



ARMADA

2020

The Year of Living Dangerously

2021

The Year of Rainbows and Unicorns?

WBFI

November 12

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Managing Director – Armada CI



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Analysis of the Forces Affecting Business

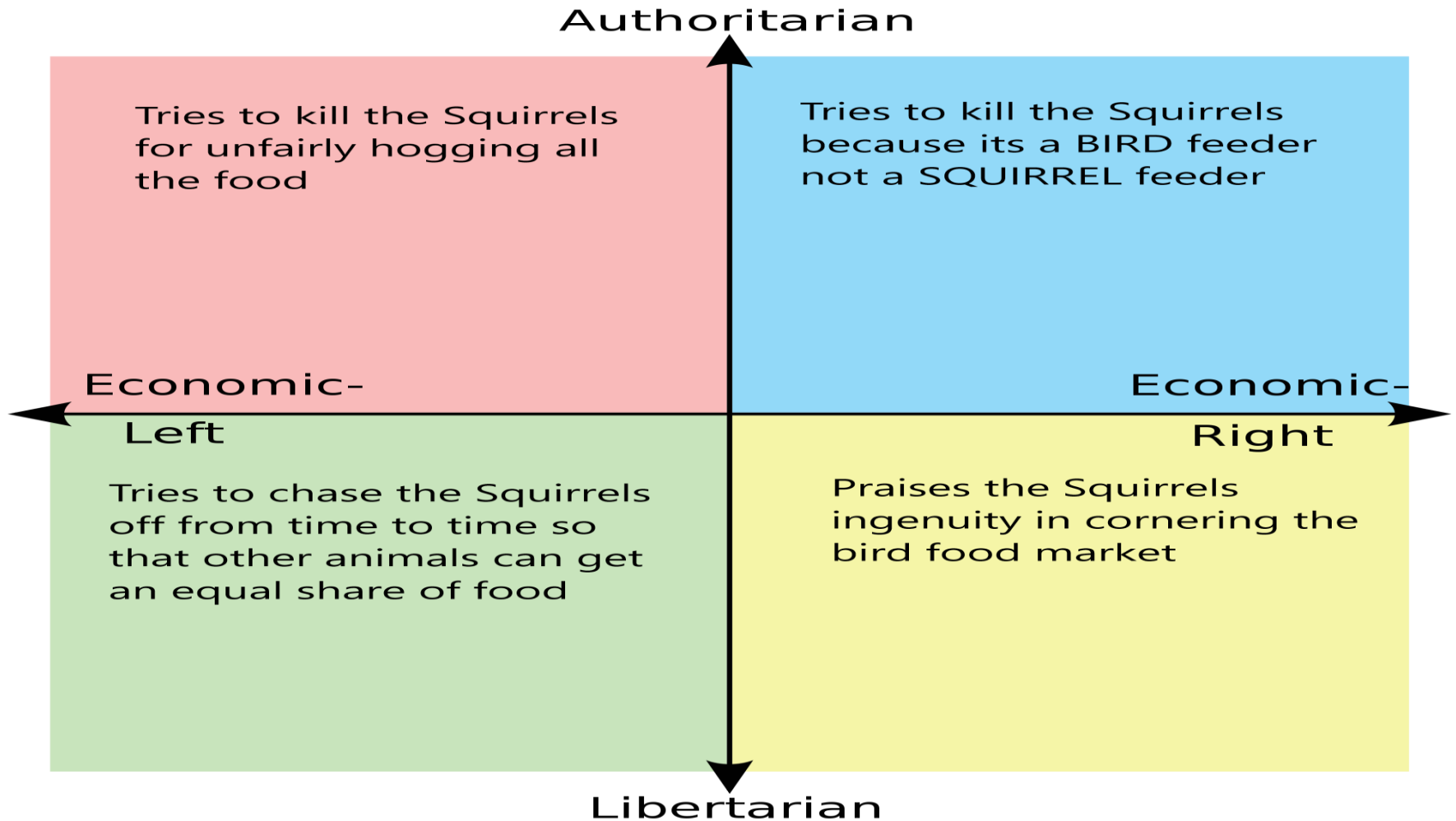
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November 11, 2020

The Dilemma



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Lies, Damned Lies and Statistics



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- **Any data from Q2 is skewed downward and that means Q3 and Q4 will skew upward. Month over month is looking very good – not so good when looking year over year.**
- **Choice of systems will yield very different results – is unemployment at 6.9% or 12.1%? Depends on whether one looks at U-6 or U-3**
- **Pandemic stats have been politicized in the extreme – some favor the worst case and others favor the best. Sturgis data is classic example of misreading and mislabeling.**
- **Best future predictors – Armada tools of course! ASIS, Transportation Activity Index. Also the PMI and CMI**

Do We Know Anything for Sure?



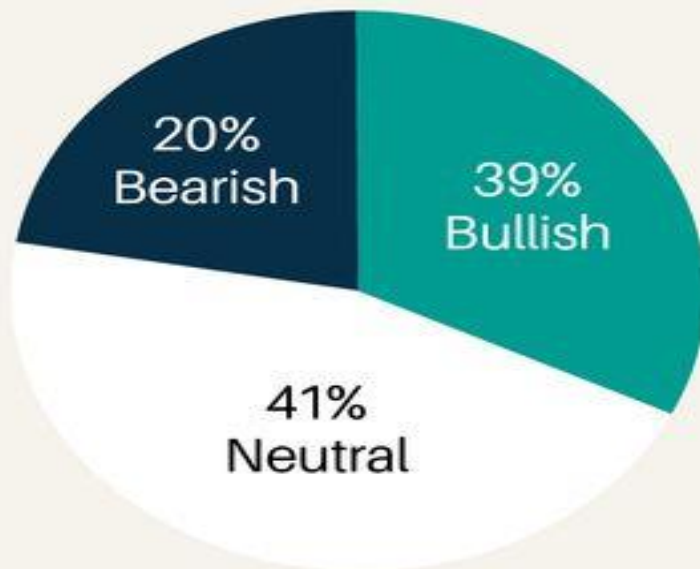
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- **We know this is a very divided and angry electorate.**
- **Biden has won the election but we know that Trump will contest this for weeks and months and may never concede.**
- **The GOP will likely retain control of Senate (but will not know for sure until January) and Democrats will retain control of the House but with reduced margin.**
- **There are 26 GOP governors and 24 Democrats.**
- **The business and investment community tends to prefer divided government – “that which governs least governs best”.**
- **Key issues for government in 2021 will be the same as they were for 2020 – Pandemic and getting out of the lockdown recession.**

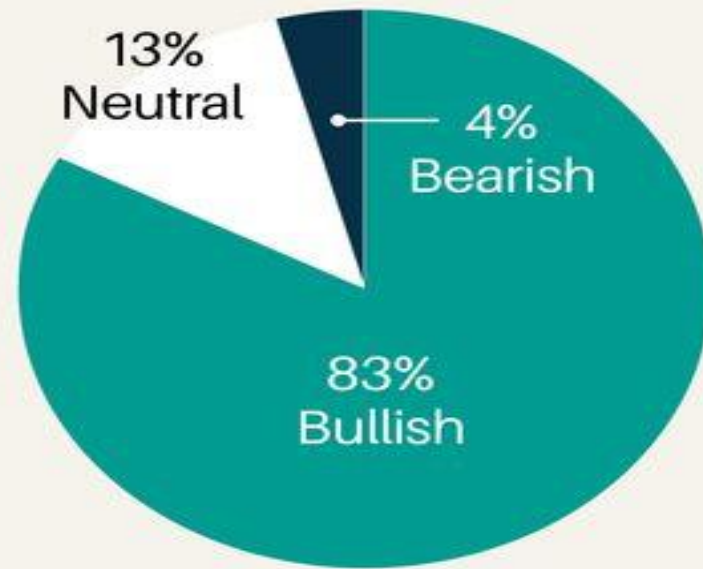
More Confidence in the Markets

Describe your investment outlook for U.S. equities through year-end 2020 and 2021.

