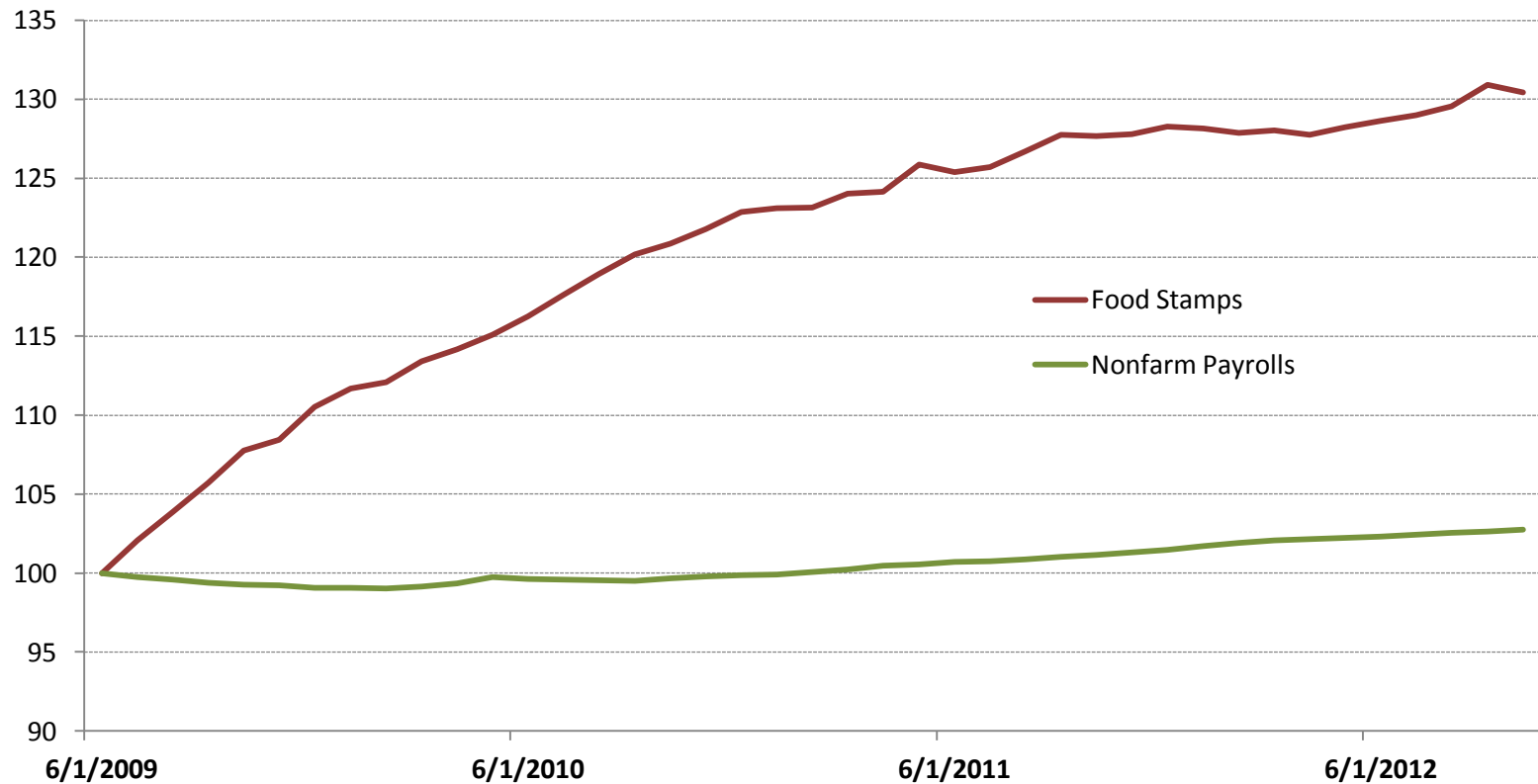
Monthly Change Food Stamp Participants & Non Farm Payrolls



Sources: BLS, USDA

Poverty Growing Faster than Payrolls

Growth in Food Stamps vs. Nonfarm Payroll Jobs



Source: USDA, BLS

BloombergBriefs.com

What is Being Said Today...

*“...know that **15% of the Americans are living on food stamps today**. And we know that most of them, **even after two or three weeks, are short of money...**”*

Dick Boer, CEO Koninklijke Ahold Nv November 28, 2012

*“...the value customers are still stretched. **We still are getting a lot of food stamps, a very high dollar amount and a very high percentage amount, and that is definitely problematic.**”*

David Dillion, CEO Kroger October 16, 2012

“...I don't think my comments will surprise anyone in the room, that we have a very fragile consumer environment right now in the U.S. ...Food stamp usage continues to grow. And we've seen quite a bit of volatility in fuel, really peaking around the Labor Day period. So for a fragile consumer that's seeing volatility in the economy, is worried about the state of their job or finding a job, maybe using food stamps to feed their family and is trying to figure out how to put fuel in the car, it's still a very challenging and uncertain environment.”

Brian Cornell, CEO, Pepsi Americas September 5, 2012

Uncertainty Stymies Growth

“The pending debt ceiling and spending debates add to uncertainty, which depresses hiring and investment and lowers consumer confidence. .”

Scott Crocco, Controller, Air Products January 23, 2013

“...Uncertainty is the enemy of business and we simply cannot afford that today. We know our customers, especially in the small and middle market segments, need certainty and clarity. They have cash and they desire to grow. They need confidence so they can feel encouraged to invest and hire again.”

John Stumpf, CEO Wells Fargo, January 11, 2013

“...the big issue I think is just waiting for some of the uncertainty to clear up...here in the U.S., of course the fiscal cliff, we’ve only had one part of that dealt with so far. It appears we’ve got more of that.”

