

Gas Compressor Association “Make Your Move”

Presented by

ITR[®]

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US/Global Recovery

- Leading indicators pointing up
- Liquidity is not an issue
- Stimulative monetary policy
- Employment rising (companies right-sized)
- Banks are lending
- Retail Sales are rising
- Construction is improving
- Deficit spending continues

Results for 2011

	F Date	Forecast	Actual
GDP	6/10	\$13.525	\$13.332 (-1.4%)
US IP	1/11	93.1 (12MMA)	93.8 (0.8%)
EU IP	1/11	101.1 (12MMA)	101.2 (0.1%)
CA IP	3/10	96.6 * 4.1%	96.0 (0.6%)
Retail Sales	6/10	\$2.116 Trillion	\$2.106 (-0.5%)
Housing	7/10	579 Ths Units	607 (4.8%)
Employment	4/10	141.1 million	139.9 (-0.9%)
CPI	7/10	2.9%	3.2%

* End of year 12-month index estimate



Phase 1 – Data Preparation

	Raw	3MMT	3/12	12MMT	12/12
Jan-10	1.4				
Feb-10	1.5				
Mar-10	1.5	4.4			
Apr-10	1.4	4.4			
May-10	1.5	4.4			
Jun-10	1.3	4.2			
Jul-10	1.3	4.2			
Aug-10	1.6	4.3			
Sep-10	1.6	4.6			
Oct-10	1.5	4.8			
Nov-10	1.7	4.8			
Dec-10	1.6	4.8		18.0	
Jan-11	1.7	4.9		18.3	
Feb-11	1.7	4.9		18.5	
Mar-11	1.7	5.0	14.1%	18.6	
Apr-11	1.6	5.0	13.6%	18.8	
May-11	1.7	5.0	13.2%	19.0	
Jun-11	1.5	4.9	15.1%	19.2	
Jul-11	1.5	4.7	13.5%	19.4	
Aug-11	1.9	4.9	14.1%	19.6	
Sep-11	1.7	5.1	11.3%	19.8	
Oct-11	1.7	5.3	11.5%	20.0	
Nov-11	1.9	5.3	10.1%	20.1	
Dec-11	1.7	5.3	10.5%	20.3	12.7%

3/12 Rate-of-Change

$$= \frac{\text{December 2011 3MMT}}{\text{December 2010 3MMT}} \times 100 - 100$$

$$= \frac{5.3}{4.8} \times 100 - 100 = 10.5\%$$

12/12 Rate-of-Change

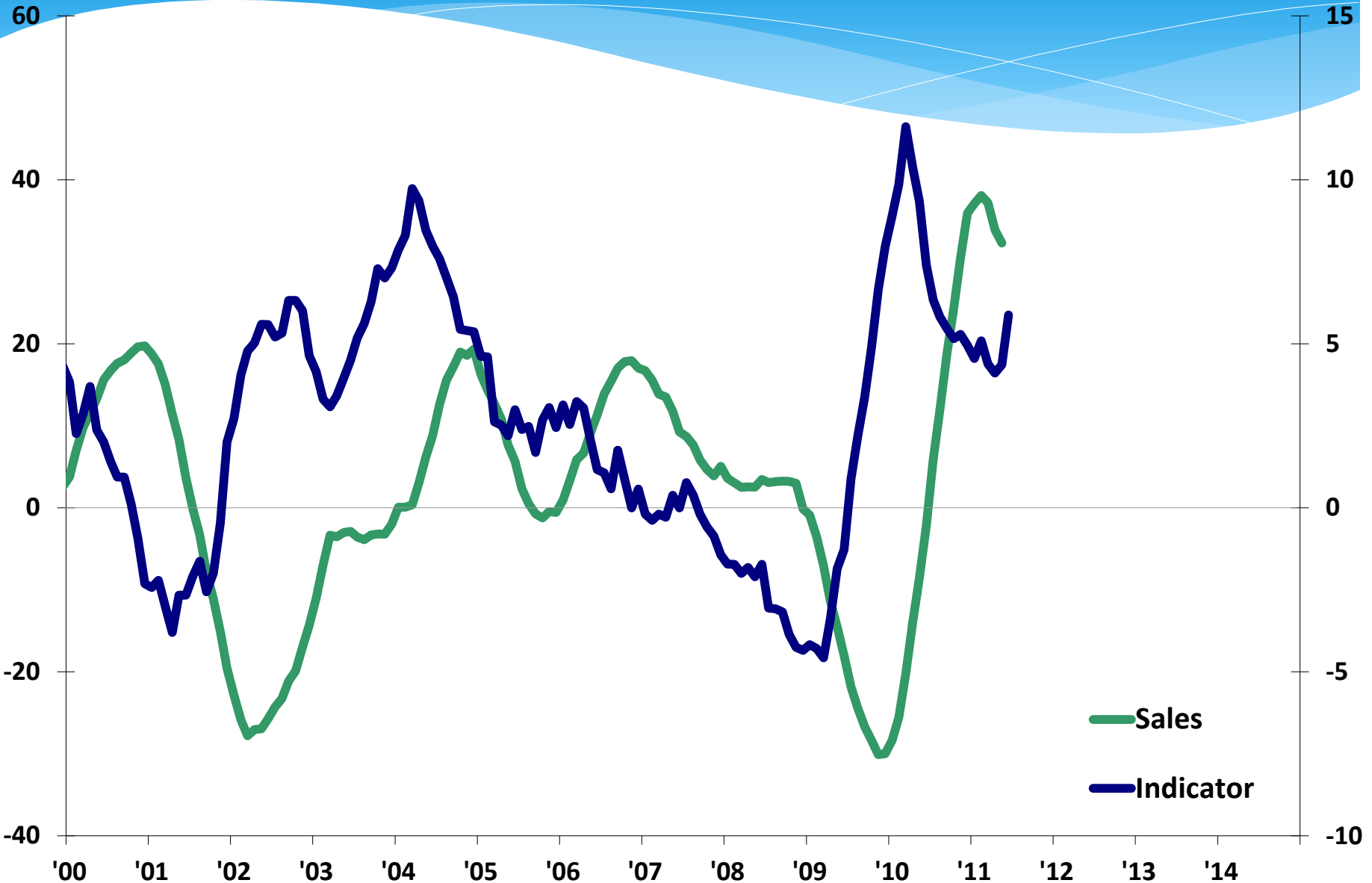
$$= \frac{\text{December 2011 12MMT}}{\text{December 2010 12MMT}} \times 100 - 100$$

$$= \frac{20.3}{18.0} \times 100 - 100 = 12.7\%$$

Phase 2 – Accumulate the Inputs

Sales

Indicator



Phase 3 – Generate the Quantitative Forecast

Internal Trends



Leading Economic Indicators



ITR Long Term Business Cycle Theory



News and Market Observations



Output - Deliverables

Applicable Advice



Accurate Forecasts

Phase Management Objectives™

Phase A

1. Start to plan out marginal opportunities
2. Begin advertising and sales promotions
3. Implement training programs

Phase B

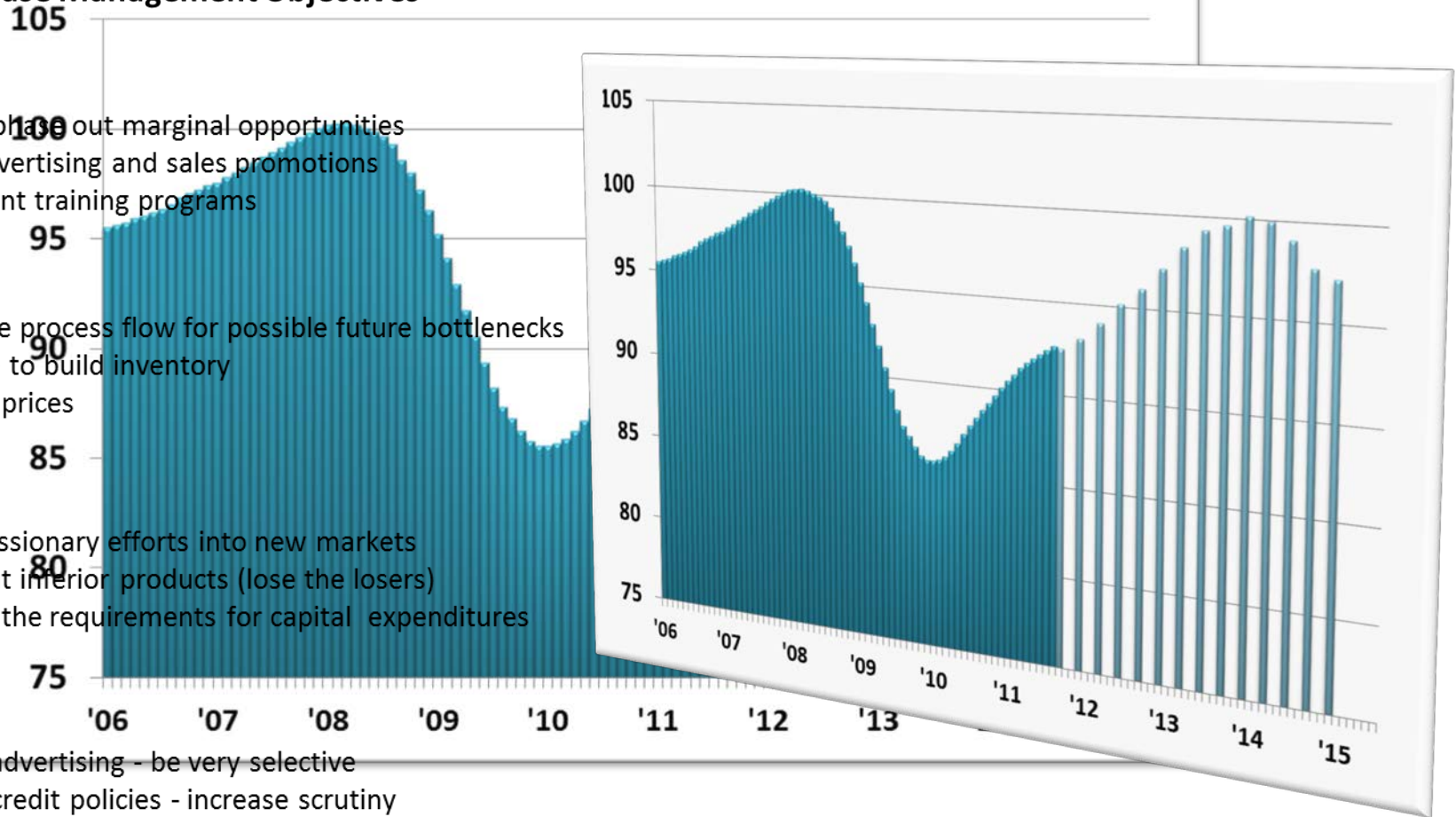
1. Check the process flow for possible future bottlenecks
2. Continue to build inventory
3. Increase prices

Phase C

1. Begin missionary efforts into new markets
2. Weed out inferior products (lose the losers)
3. Increase the requirements for capital expenditures