2020



2021



“Normal” by 2021?

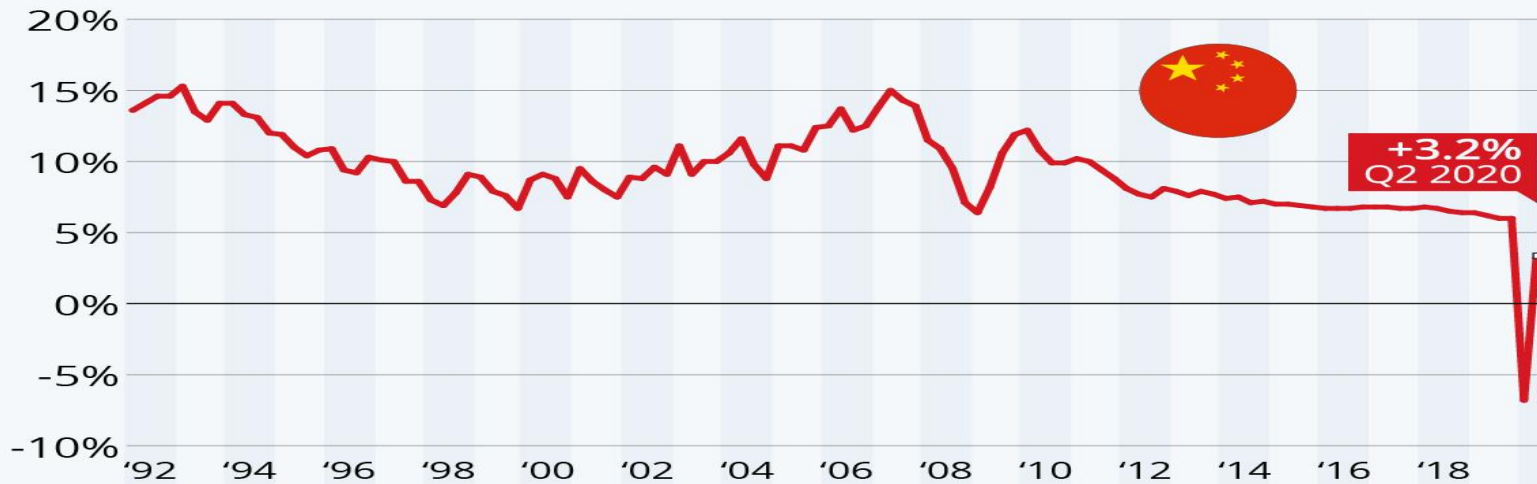
Exhibit 2: US Economic Outlook: Quarterly Growth Profile



Source: Bureau of Economic Analysis, Morgan Stanley Research forecasts

Chinese Economy Rebounds From COVID-19 Setback

Quarterly real GDP growth of China
(year-over-year; seasonally adjusted)