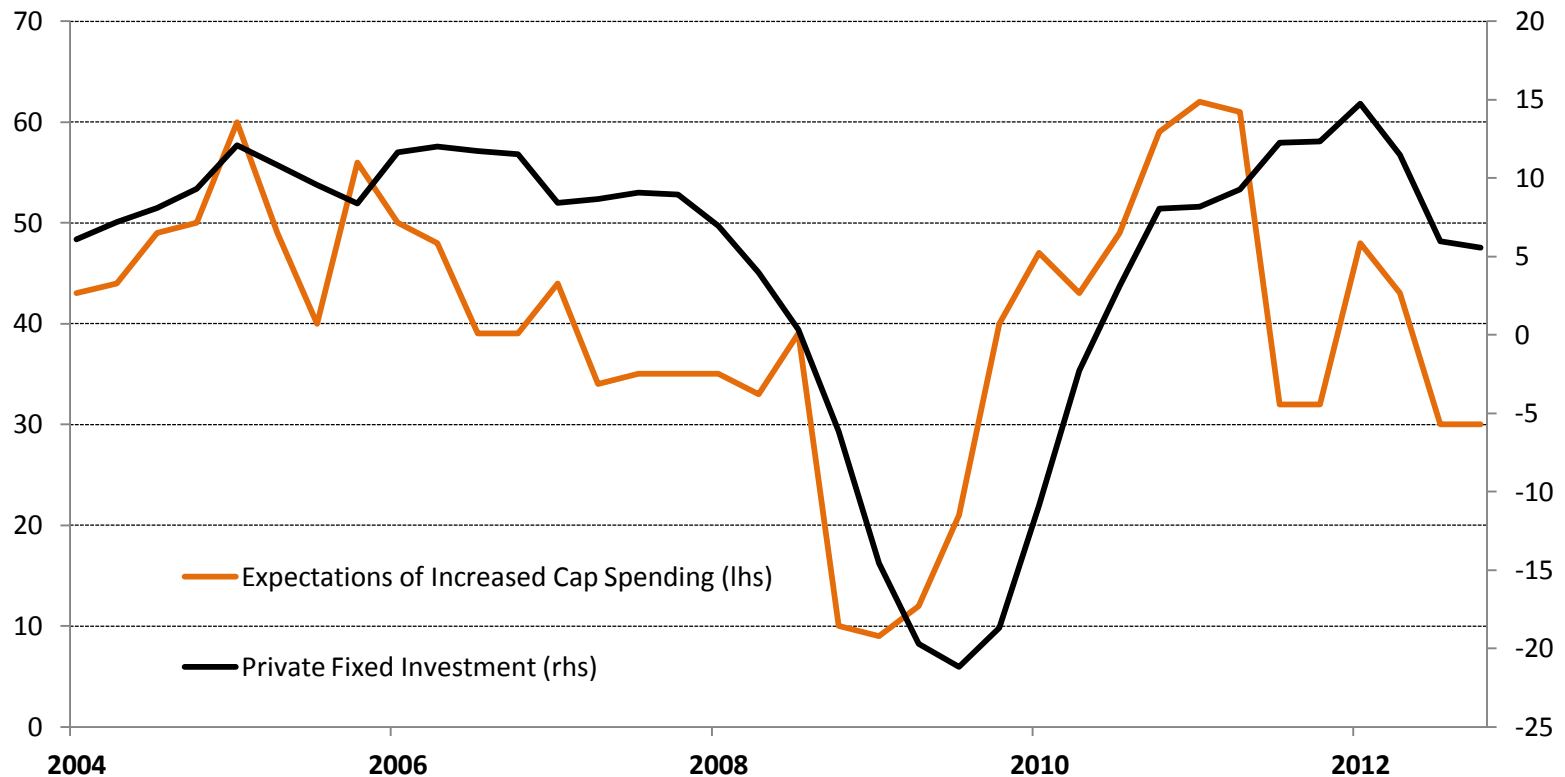
Kevin March, CFO, Texas Instruments January 22, 2013

“Customers delayed some buying decisions due to concerns with the economy. The fiscal cliff uncertainty lasted the entire quarter, and small business starts continued to lag last year's level.”

John Stephens, CFO AT&T January 24, 2013

Executive Expectations Have Slumped

CEO Expectations of Capital Spending & Fixed Investment Y/Y%

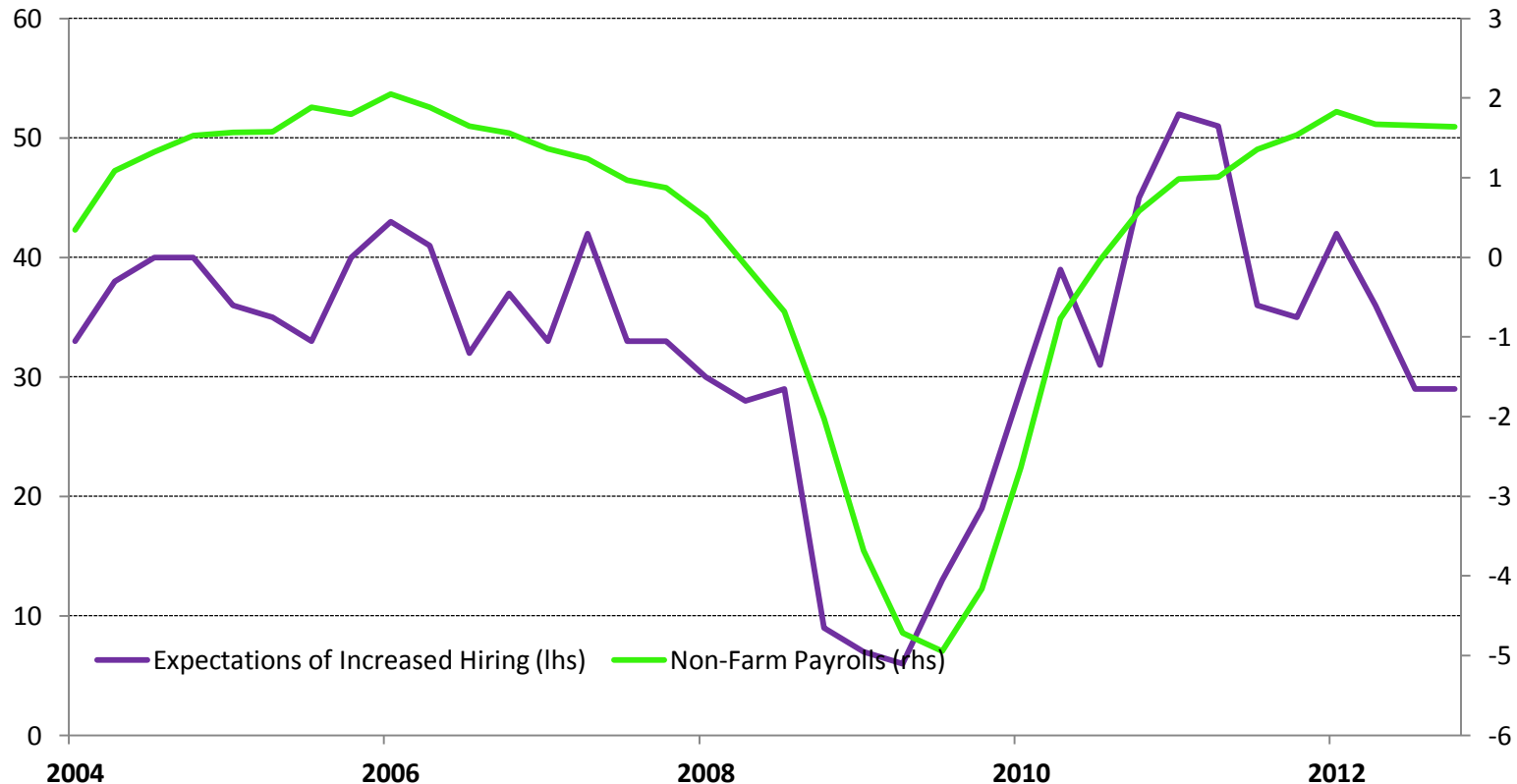


Sources: Business Roundtable, BEA

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Hiring Expectations Are Diminished as Well