Phase D

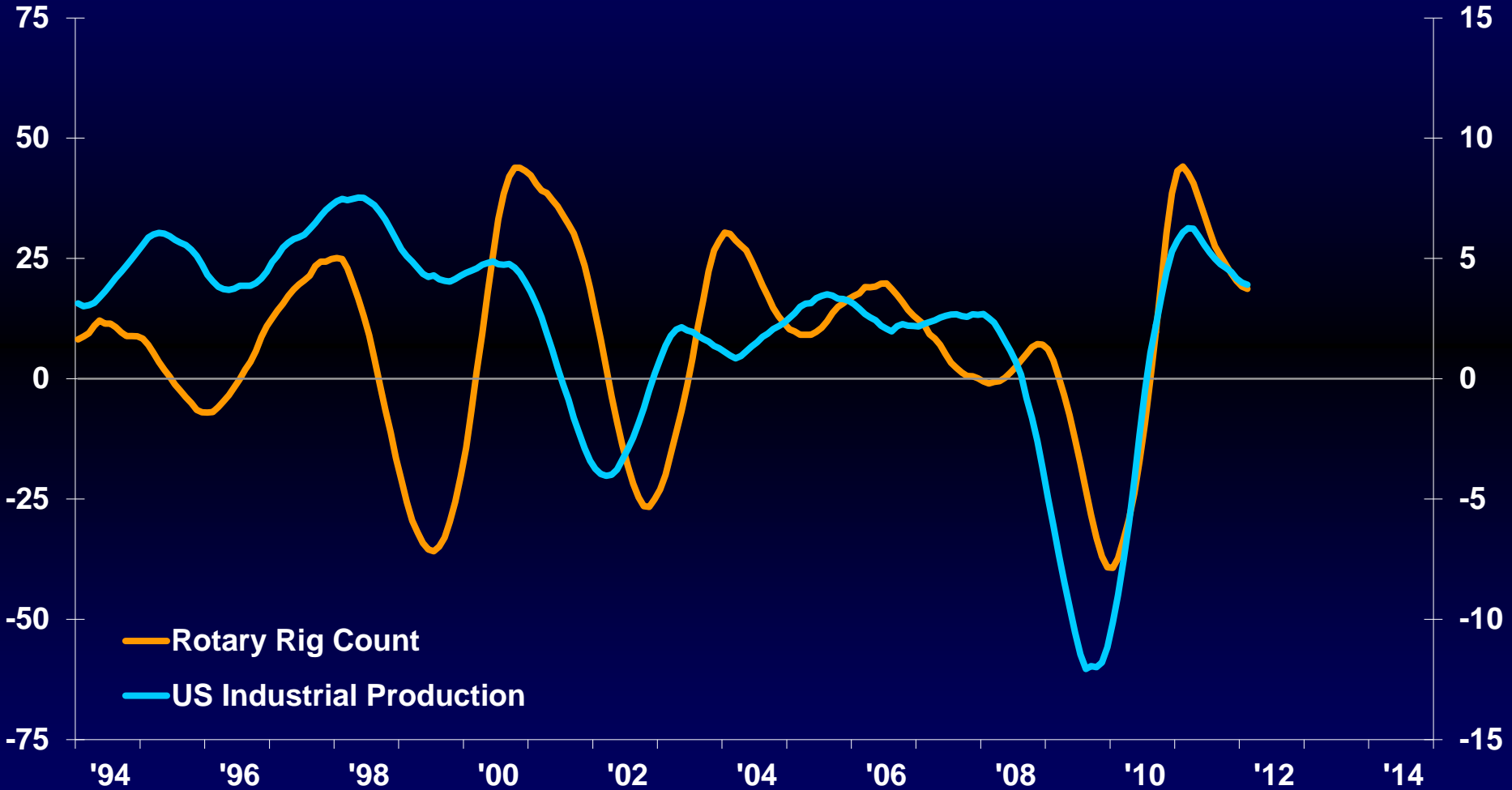
1. Reduce advertising - be very selective
2. Tighten credit policies - increase scrutiny
3. Make acquisitions - use pessimism to your advantage



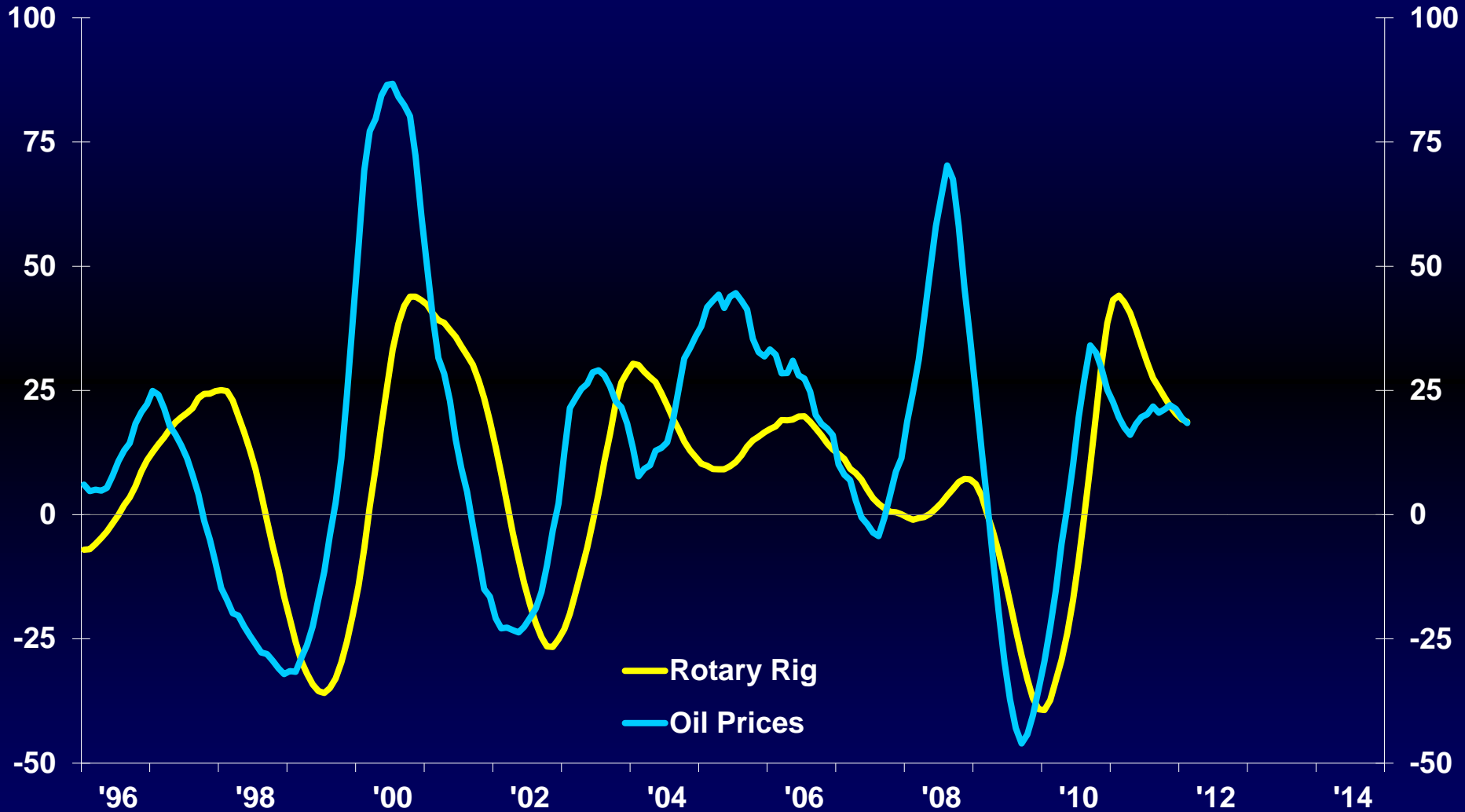
North America Rotary Rig Count to US Industrial Production 12/12 Rate-of-Change