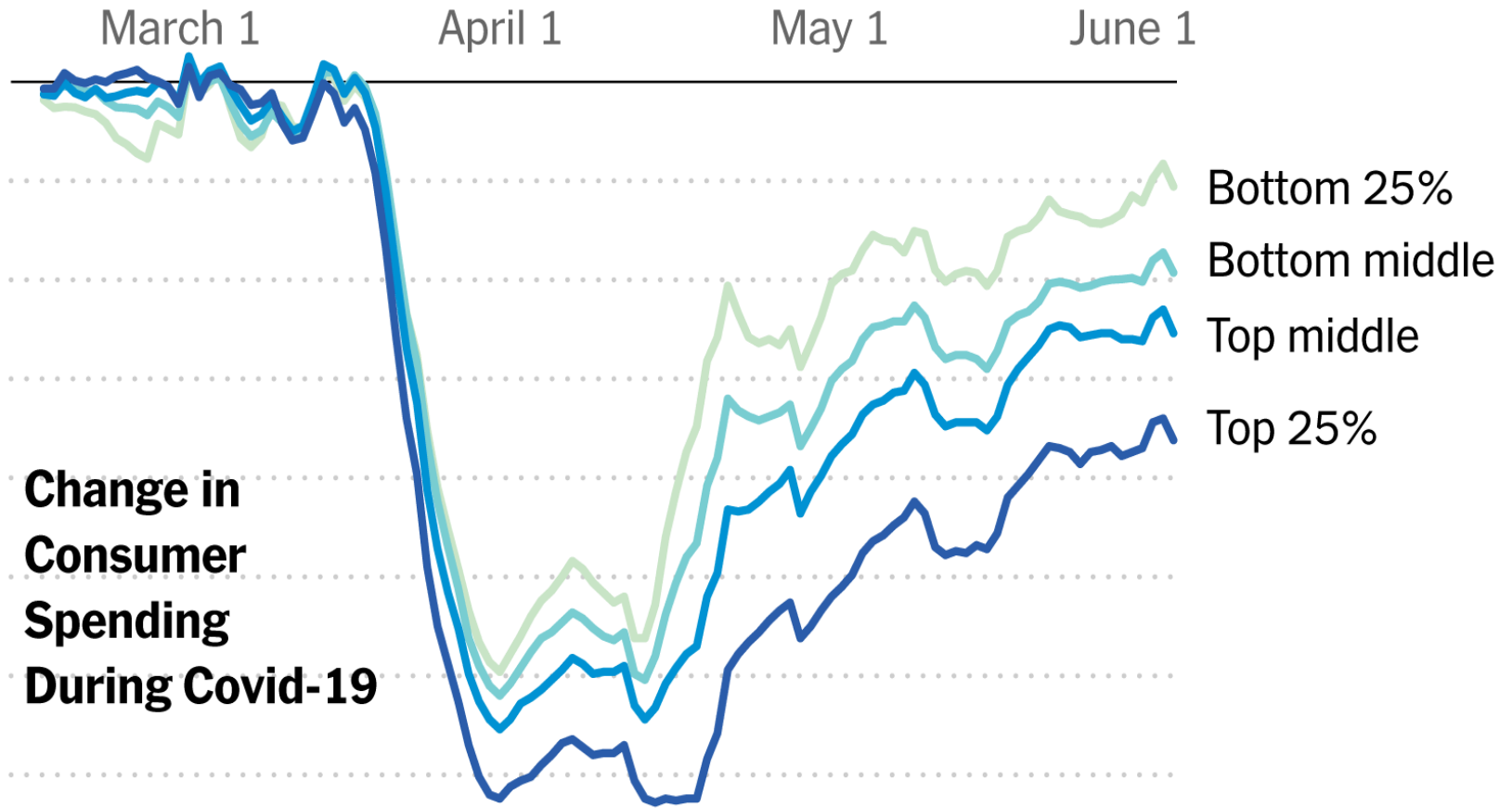


Sources: National Bureau of Statistics of China, OECD



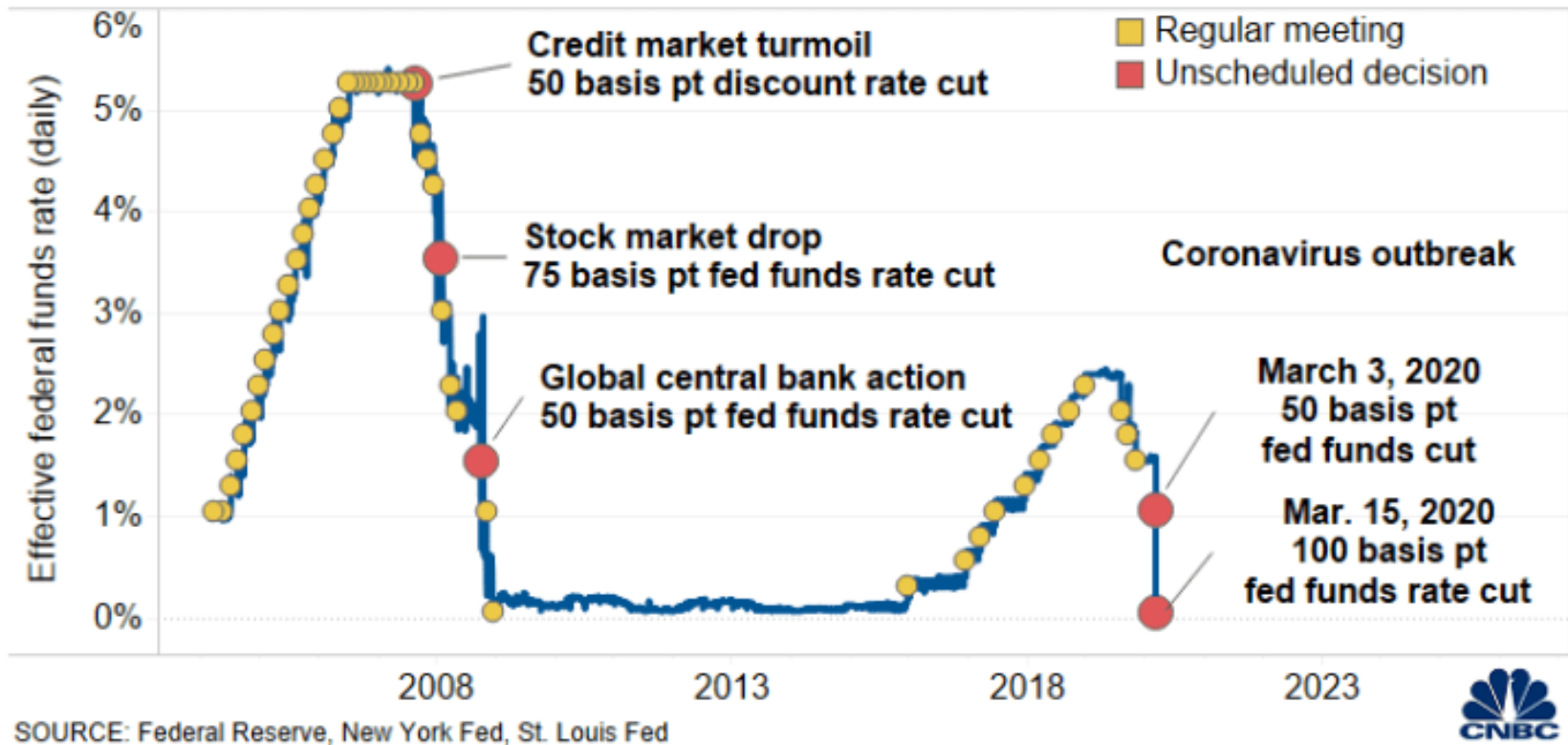
statista

Upper Income Cut Spending More



All Out of Ammunition

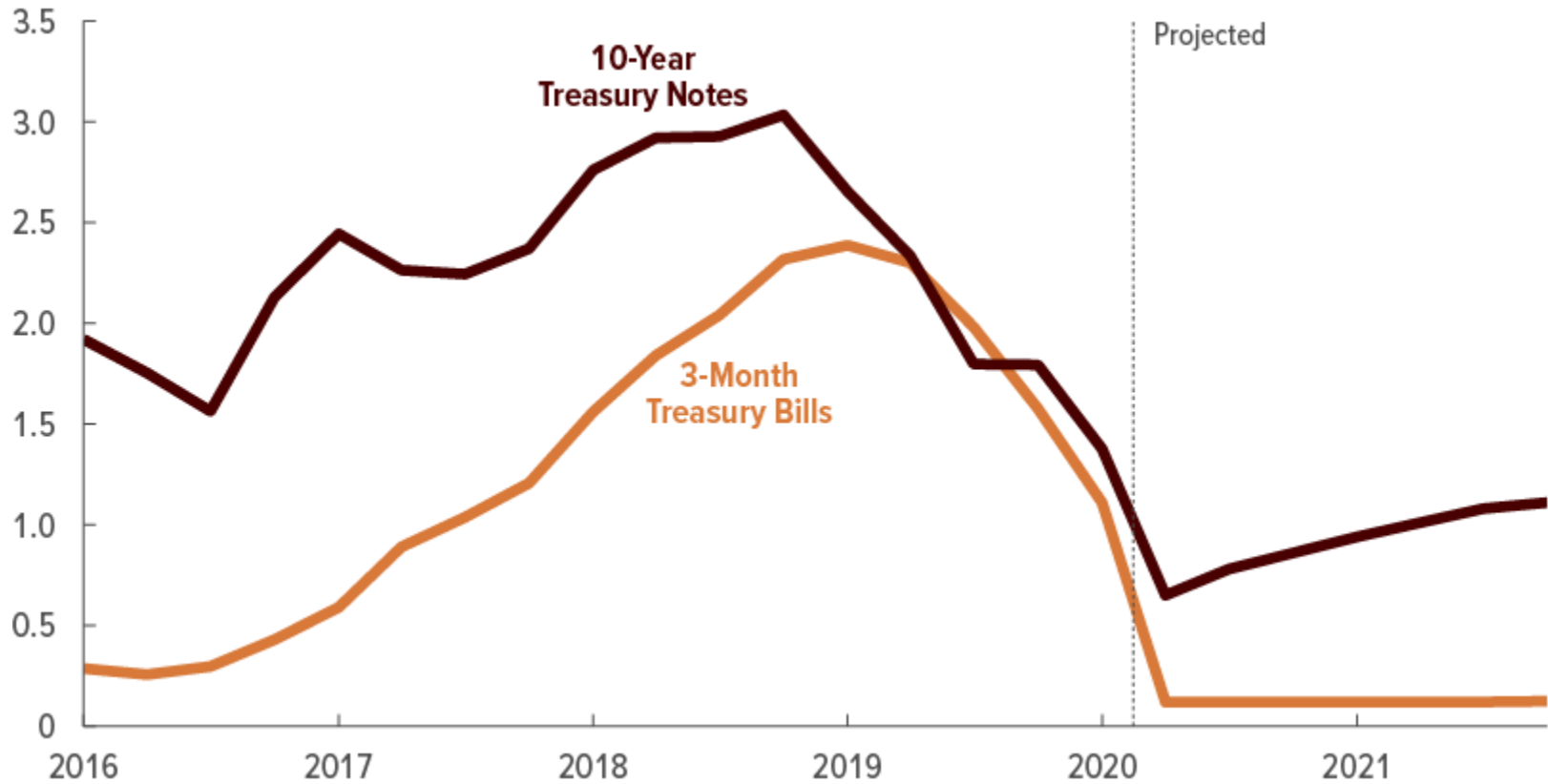
Fed rate moves