CEO Expectations of Hiring & Employment Y/Y%

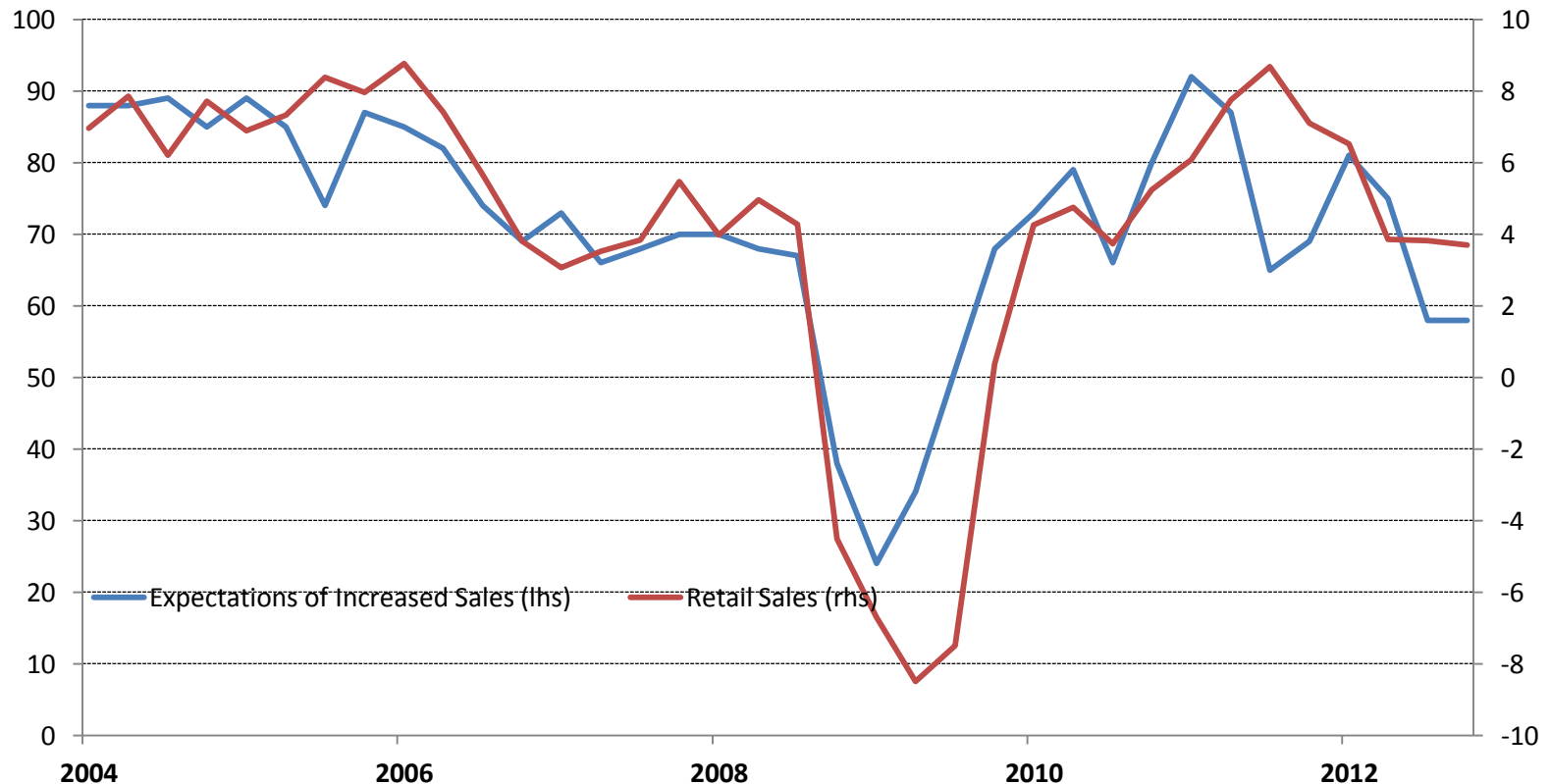


Sources: Business Roundtable, BLS

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CEOs Need to See Sales Rise in Order to Hire and Invest

CEO Expectations of Sales & Retail Sales Y/Y%

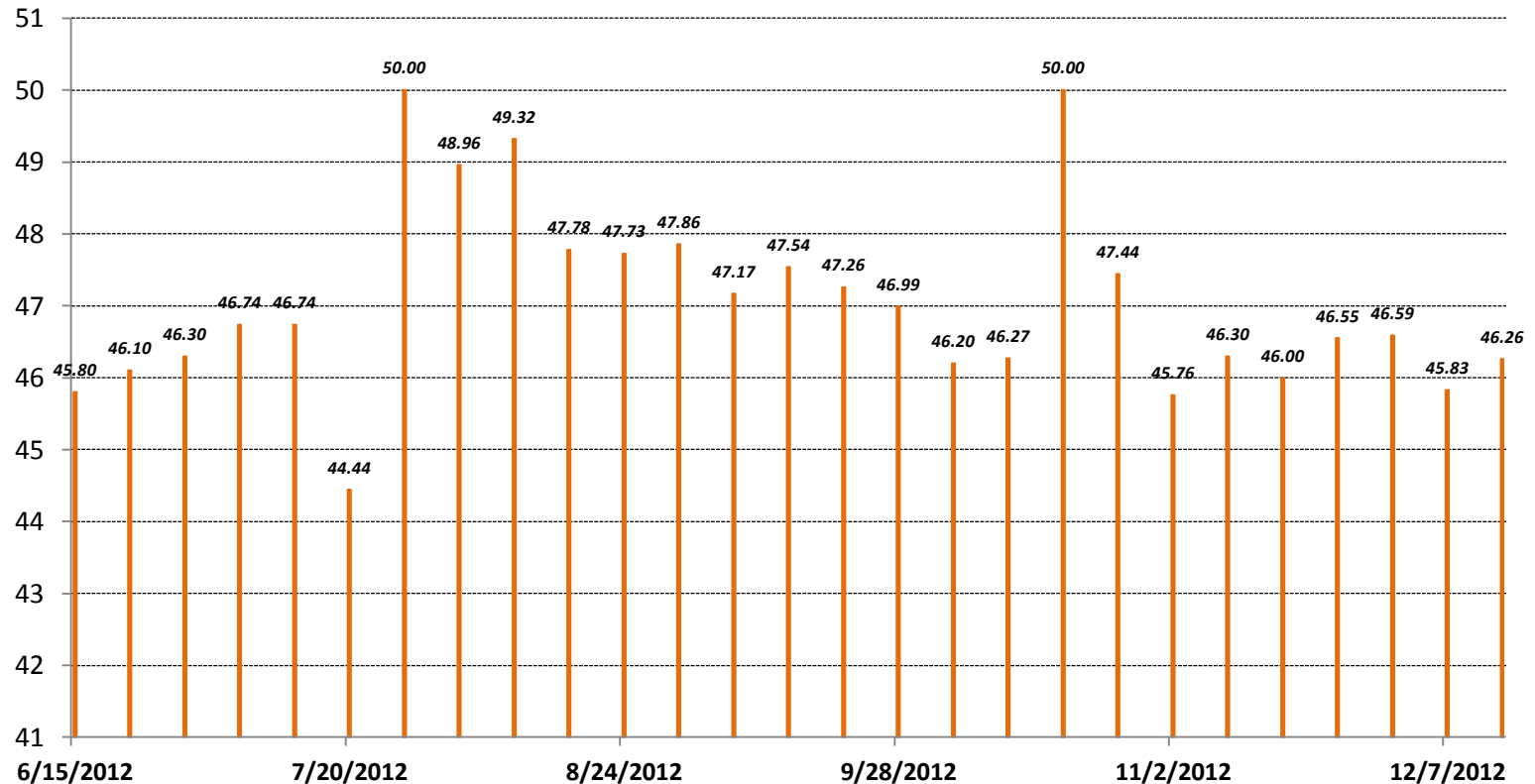


Sources: Business Roundtable, Commerce Dept.