Rig Count

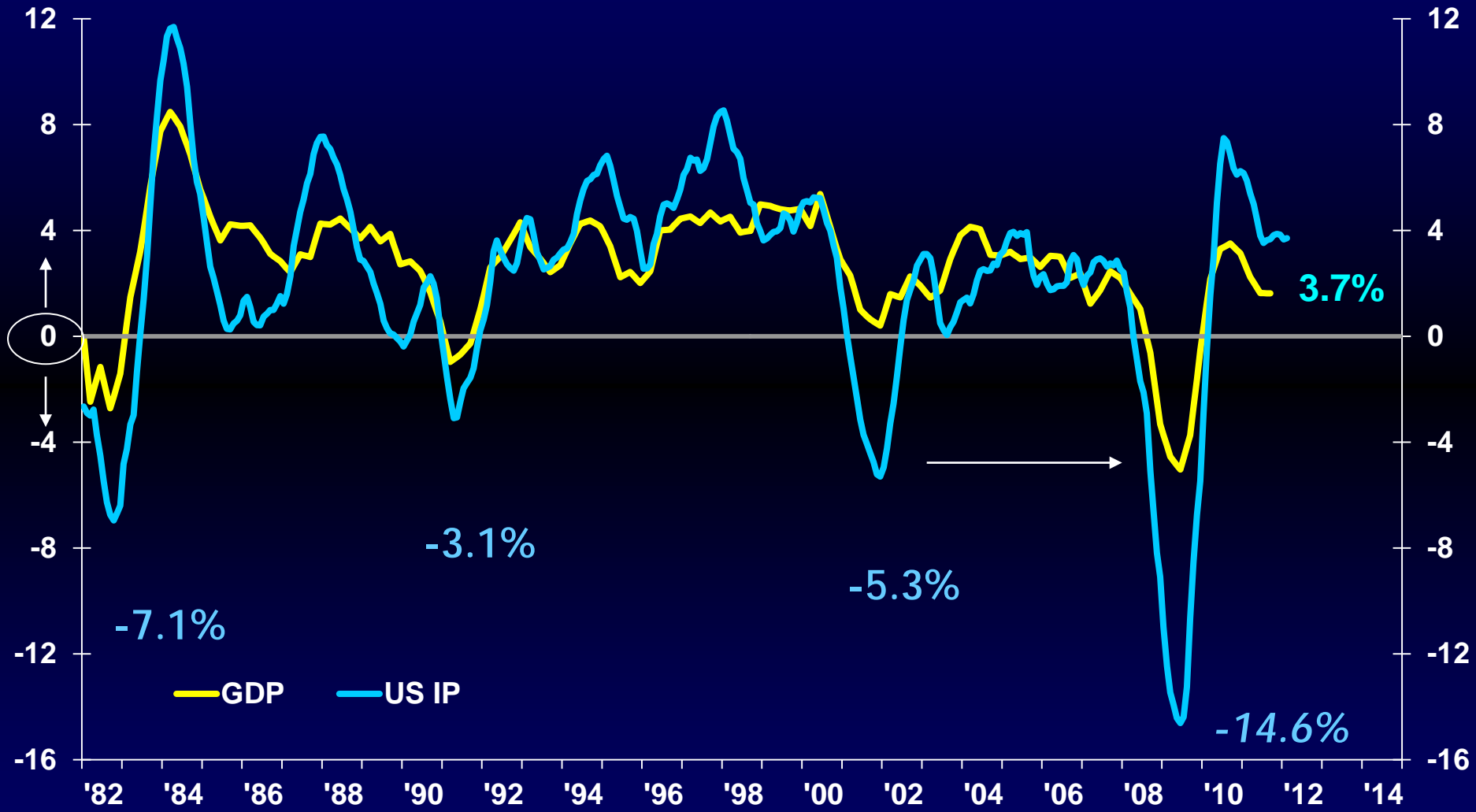
US IP



Crude Oil Future Prices to North America Rotary Rig Count 12/12 Rates-of-Change

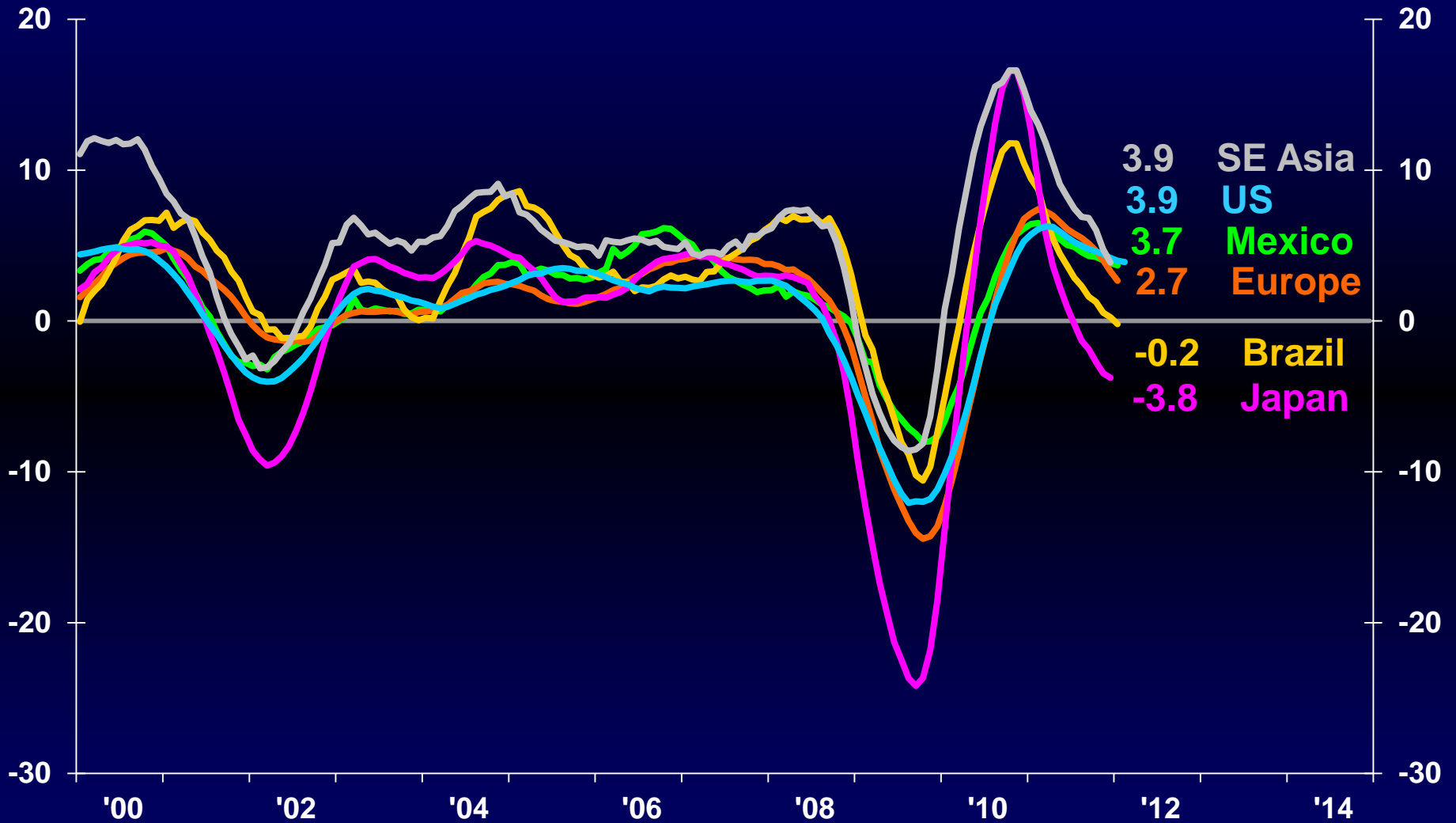


US Industrial Production to Gross Domestic Product Year-over-year Quarter to Quarter (3/12)

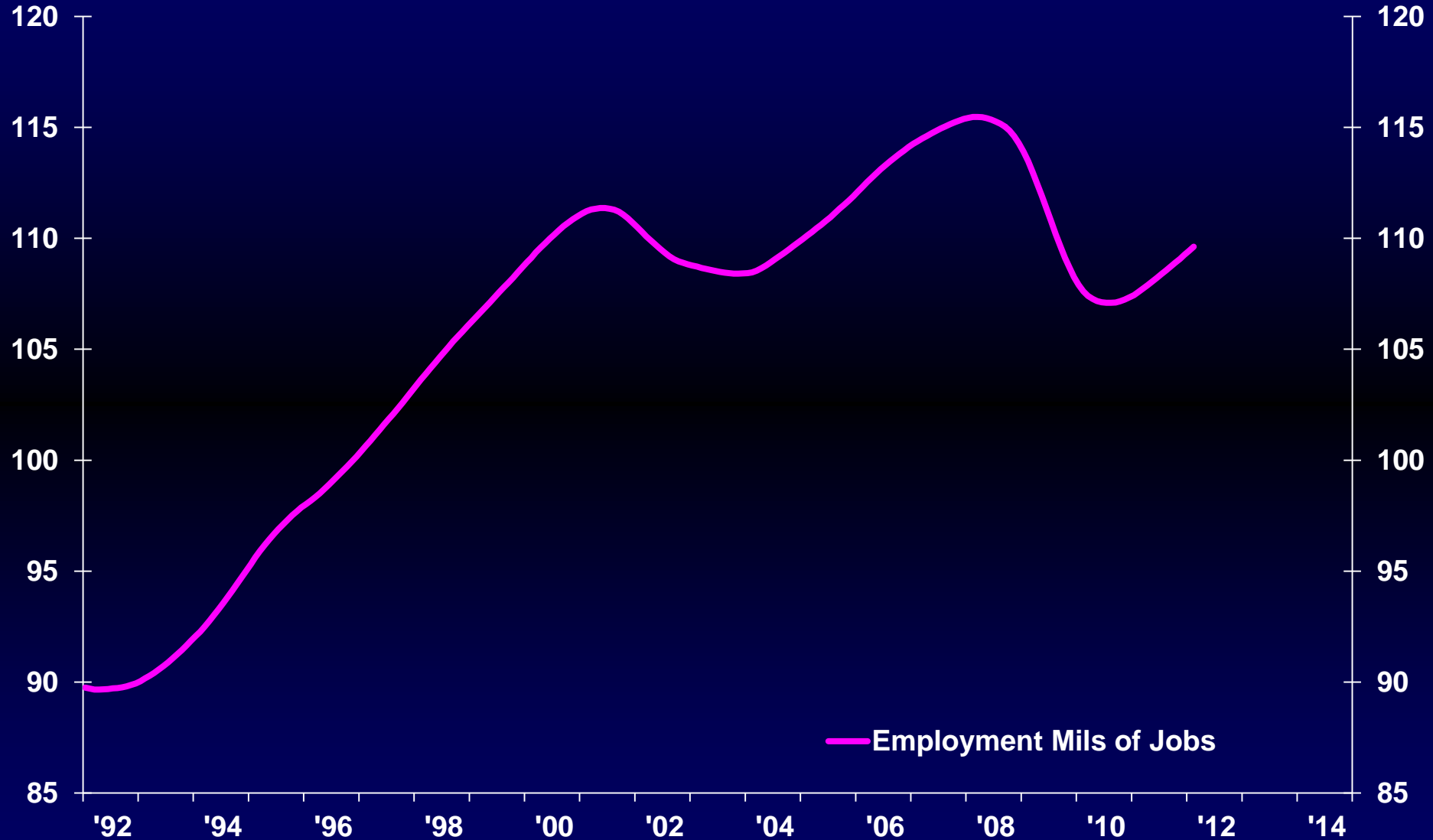


Global Industrial Production Indices

12/12 Rates-of-Change

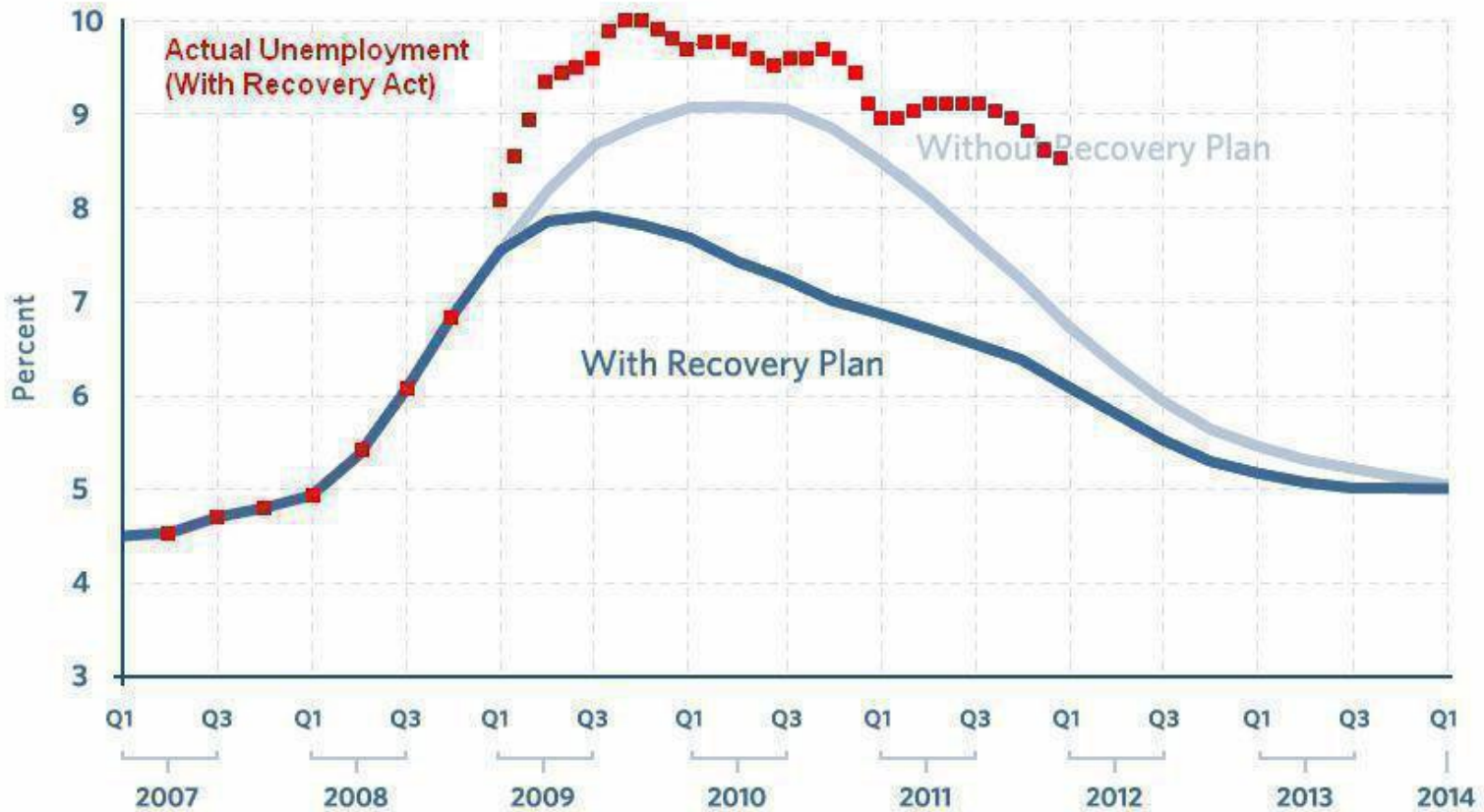


Employment – Private Sector Annual Data Trend

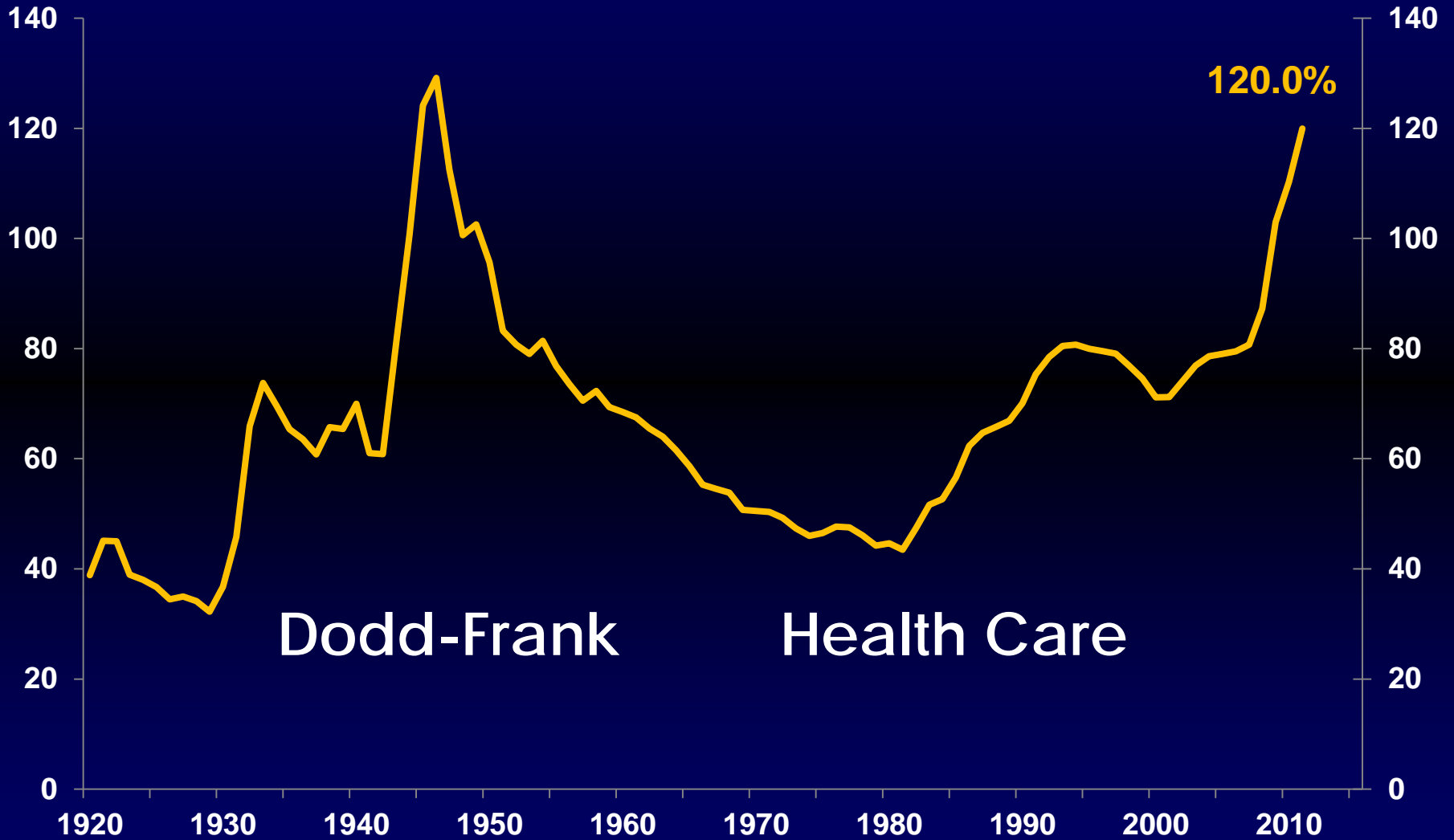


— Employment Mils of Jobs

Figure 1
 Unemployment Rate With and Without the Recovery Plan



Total U.S. Public Debt (% of GDP)