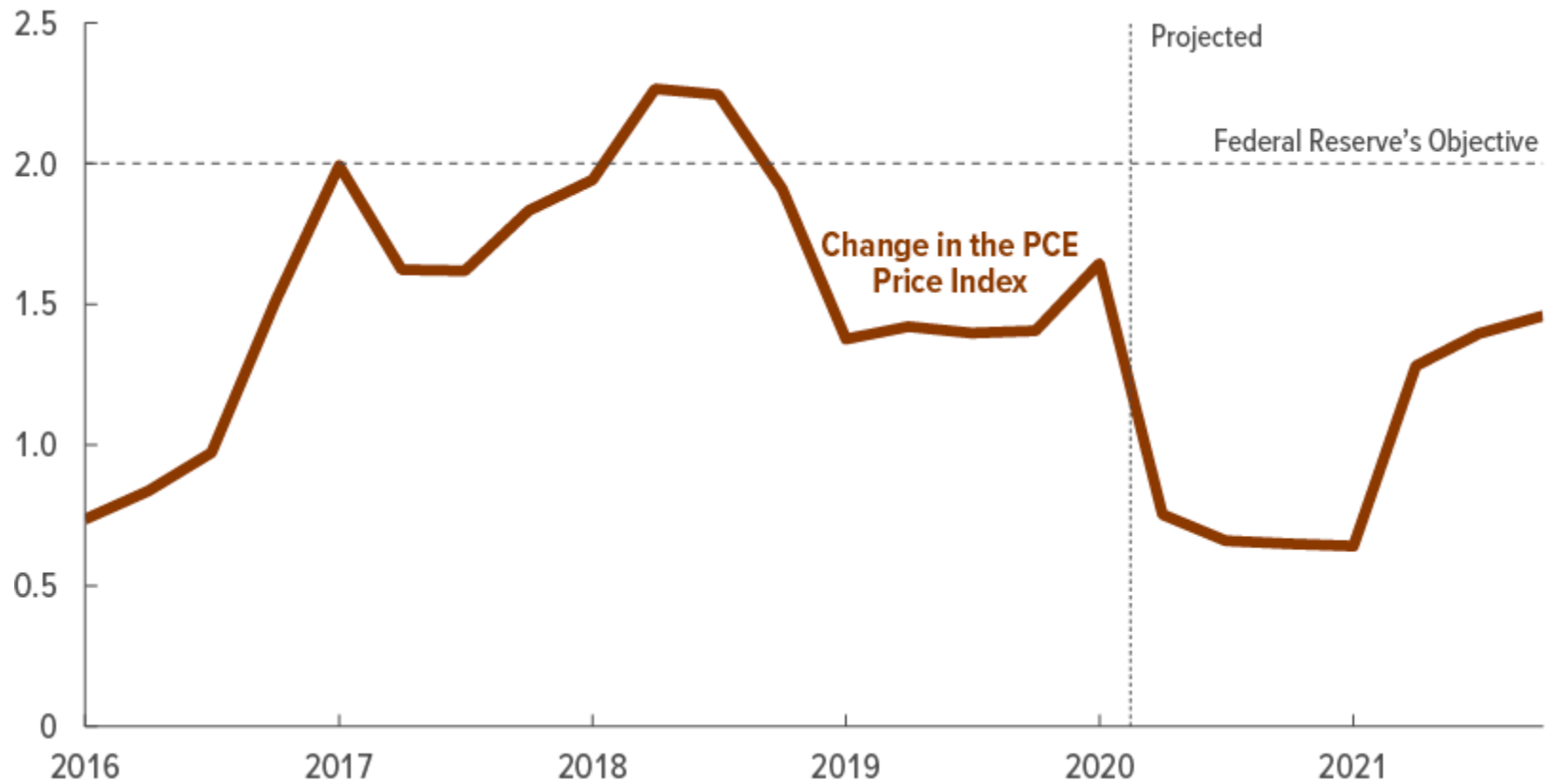
Rates



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Inflation



Double Digits for a While

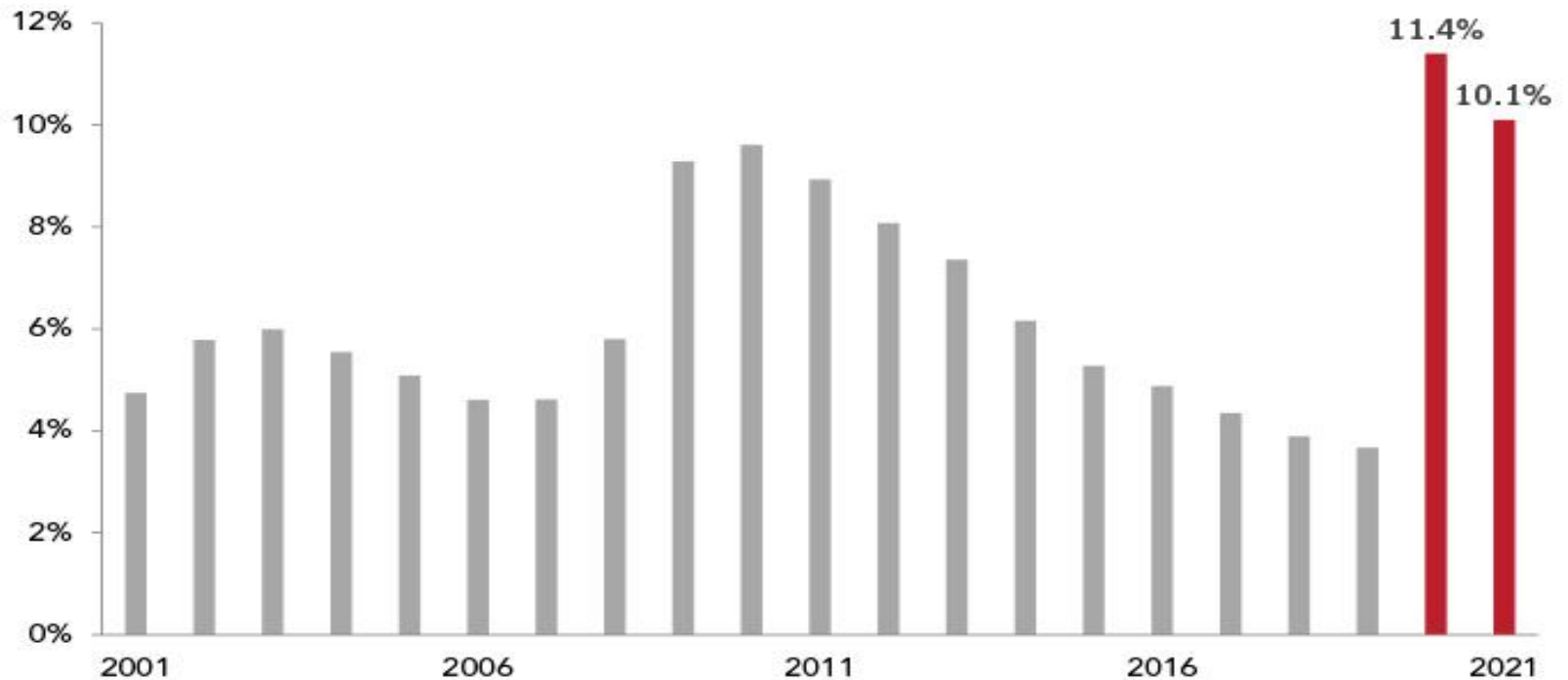


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Unemployment has increased rapidly and will remain high

