Ball State
Business Roundtable

Sponsored by:

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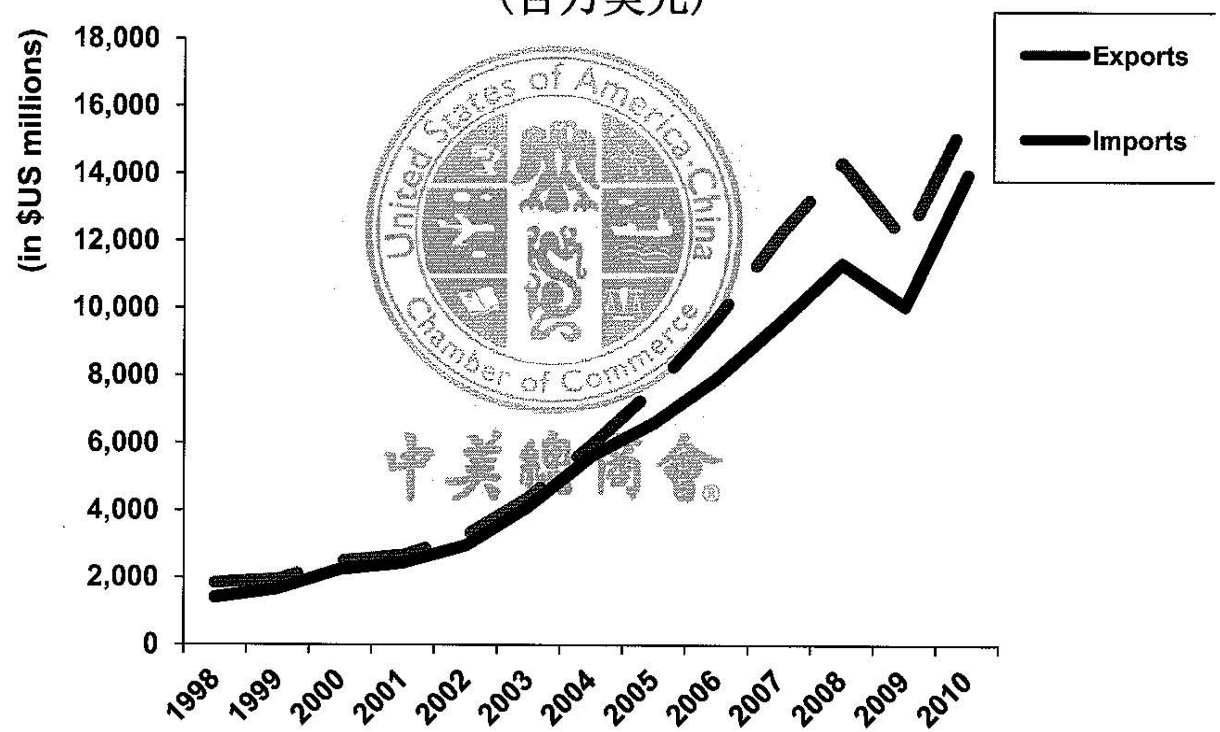
Welcome