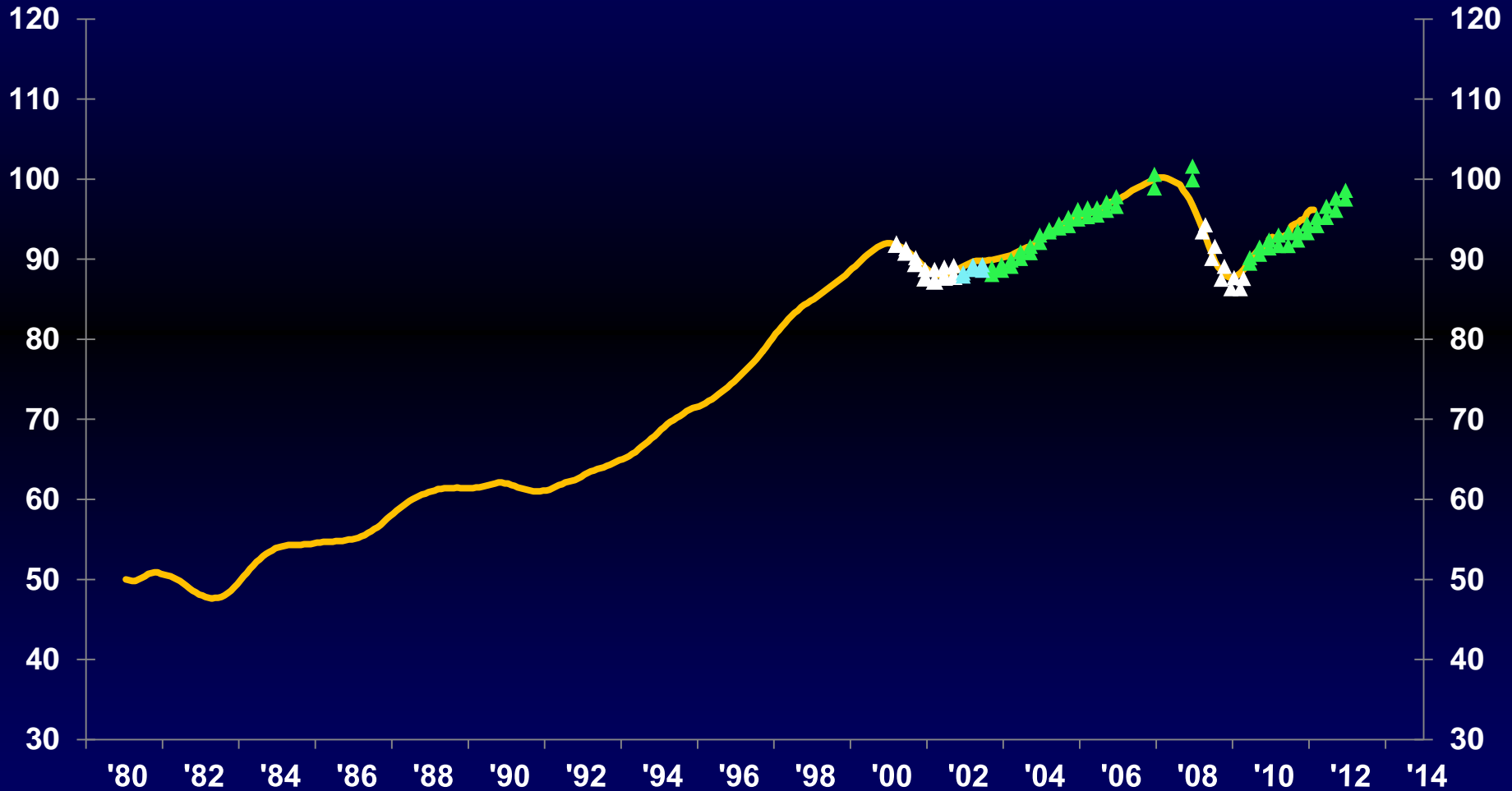
Dodd-Frank

Health Care

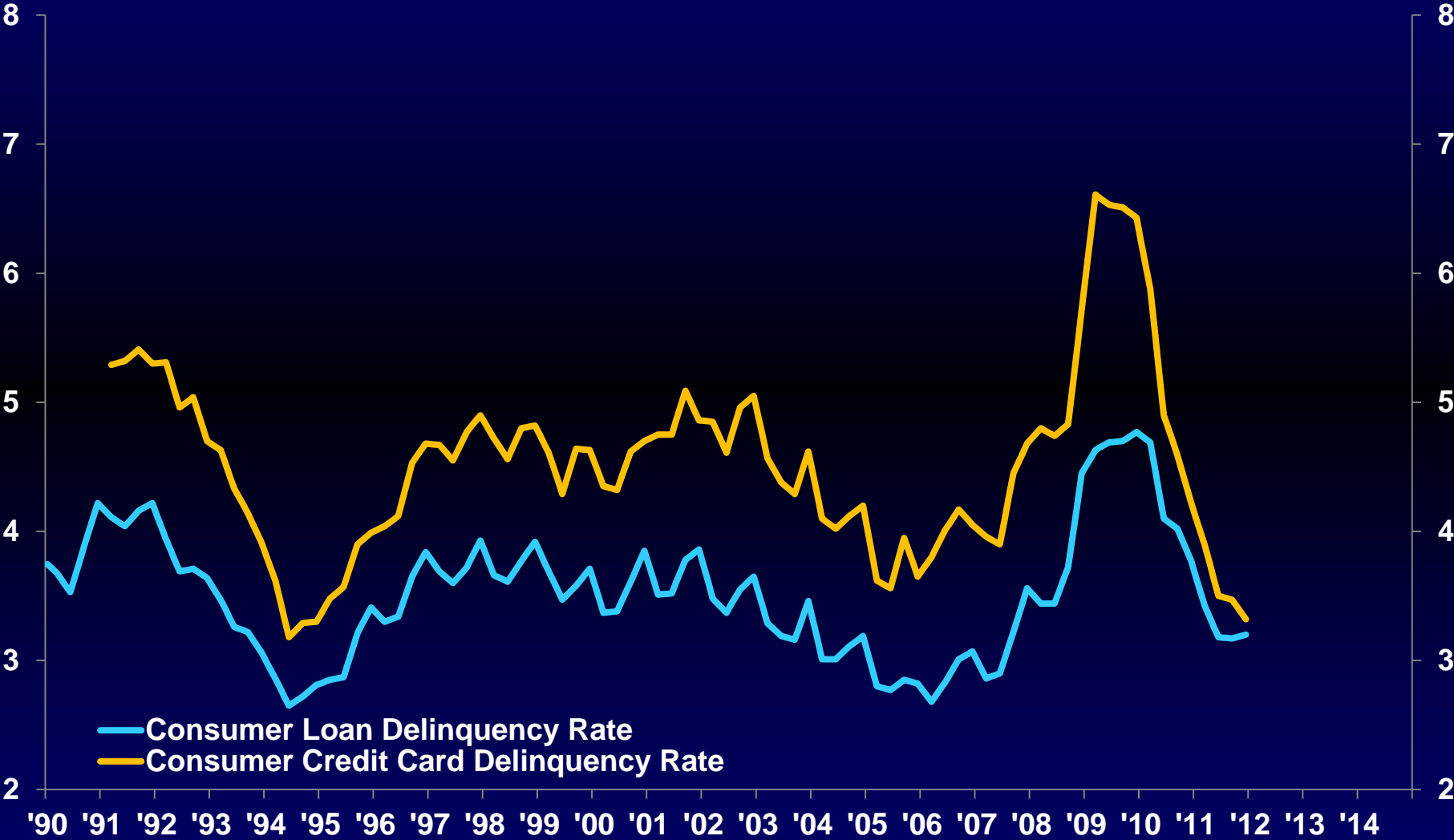


US Industrial Production Index

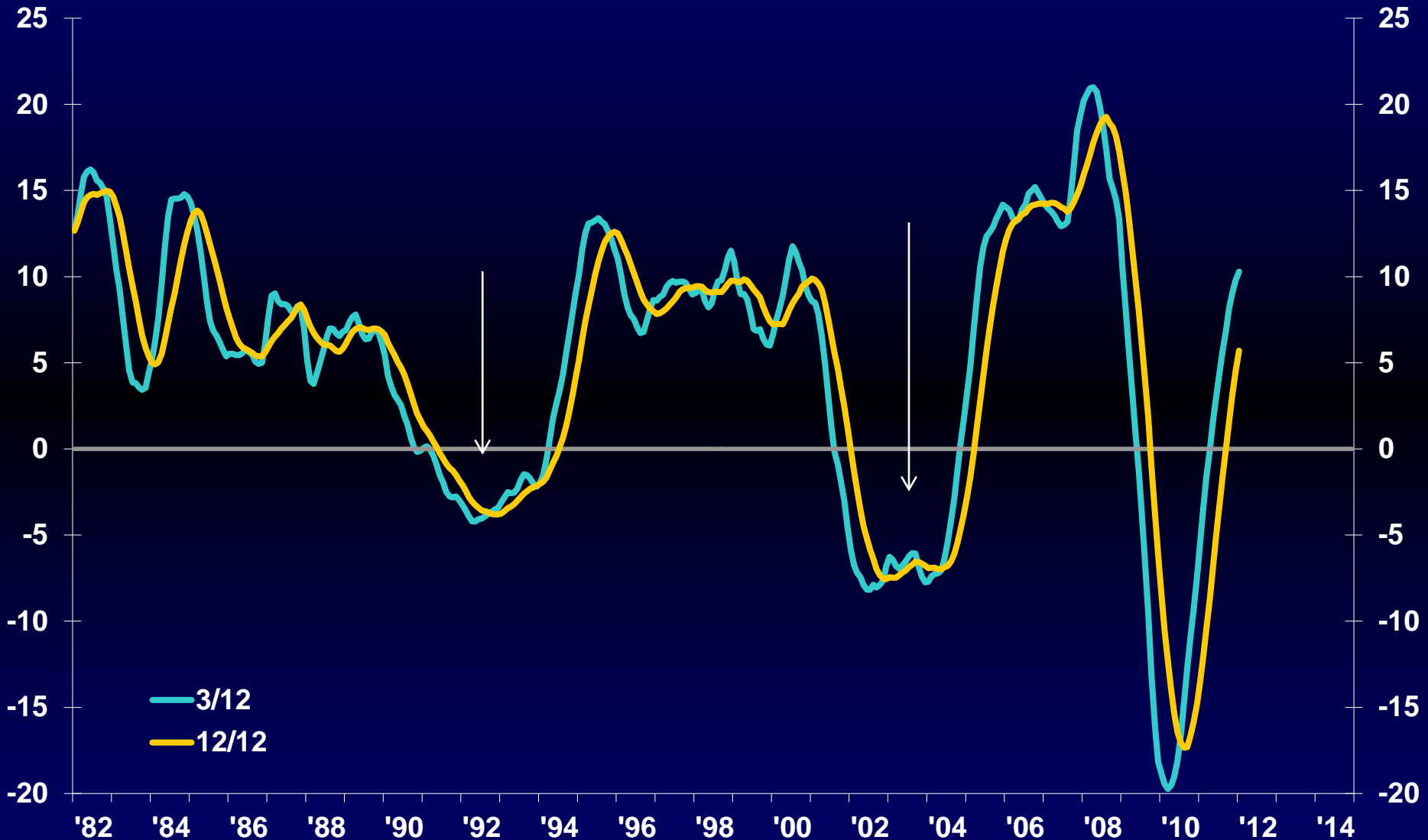
2007 = 100
Forecast Through December 2012
Annual Average Index