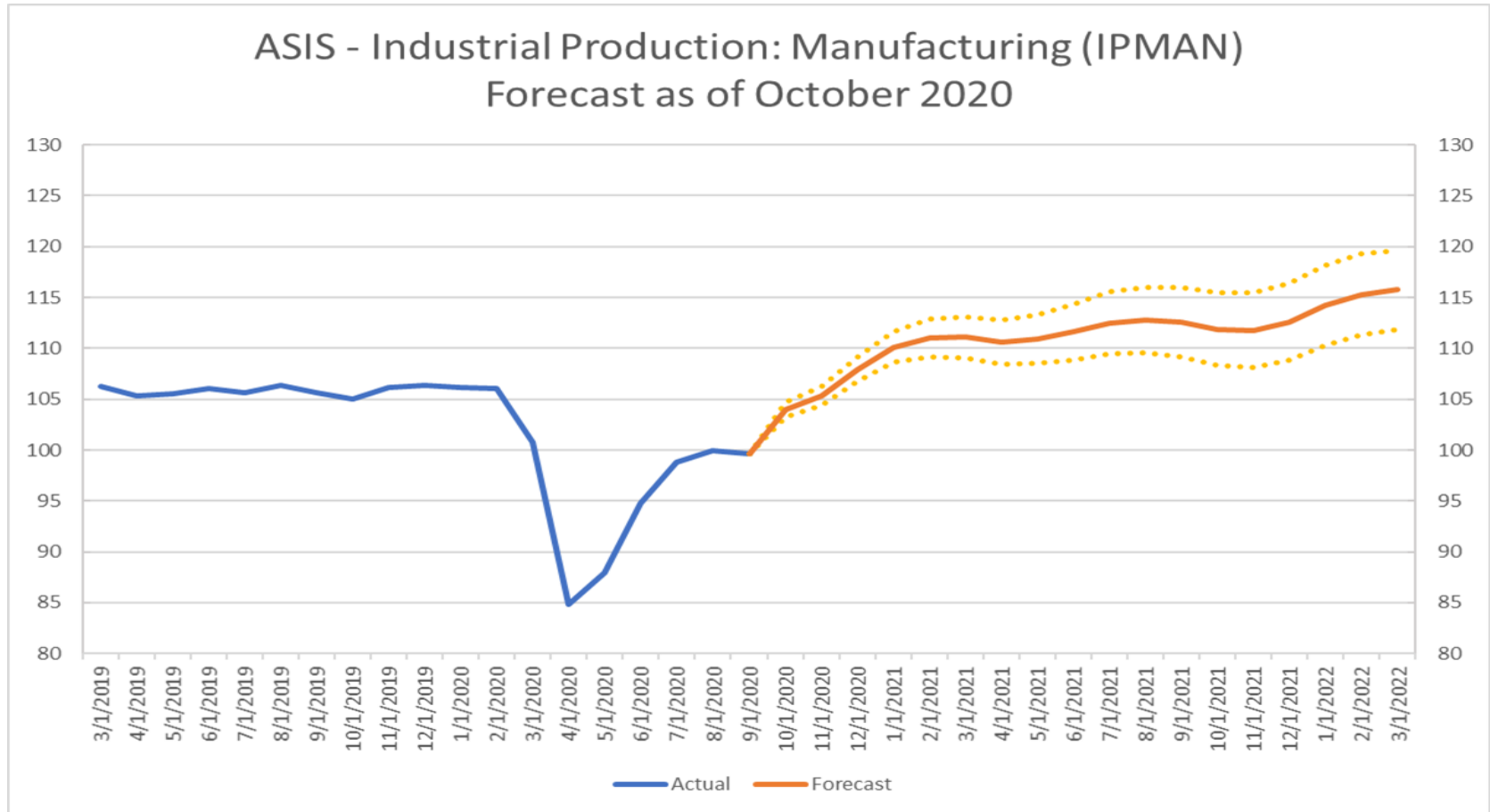
RATE OF UNEMPLOYMENT (%)



SOURCES: Congressional Budget Office, *Current Projections of Output, Employment, and Interest Rates and a Preliminary Look at Federal Deficits for 2020 and 2021*, April 2020 and *The Budget and Economic Outlook: 2020 to 2030*, January 2020.

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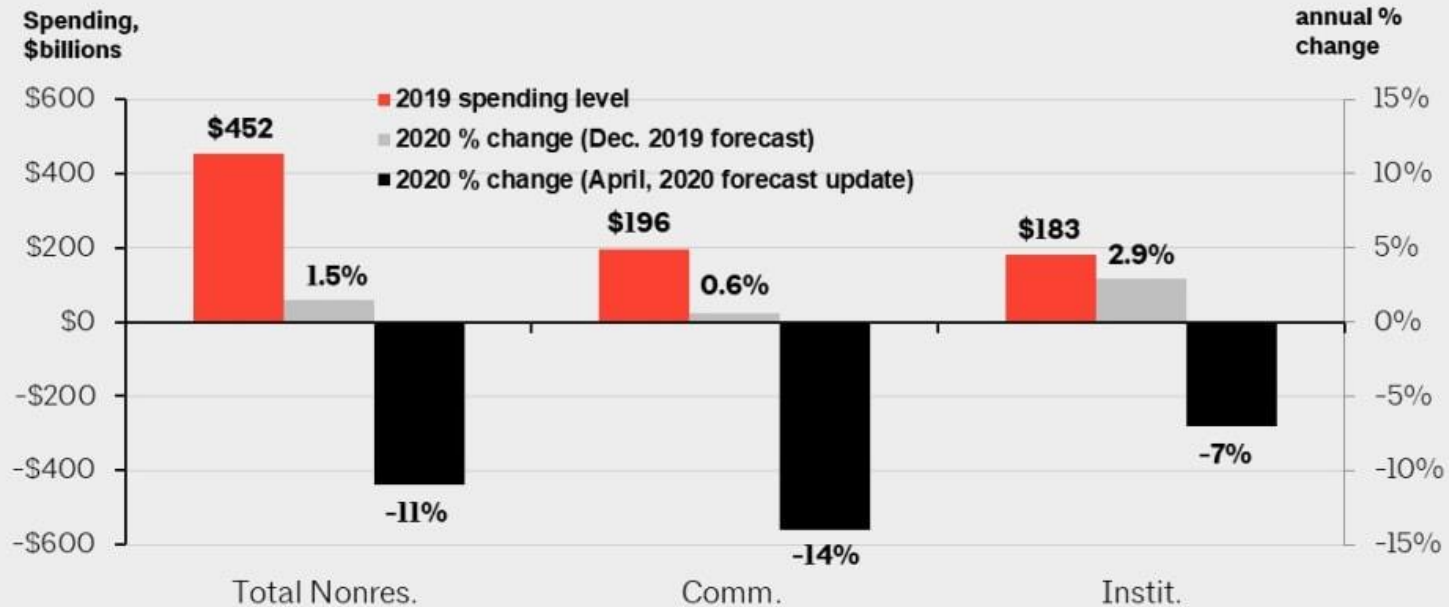
PGPF.ORG



Good Start Interrupted

Though 2020 was expected to be a year of modest growth for nonresidential building activity, now significant declines expected