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Bloomberg Orange Book Sentiment Index Below 50

Bloomberg Orange Book Sentiment Index

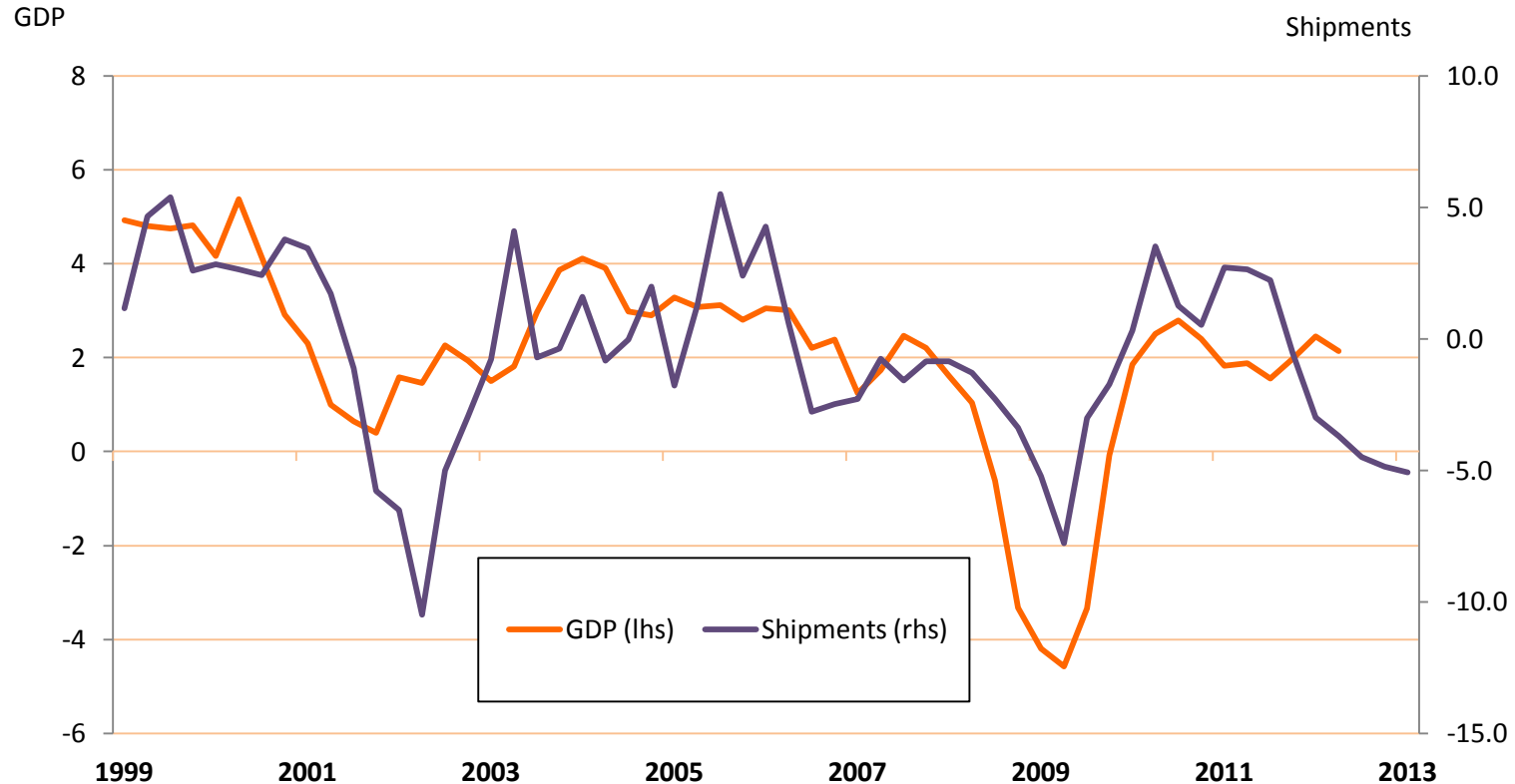


Source: Bloomberg

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It Pays to Read those 250+ Transcripts...

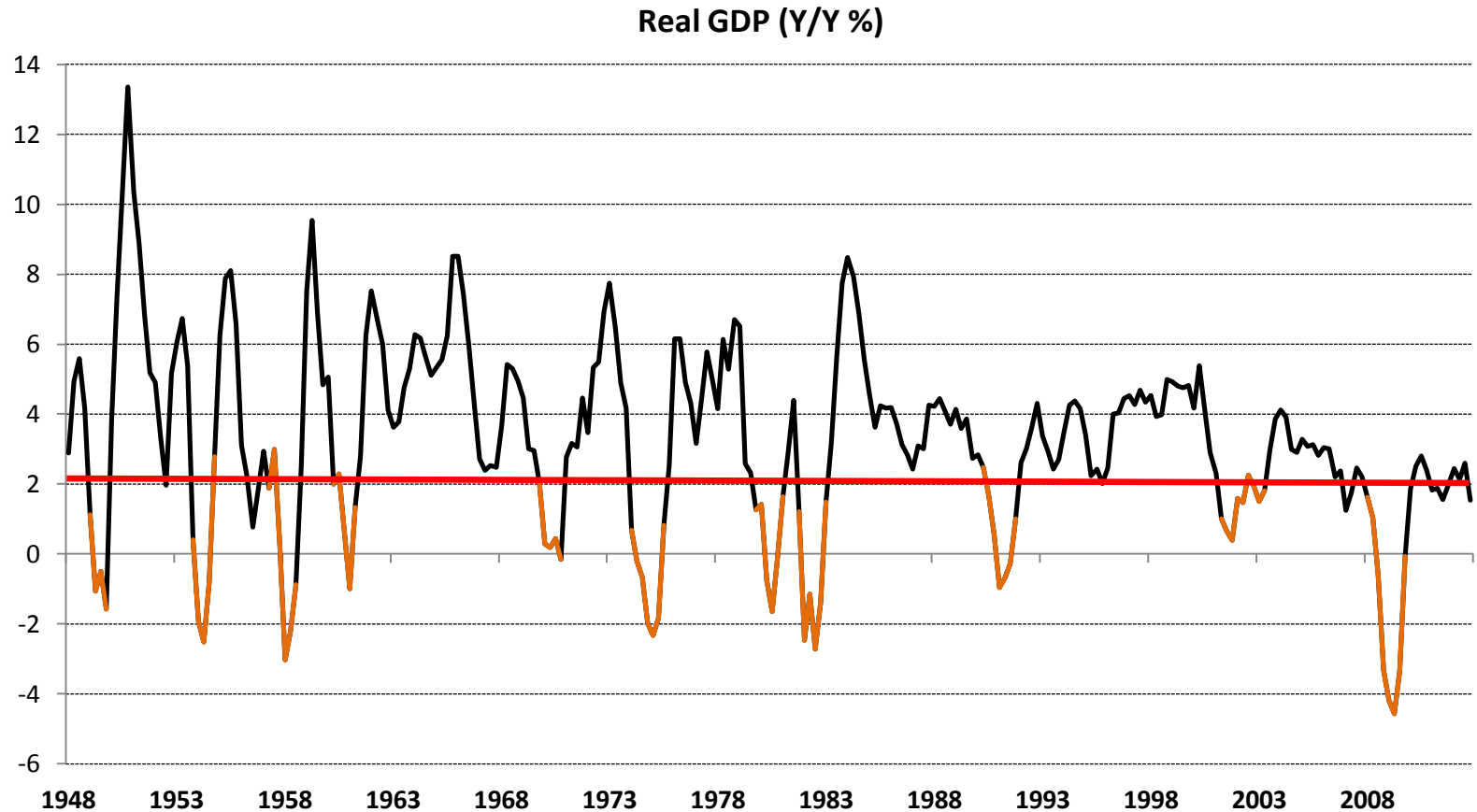
FedEx Express Total US Package Shipments (Y/Y%) vs. Real GDP (Y/Y%)