Delinquency Rates on Consumer Loans 3MMA Data Trends



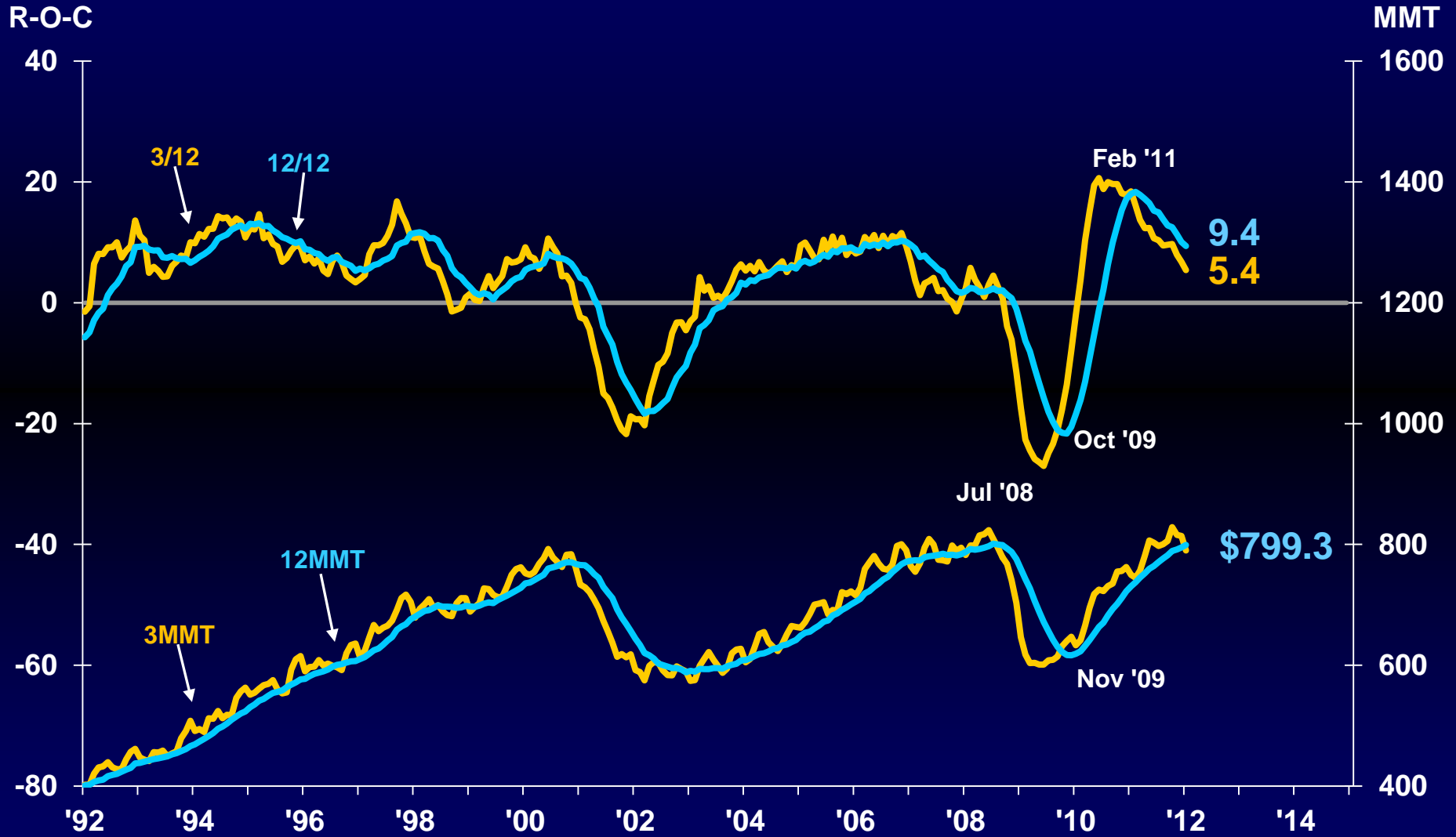
Commercial & Industrial Loans at Commercial Banks Rates-of-Change



3/12
12/12



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



M2 Money Supply Trillions of 82\$

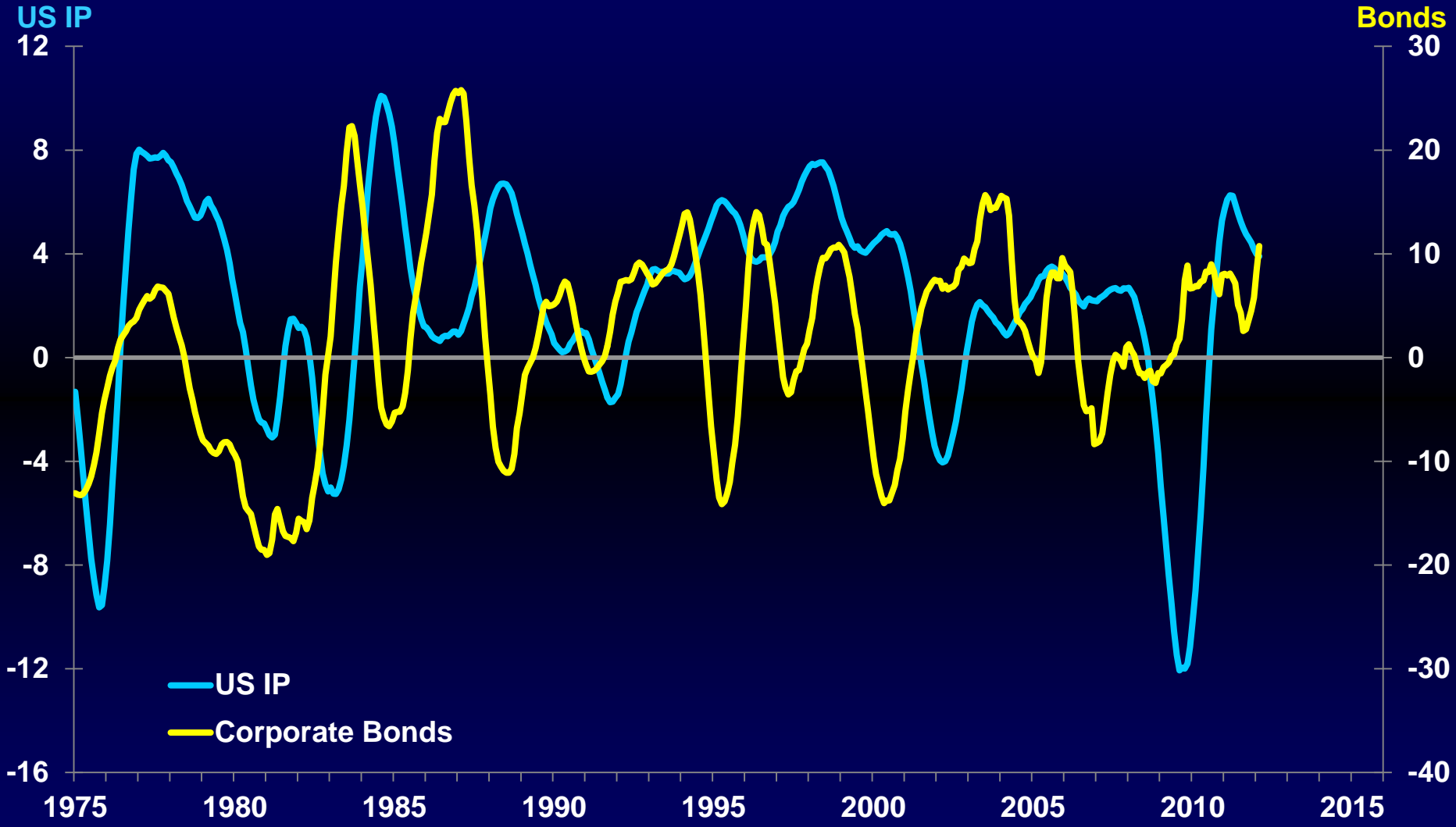


Short-Term Interest Rates to US Gov't Long-Term Bond Yields

Raw Data Trends



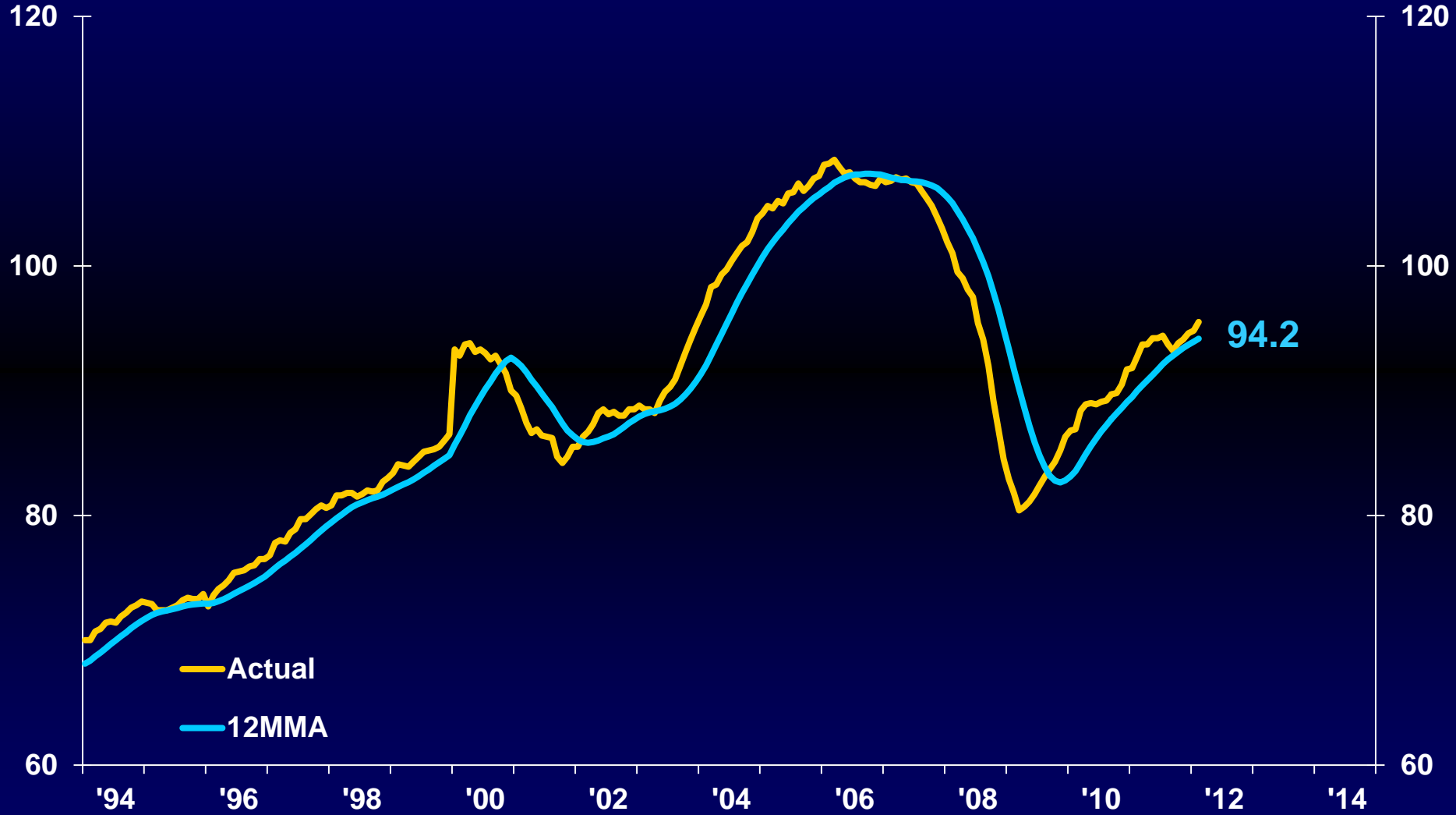
US Industrial Production to Corporate Bond Prices 12/12 Rates-of-Change