Billions \$ / % change - construction spending on nonresidential buildings

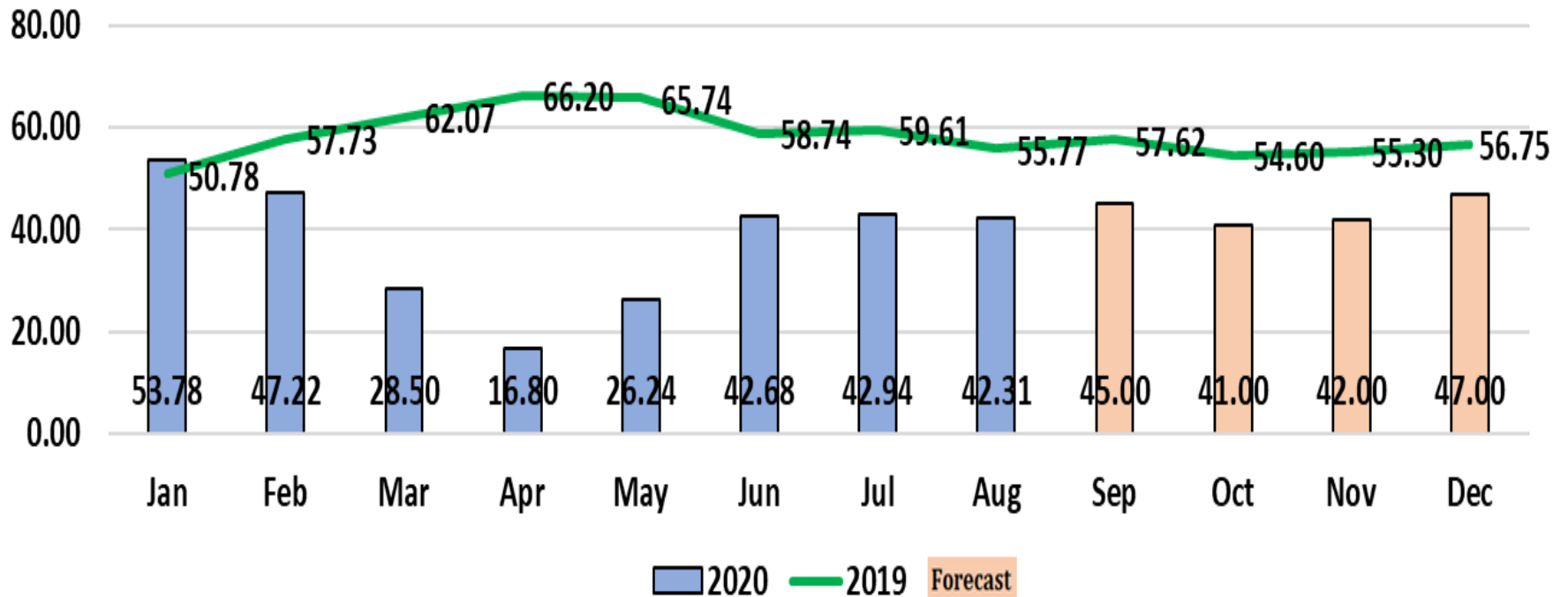


Source: AIA Consensus Construction Forecast Panel, December 2019, and April 2020 update.

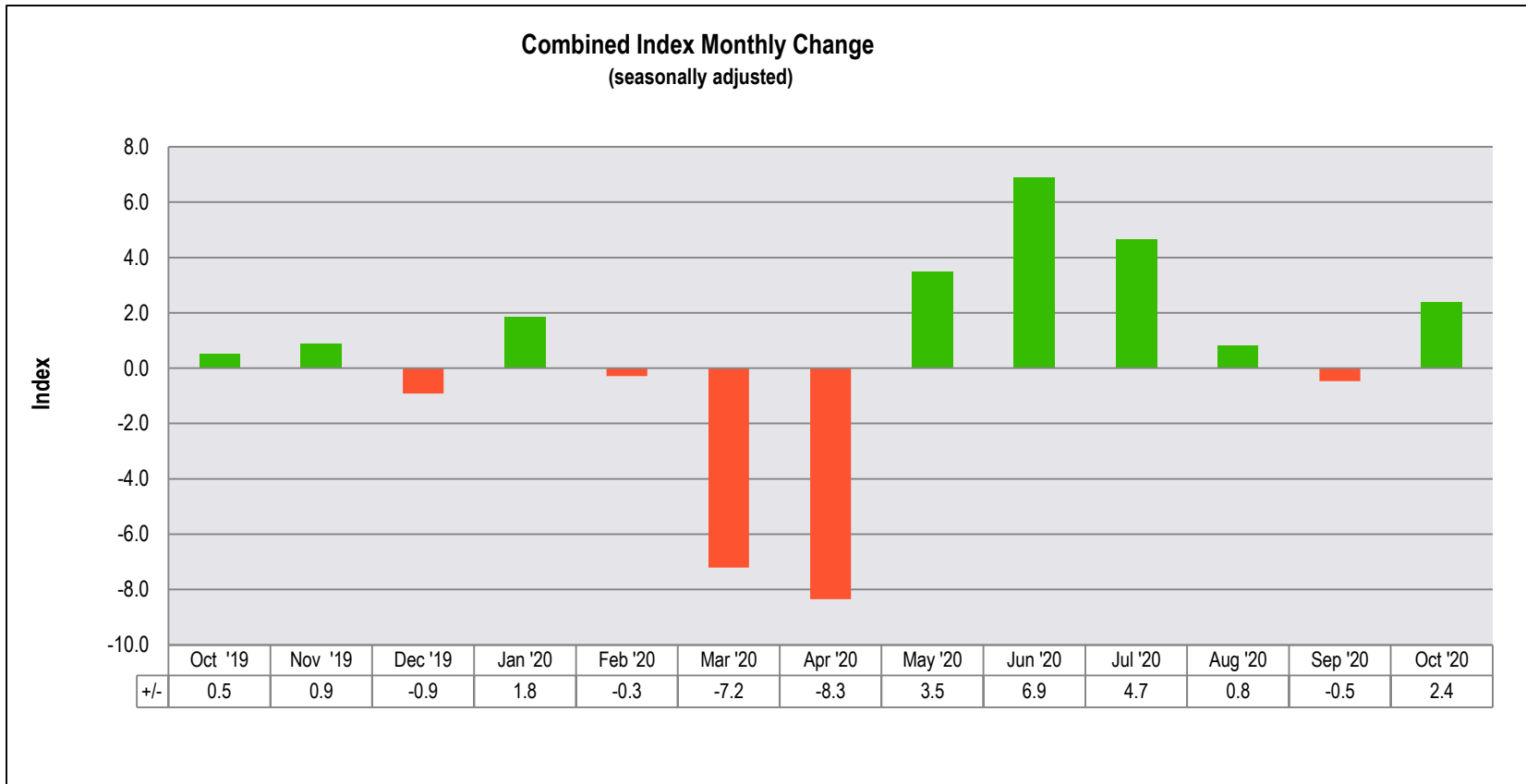
Per Barrel Oil Prices



Total US Oil Prices per Barrel



Credit Managers' Index



3 Key Ecommerce Trends You Should Know

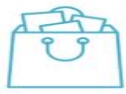


FinancesOnline
REVIEWS FOR BUSINESS

1 Global retail ecommerce sales will continue to soar

Global retail ecommerce sales figures, in trillion dollars:

Source: Statista



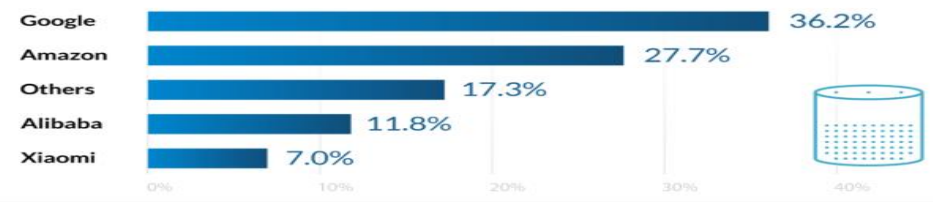
2 Social media activities increasingly influencing ecommerce retail behavior