Source: Federal Express, BEA

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If GDP Dips to 2.0% -- It's Recession Time



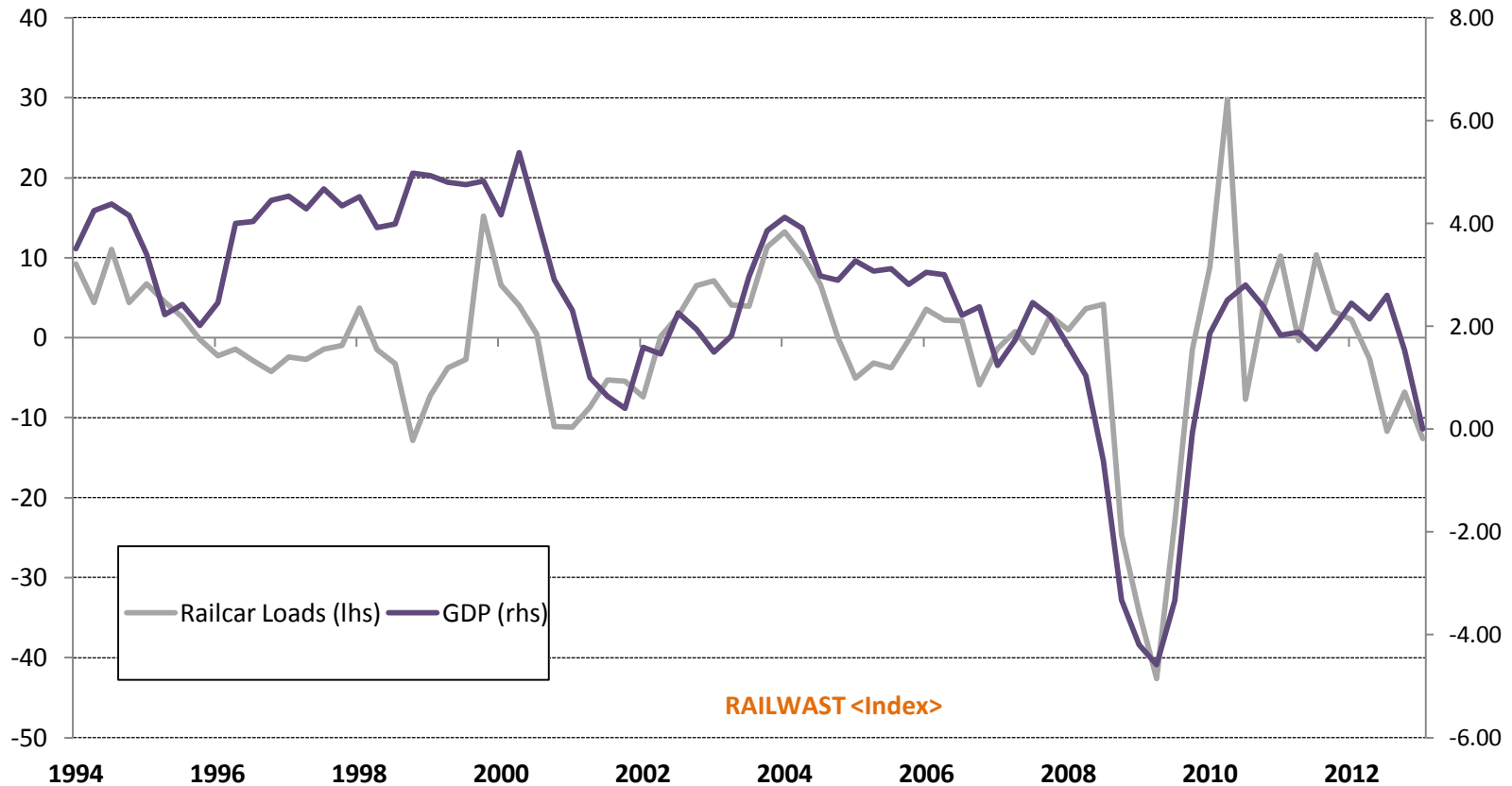
Source: NBER, BEA, Bloomberg

GDP CYOY <Index>

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Railcar Loads Are Plunging

Real GDP (Y/Y%) vs. Railcar Loads of Waste/Scrap (Y/Y%)



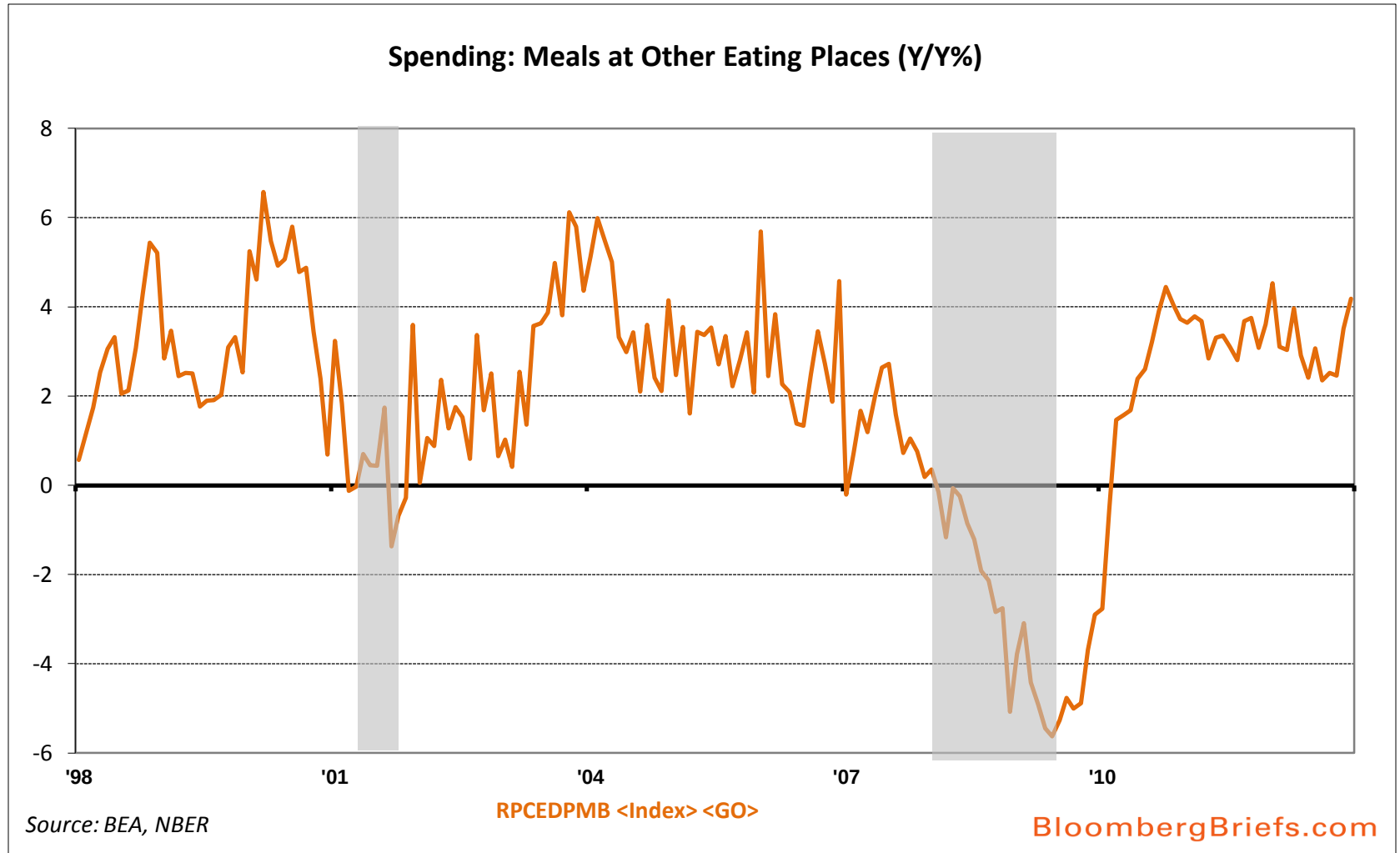
Source: Association of American Railroads, BEA, Bloomberg