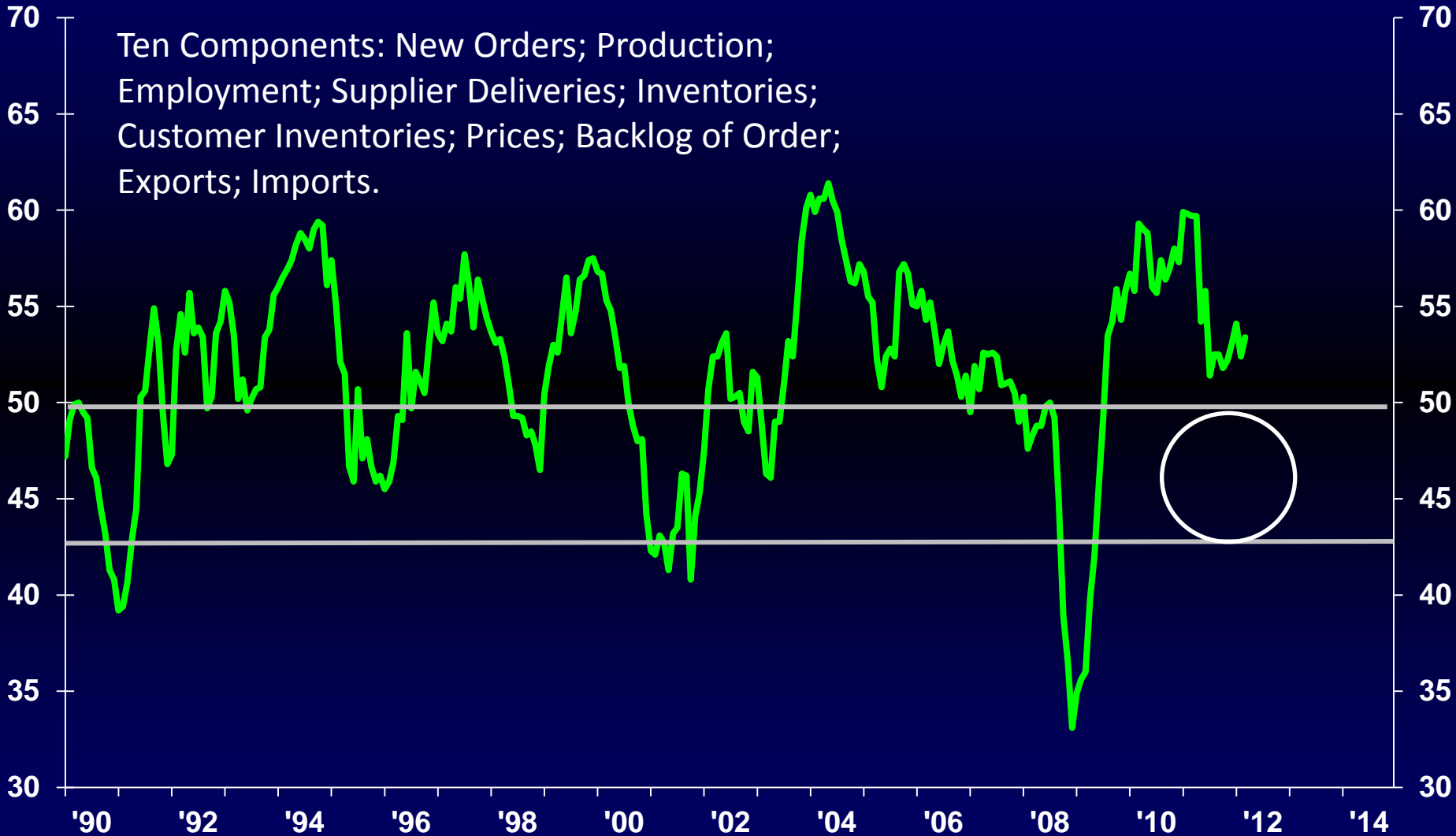
— US IP
— Corporate Bonds



US Leading Indicator Actual and 12MMA Data Trends



Purchasing Managers Index Raw Data

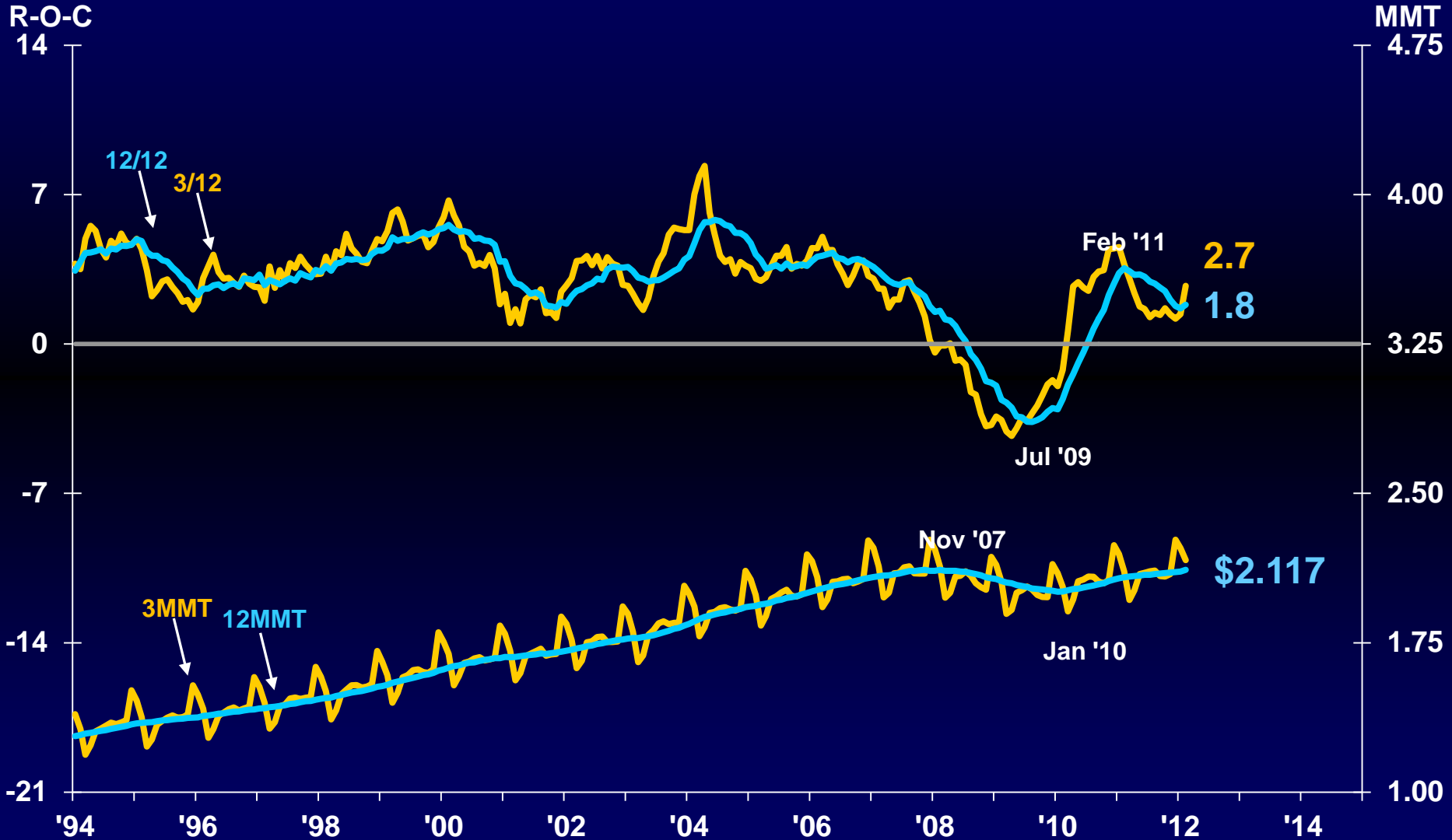


Stock Prices Index S&P 500, 1941-43 = 10

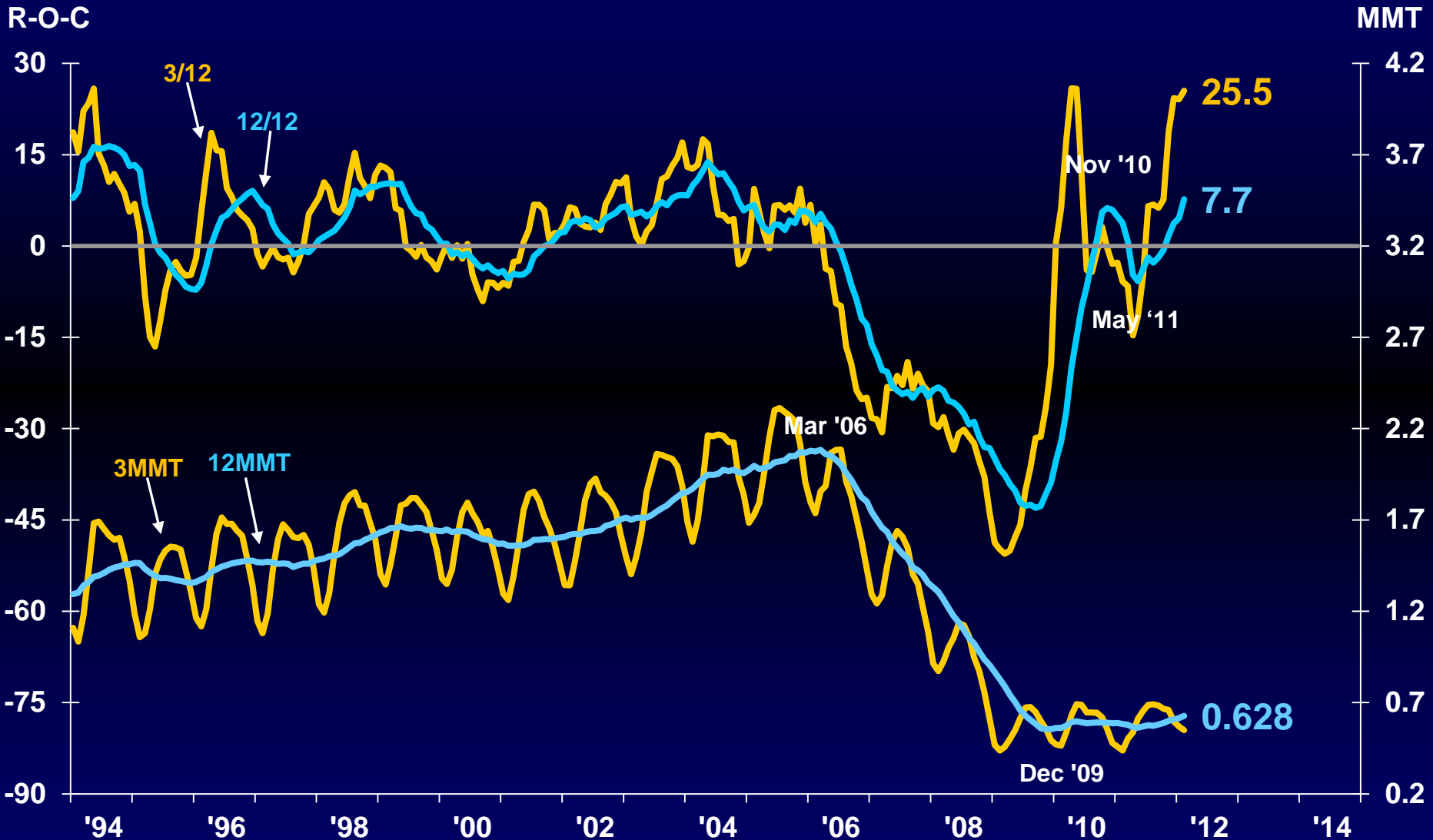


Retail Sales Excluding Automobiles

Trillions of 82-84\$

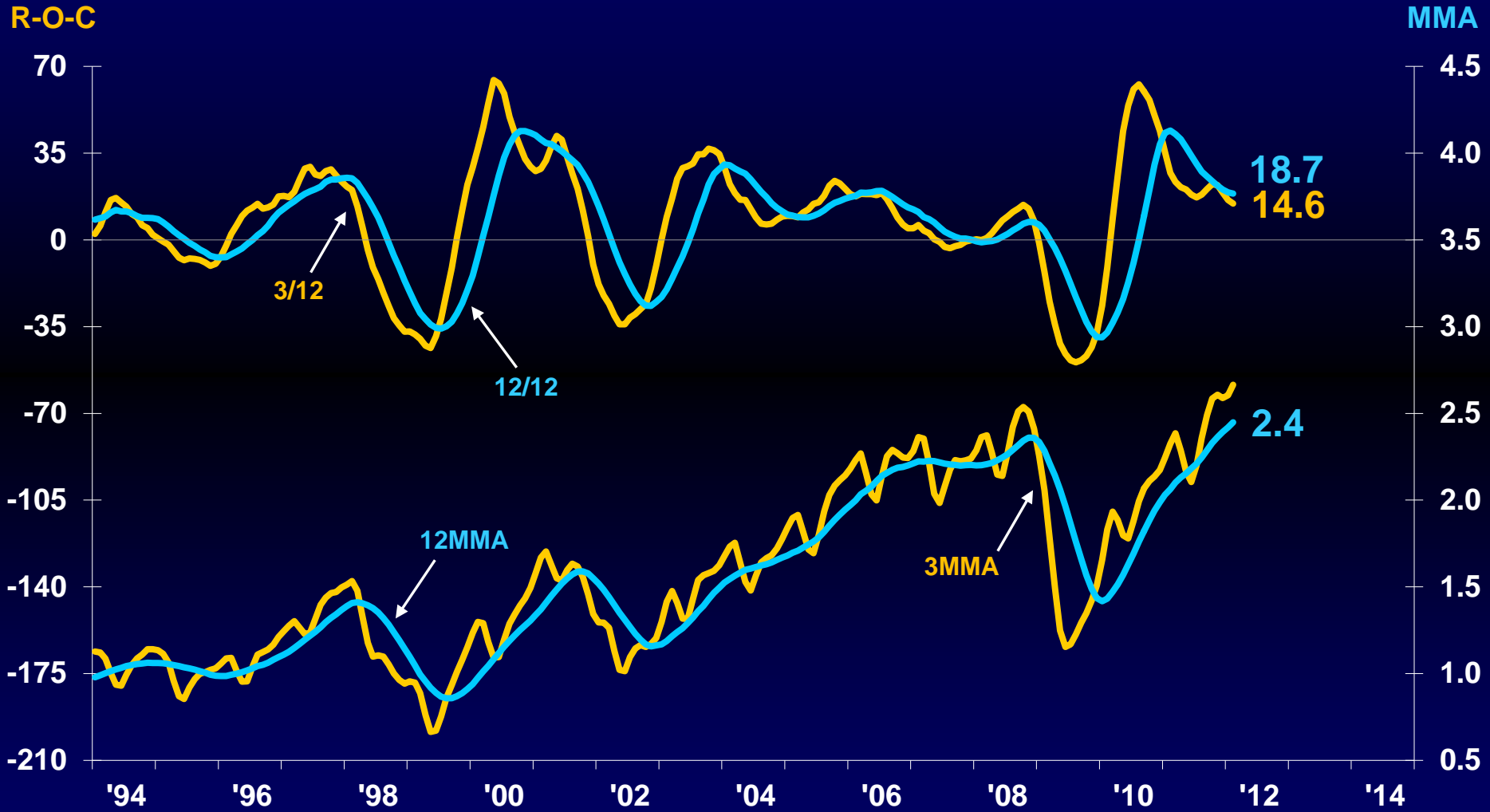


Housing Starts Millions of Units

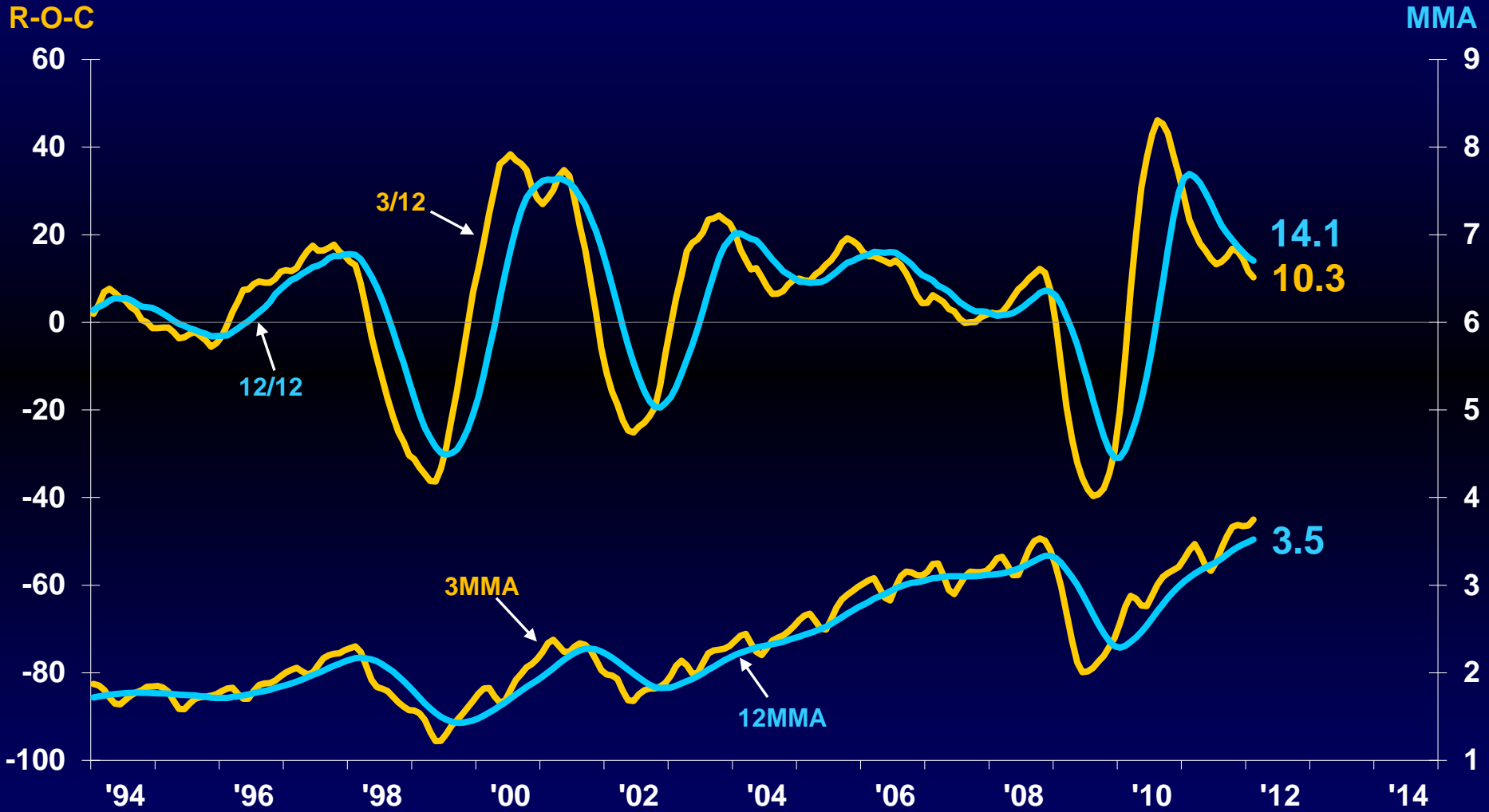


North America Rotary Rig Count

Thousands of Units

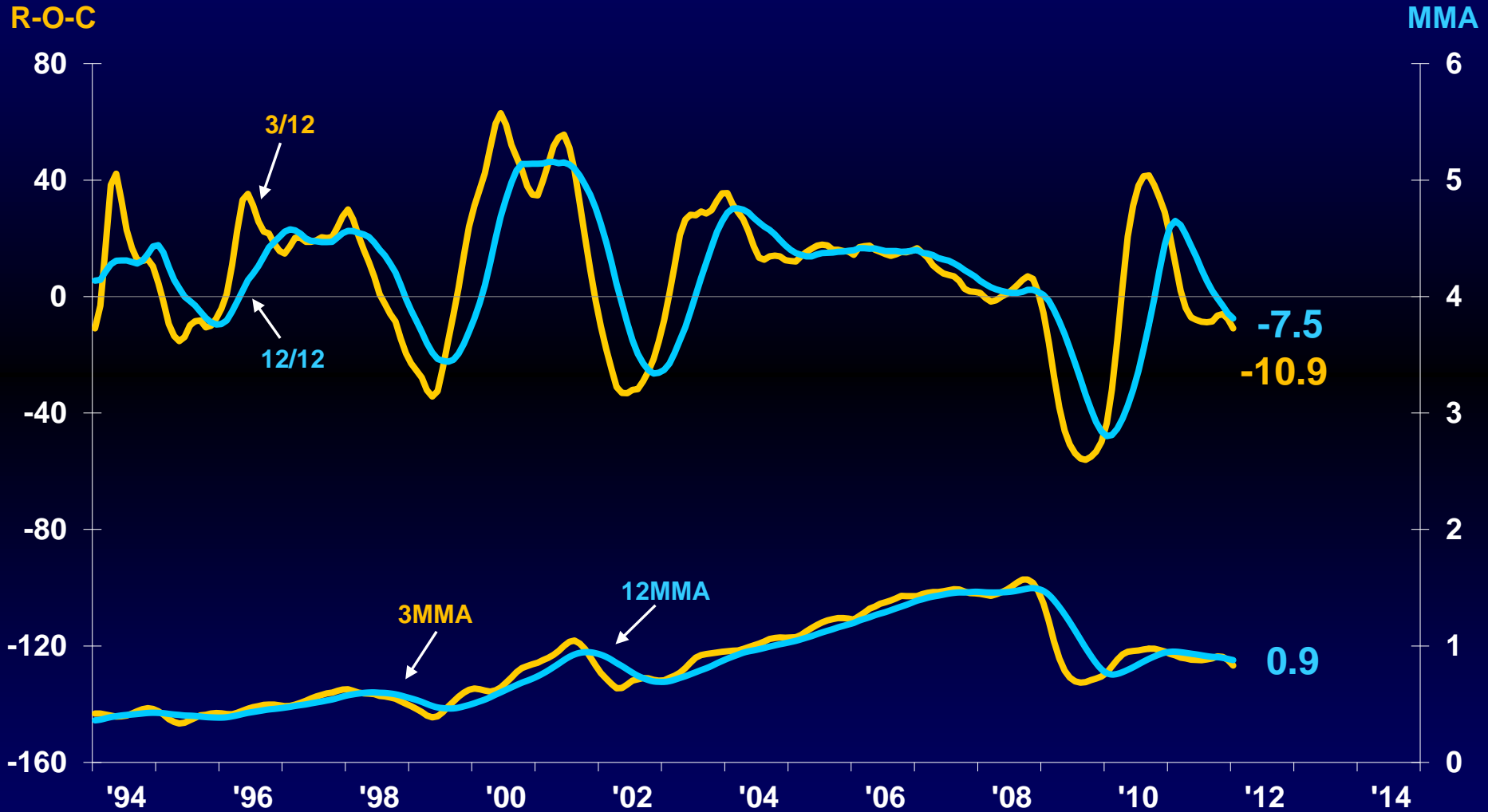


Worldwide Rotary Rig Count Thousands of Units