Source: EconStor

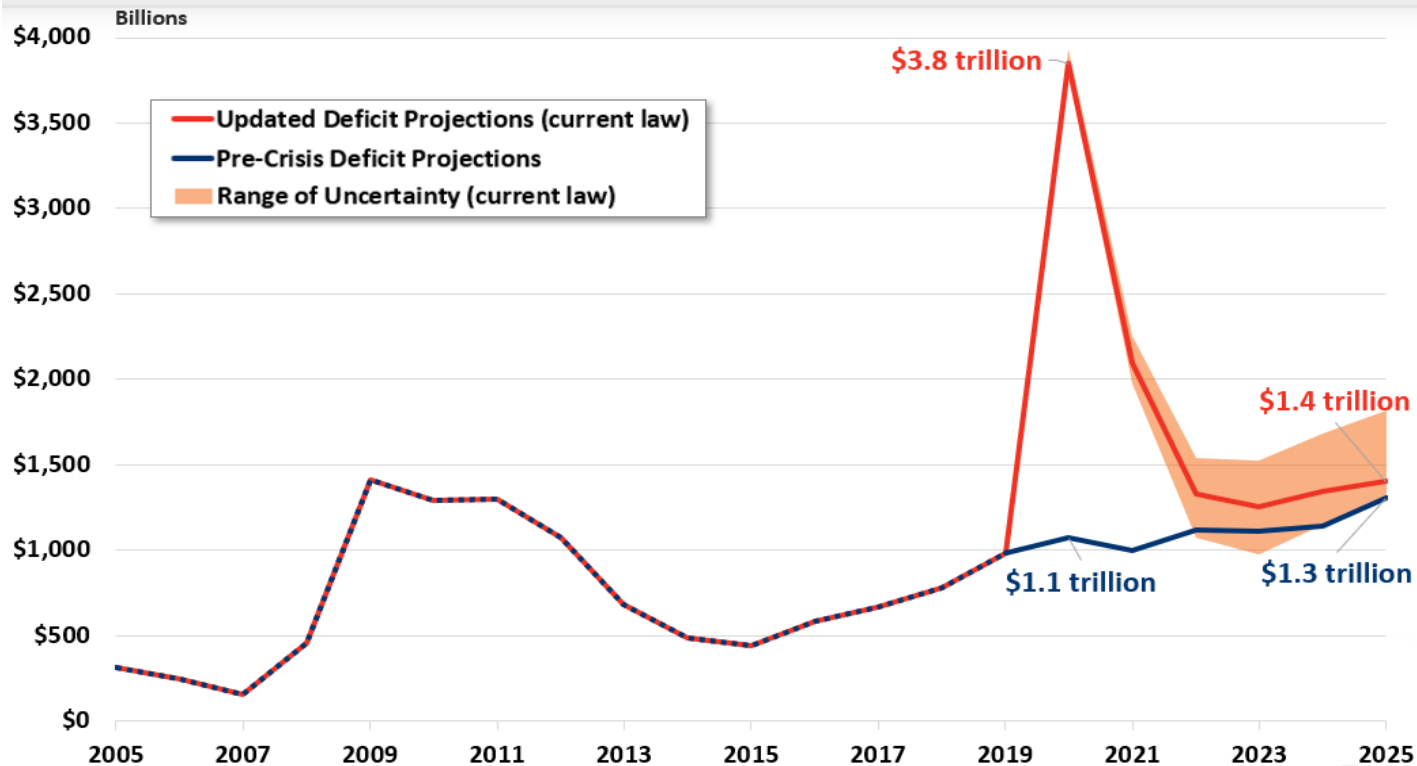


3 Smart speaker use for ecommerce among the big vendors will continue to rise

Source: Canalis



The Federal Deficit Will Reach Record Levels



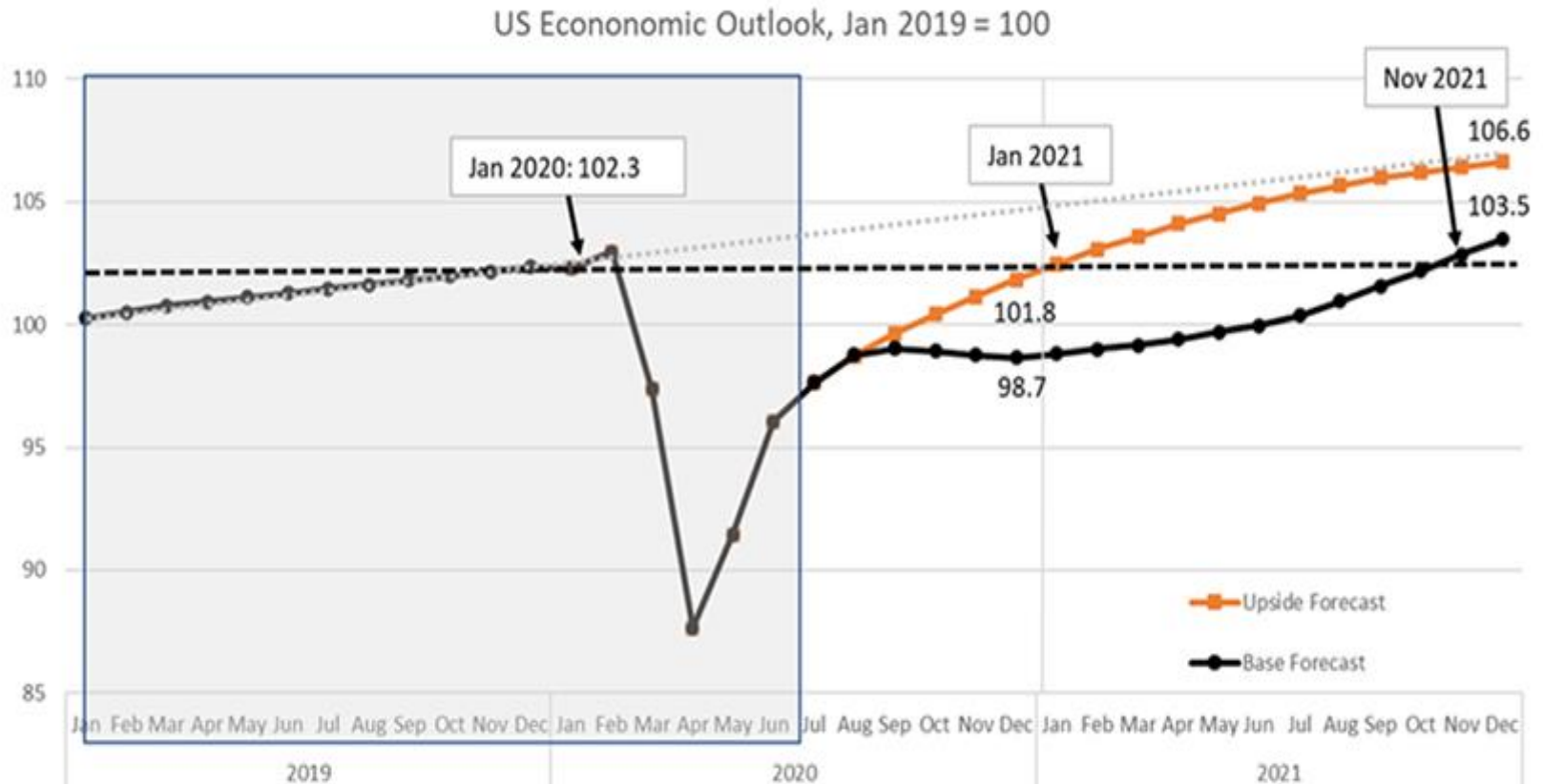
Source: CRFB Calculations



So – What to Expect?