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There is No Holy Grail of Economic Indicators

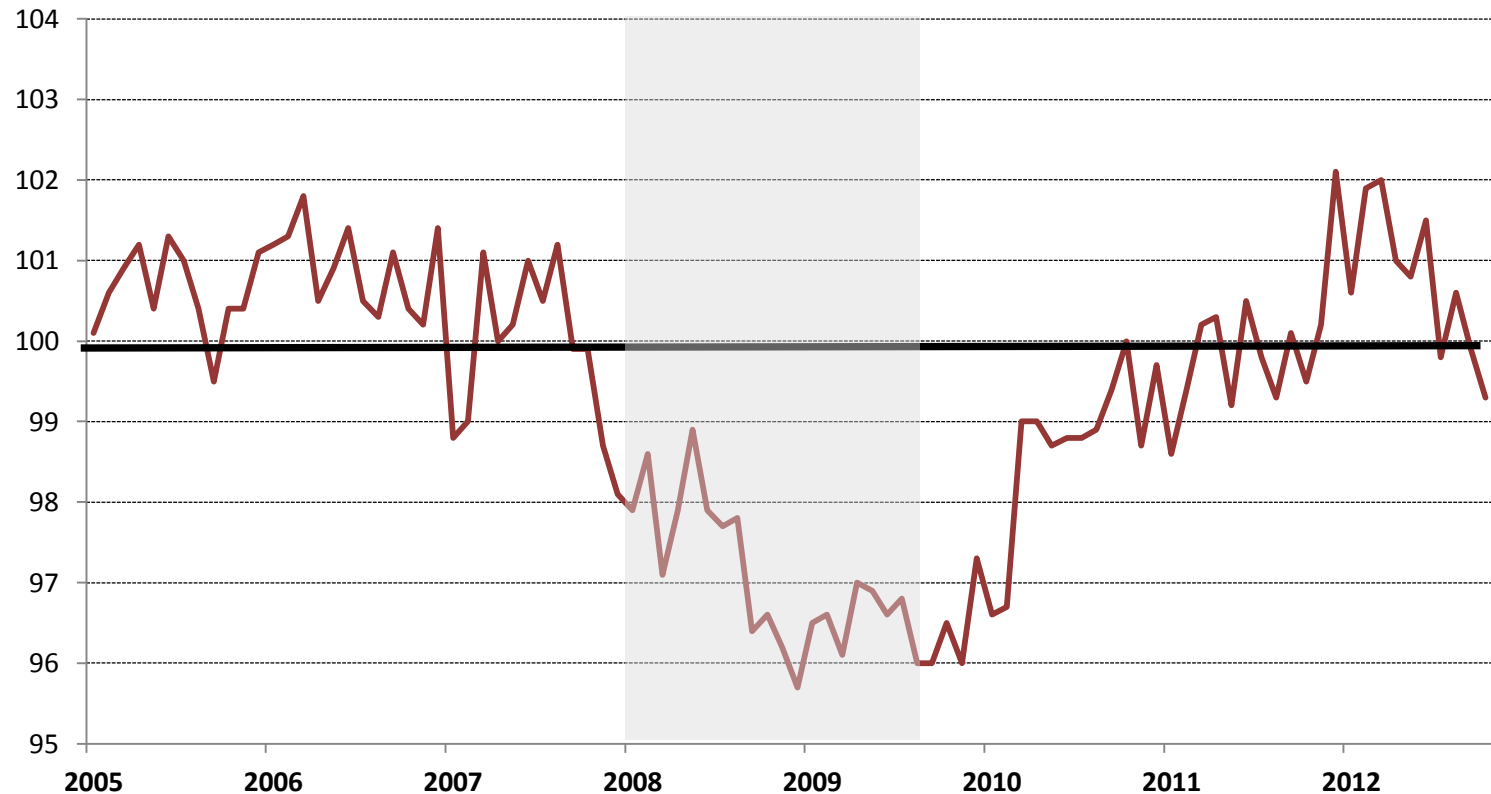


'Fab Five' – Dining Out



'Fab Five' – Dining Out II

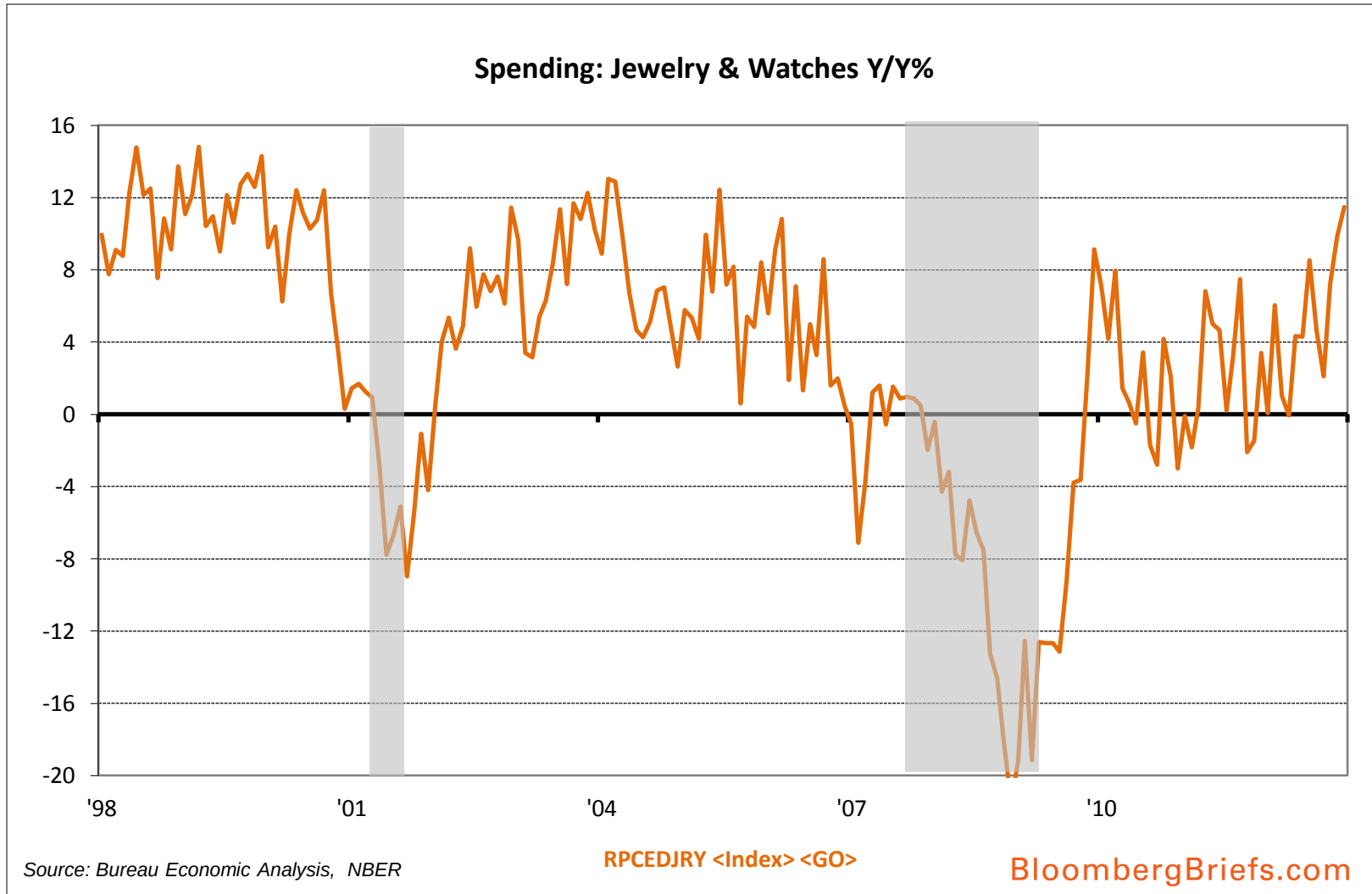