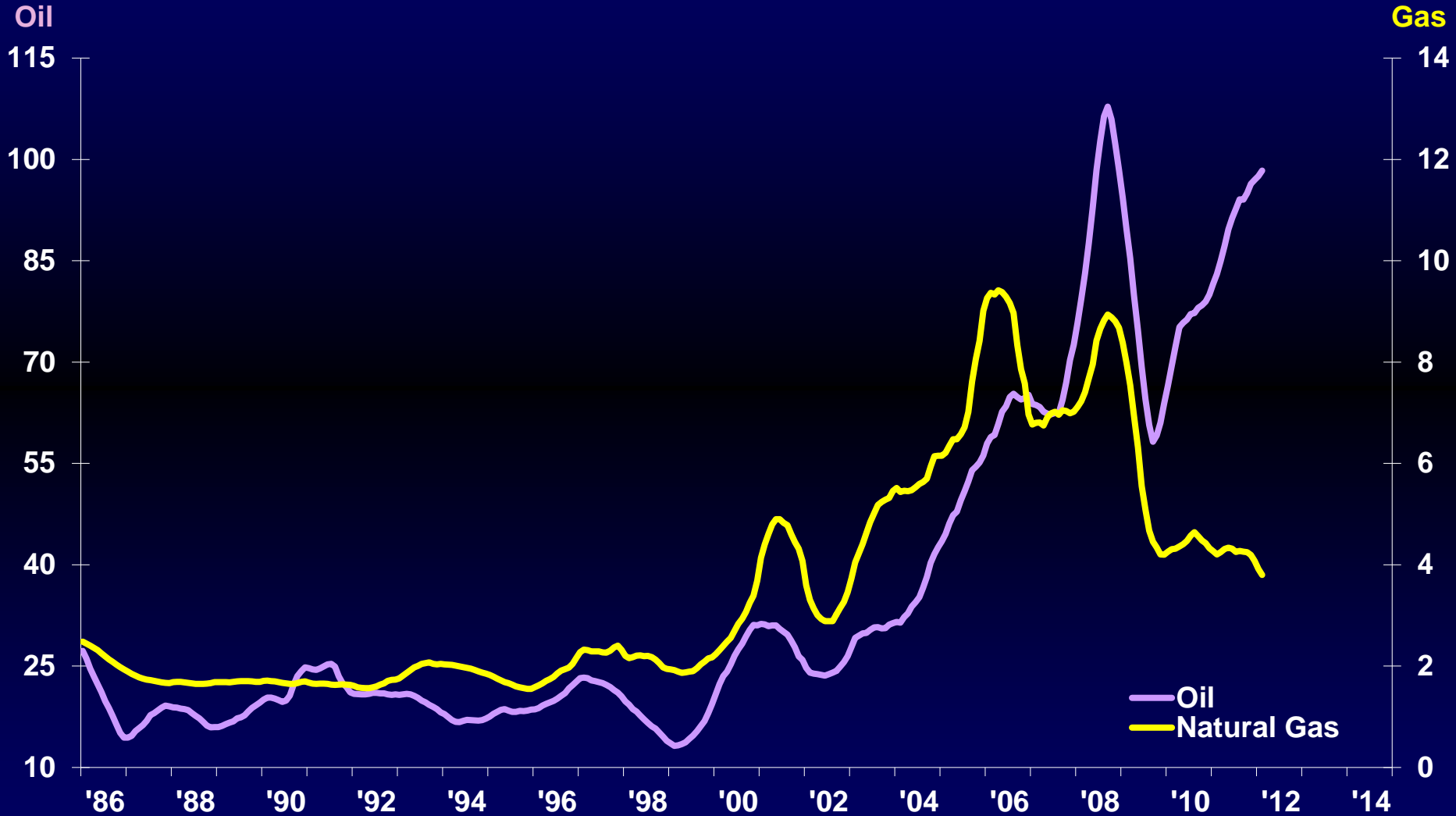


US Natural Gas Rotary Rigs

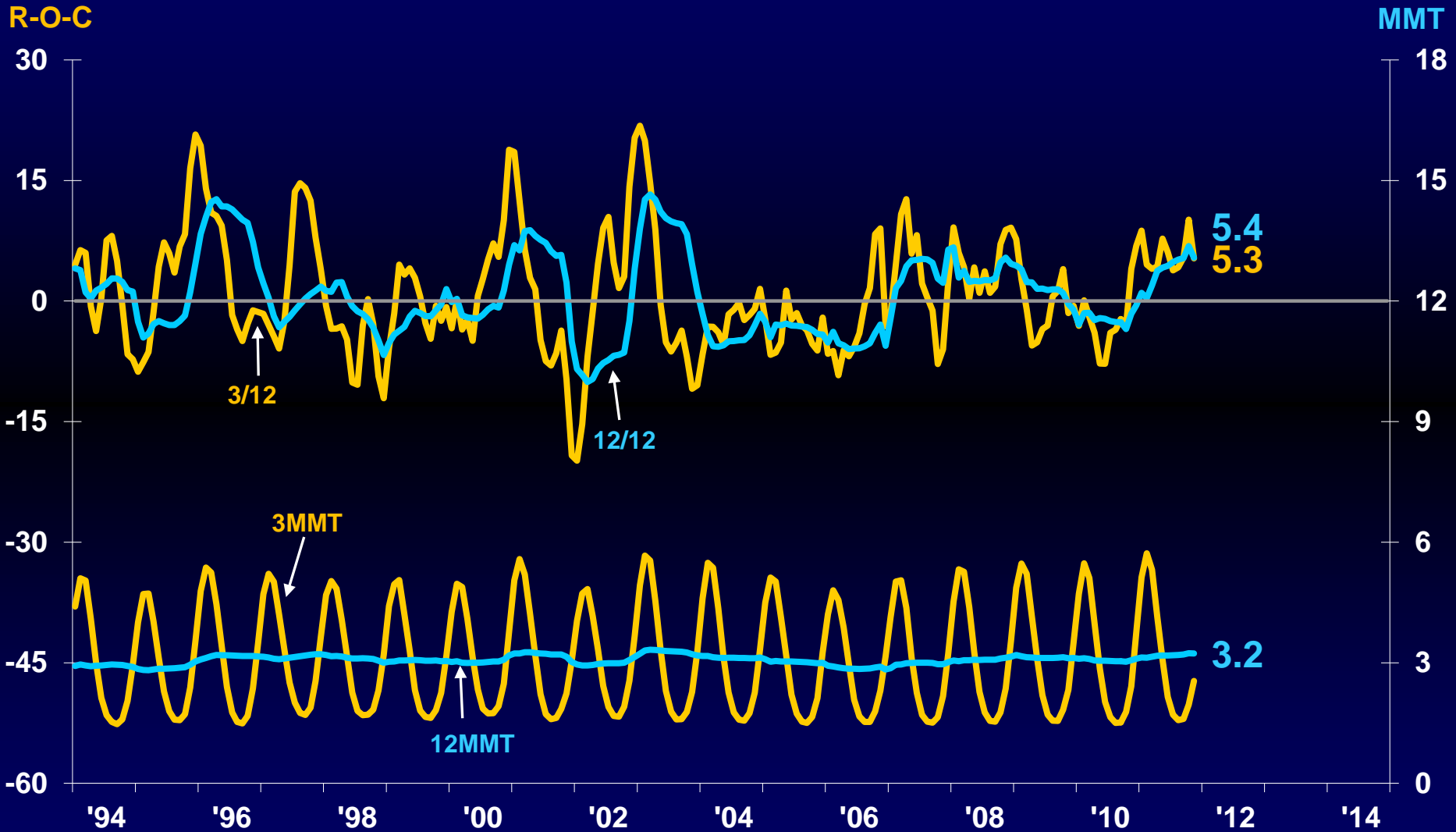
Thousands of Units



Crude Oil Future Prices to Natural Gas Future Prices Annual Average Data Trends



U.S. Natural Gas Commercial Consumption



Demographics

Winning Demographics

USA ~ 300 million grows to 400 – 500 million

India

Indonesia

Australia

Canada

Mexico

Brazil

Negative Demographics

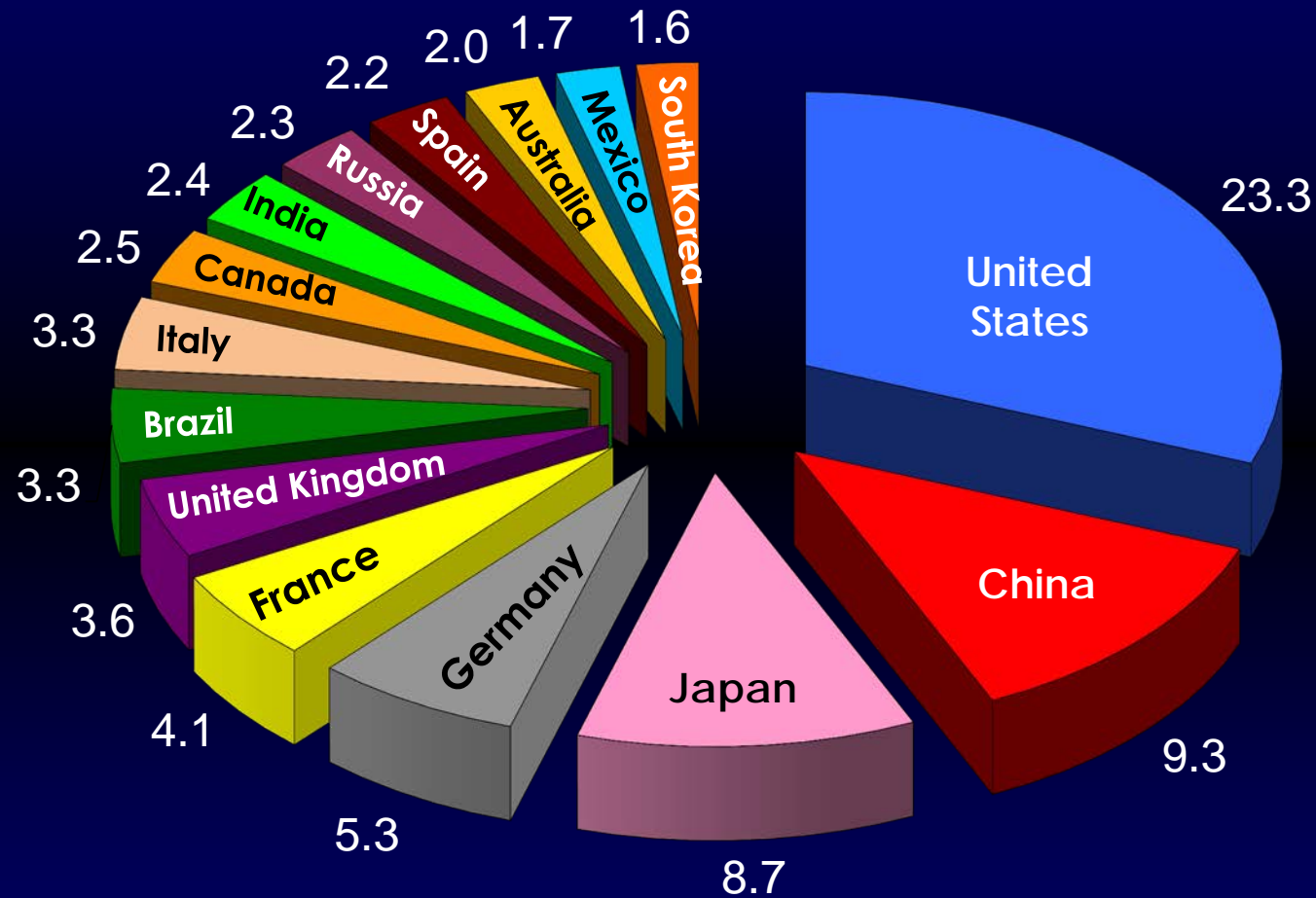
China

Europe

Japan

Russia (13% want to leave)

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



7 Must Watch Items

- ❖ Money Supply