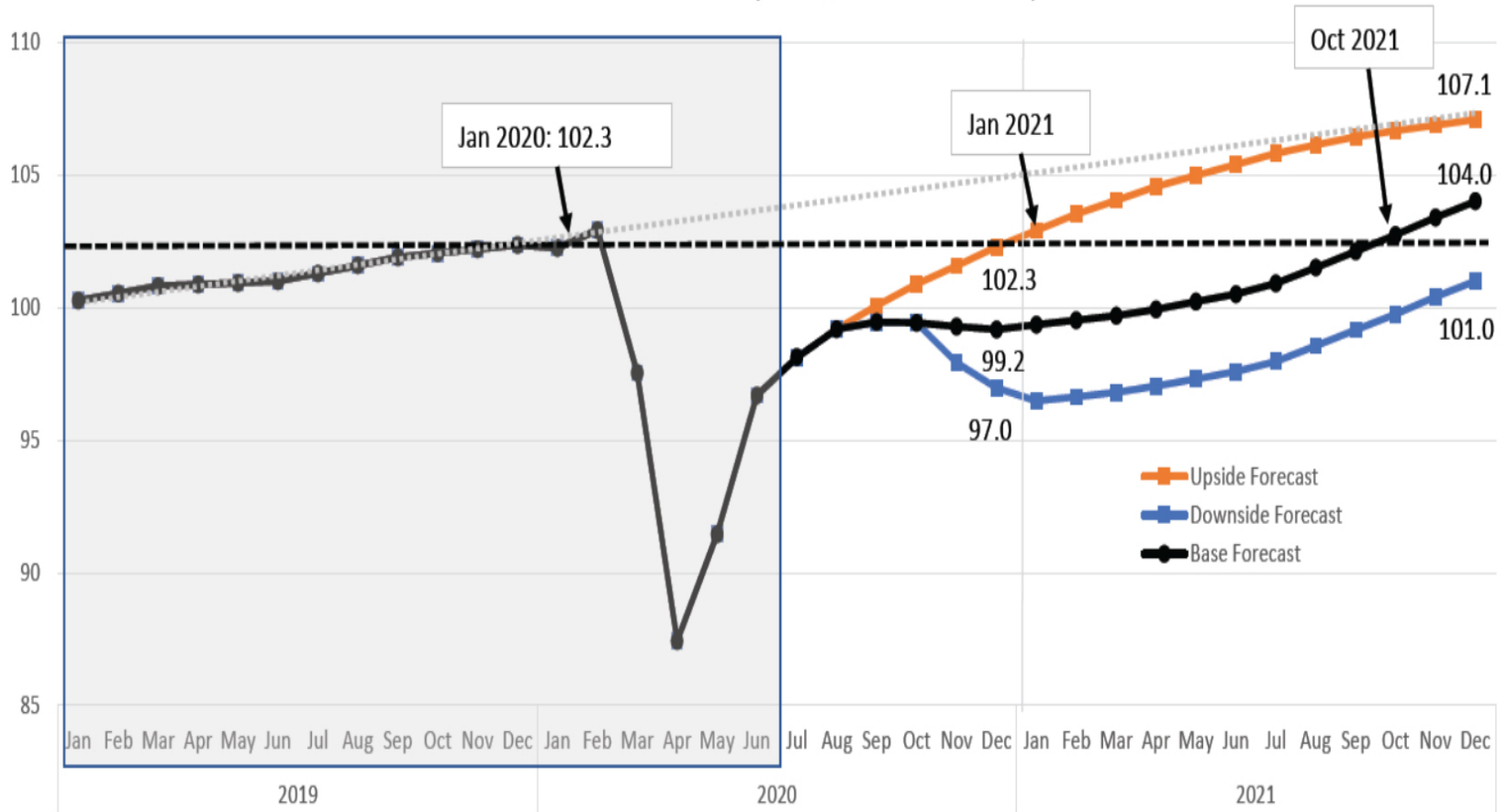


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Revised Version

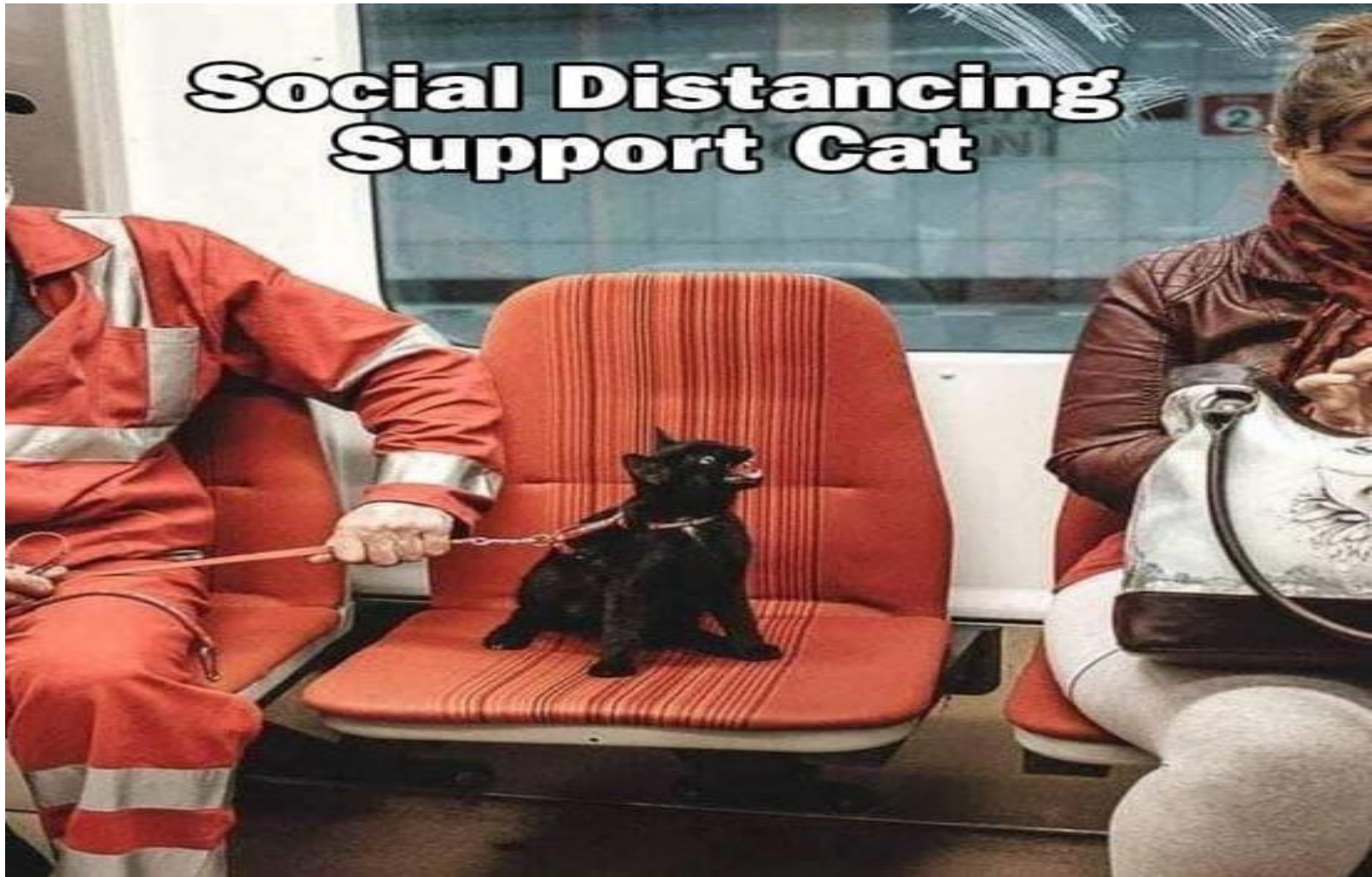
US Economic Outlook (Index, Jan 2019 = 100)



We All Need One

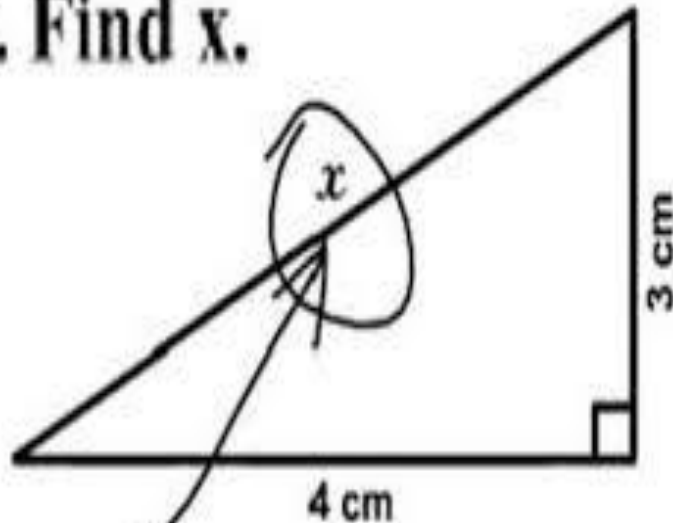


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What Does Armada Do Exactly?

3. Find x .



Here it is

ASIS – forecasting and assessing the factors that determine strategic business decisions. Contact chris.kuehl@armadaci.com for more information

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