Restaurant Performance Index: Current



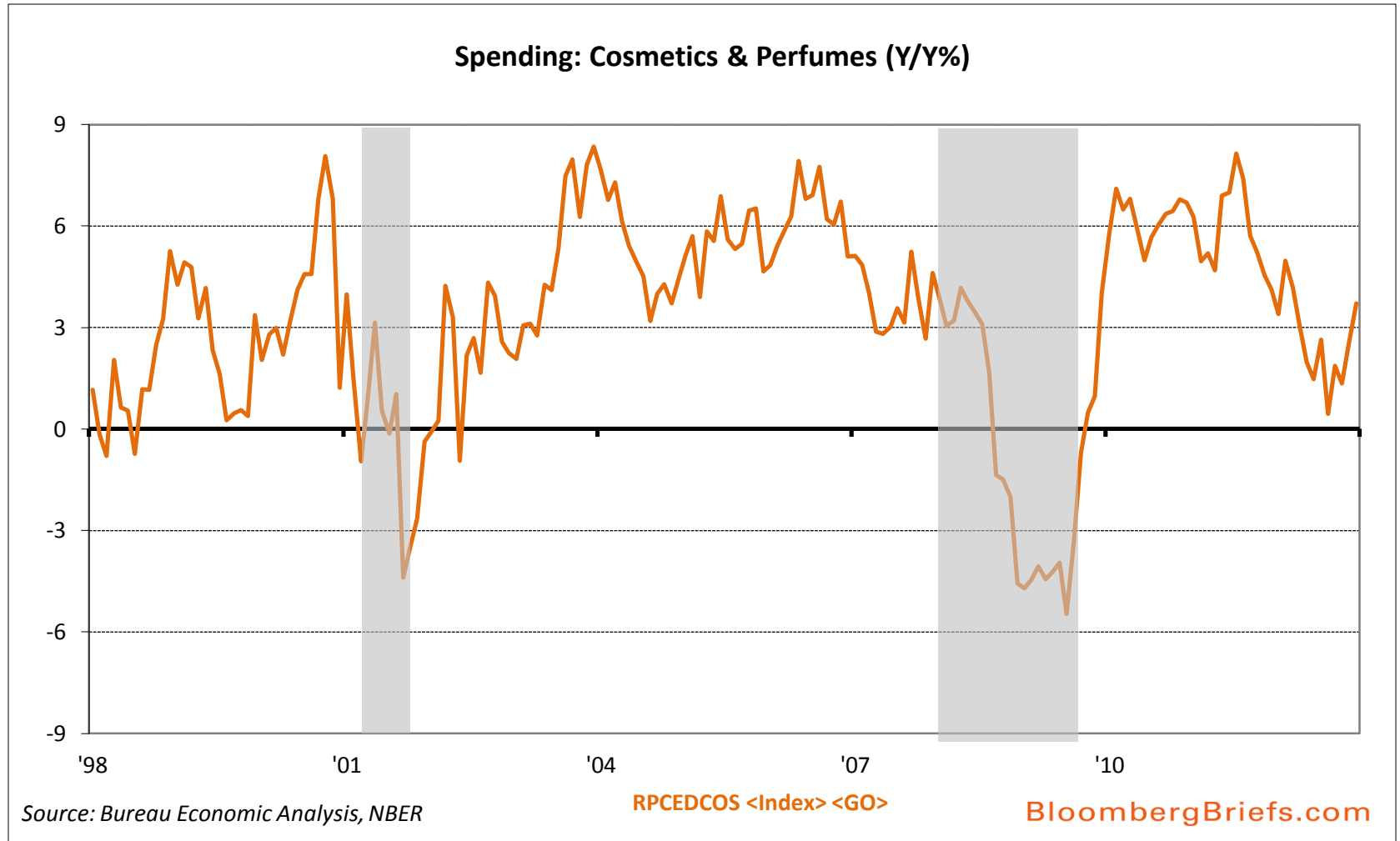
Source: National Restaurant Association, Bloomberg

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'Fab Five' – Jewelry & Watches