- ❖ Corporate Bonds Rate-of-Change
- ❖ US Leading Indicator
- ❖ Purchasing Managers Index
- ❖ Retail Sales
- ❖ Employment
- ❖ Nondefense Capital Goods New Orders

Available from ITR via *ITR Trends Report*,
the *ITR Advisor*, or on the web



The Road Ahead

(actual results may vary...stay tuned!)

2011	Slower rate of recovery
2012	Ongoing recovery
2013	Flattens out: recession begins
2014	Recession
2015	Growth
2016	Growth
2017	Growth

Opportunity



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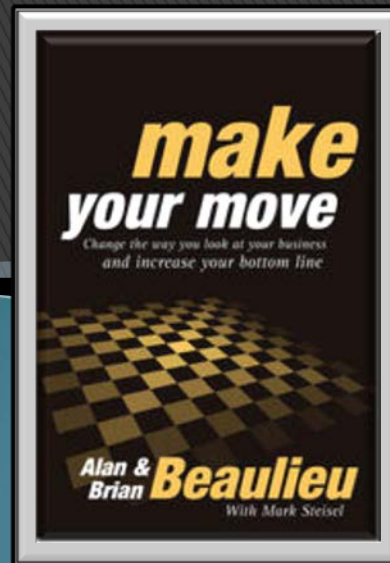
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