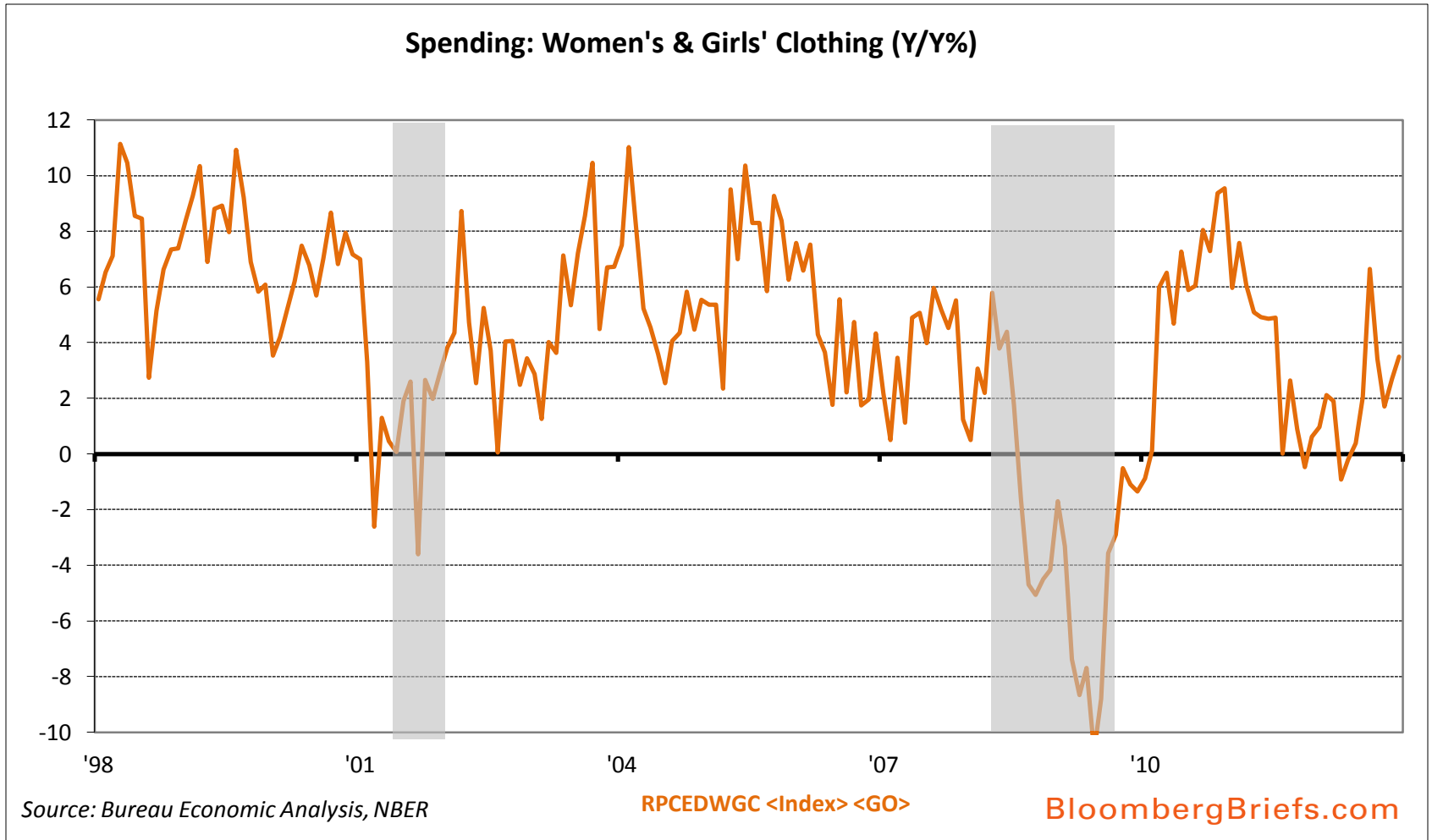


'Fab Five' – Cosmetics & Perfumes

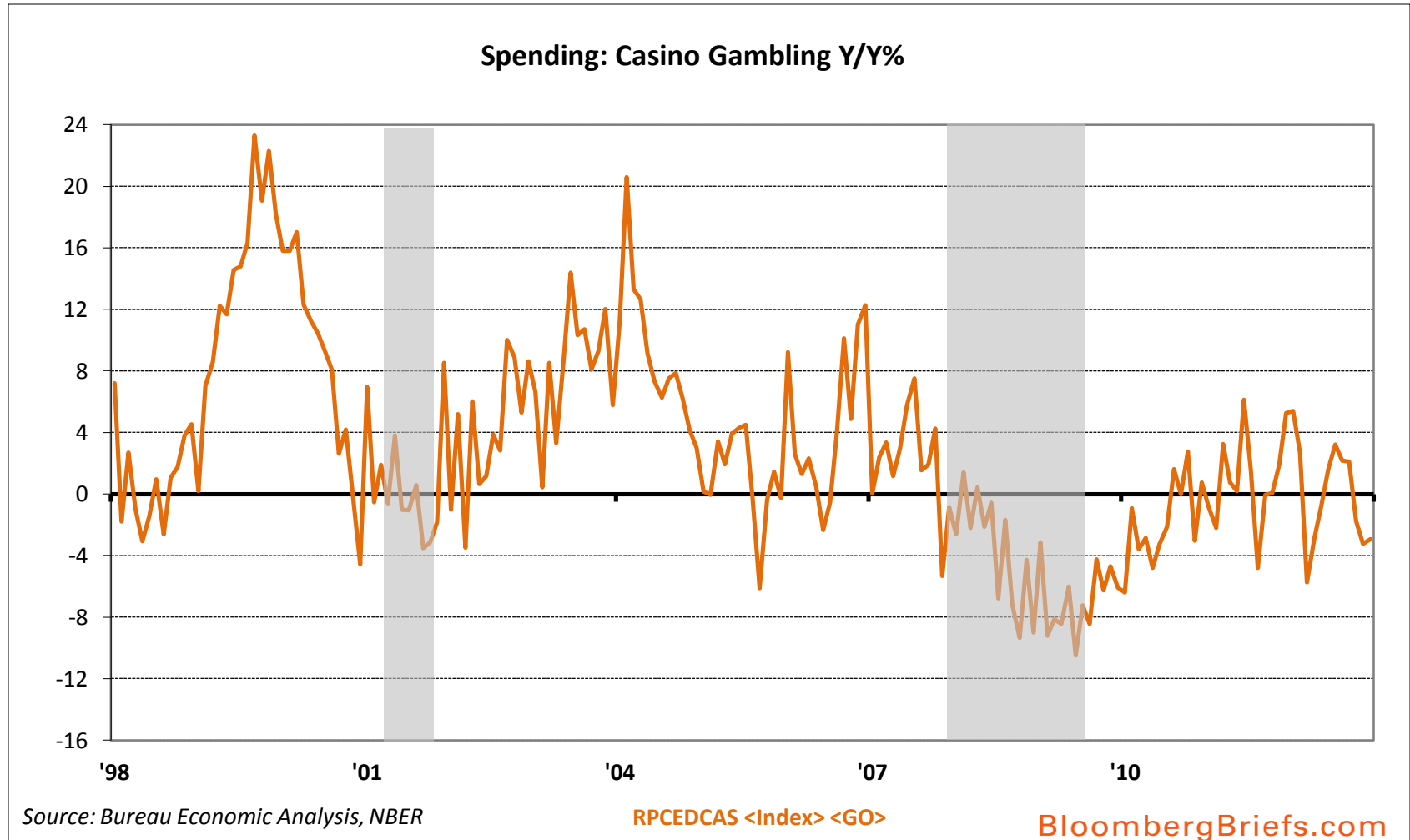




'Fab Five' – Women's Dresses



'Fab Five' – Casino Gambling



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