Steve Smith, Roundtable Chair

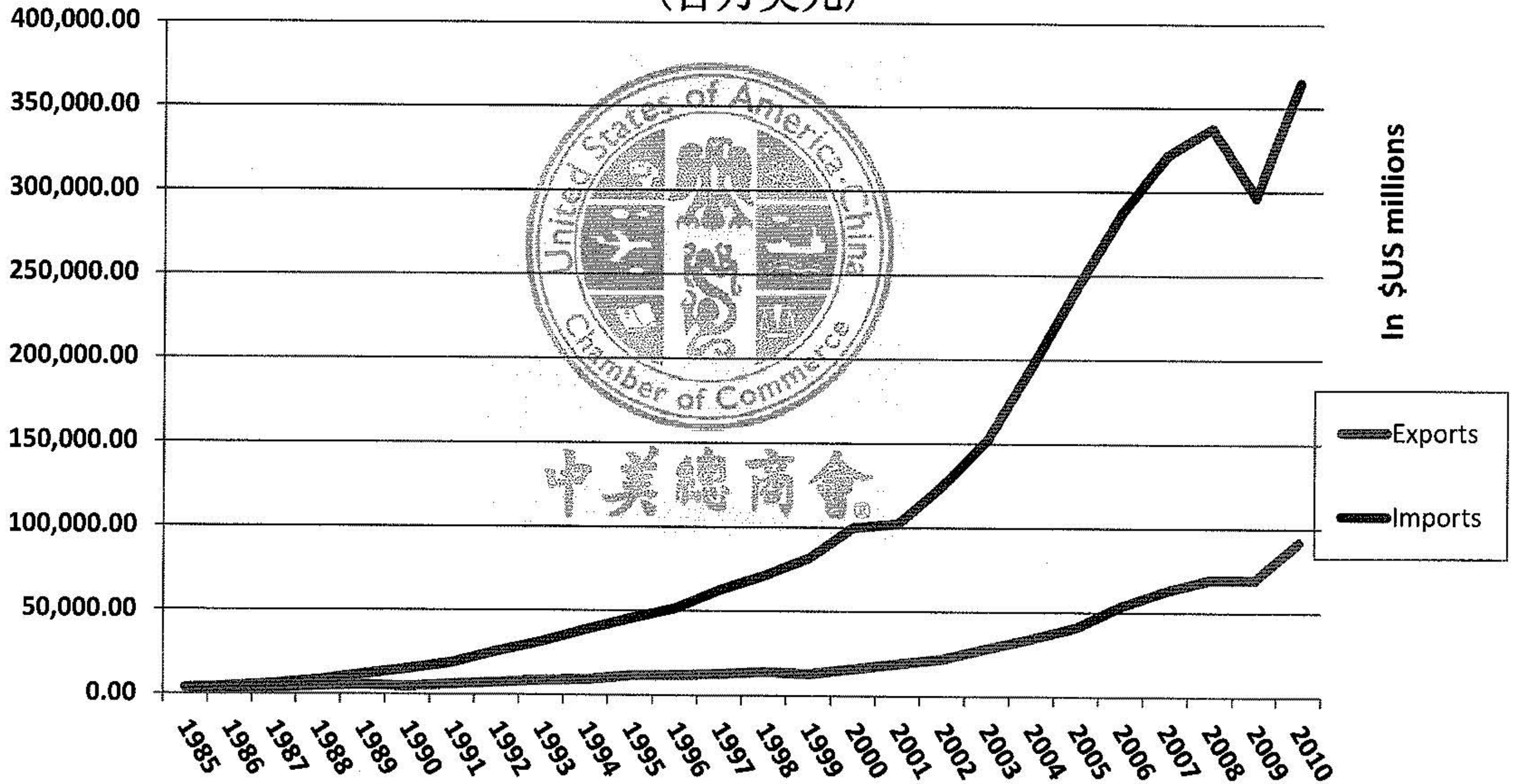
Midwest Metal Products Co., Inc.

CHINA'S IMPORTS & EXPORTS
1998 – 2010
(In Million U.S. Dollars)
中国进出口额
1998年～2010年
（百万美元）



Source: Chinese Ministry of Commerce and U.S. International Trade Administration

U.S TRADE IN GOODS WITH CHINA
1985 –2010
(In Million U.S. Dollars)
美国对中国货物贸易
1985年至2010年
（百万美元）



Source: U.S. Census Bureau

Manufacturing – Today's reality

- Many manufactured products have reached their saturation point and are significantly over capacity- If your in one of these industries getting a business license today is tough.
- Environment is an issue-Do not think you are going to hide from environmental responsibility.
- The talent pool is highly diluted.
- Wage pressures are incredibly high

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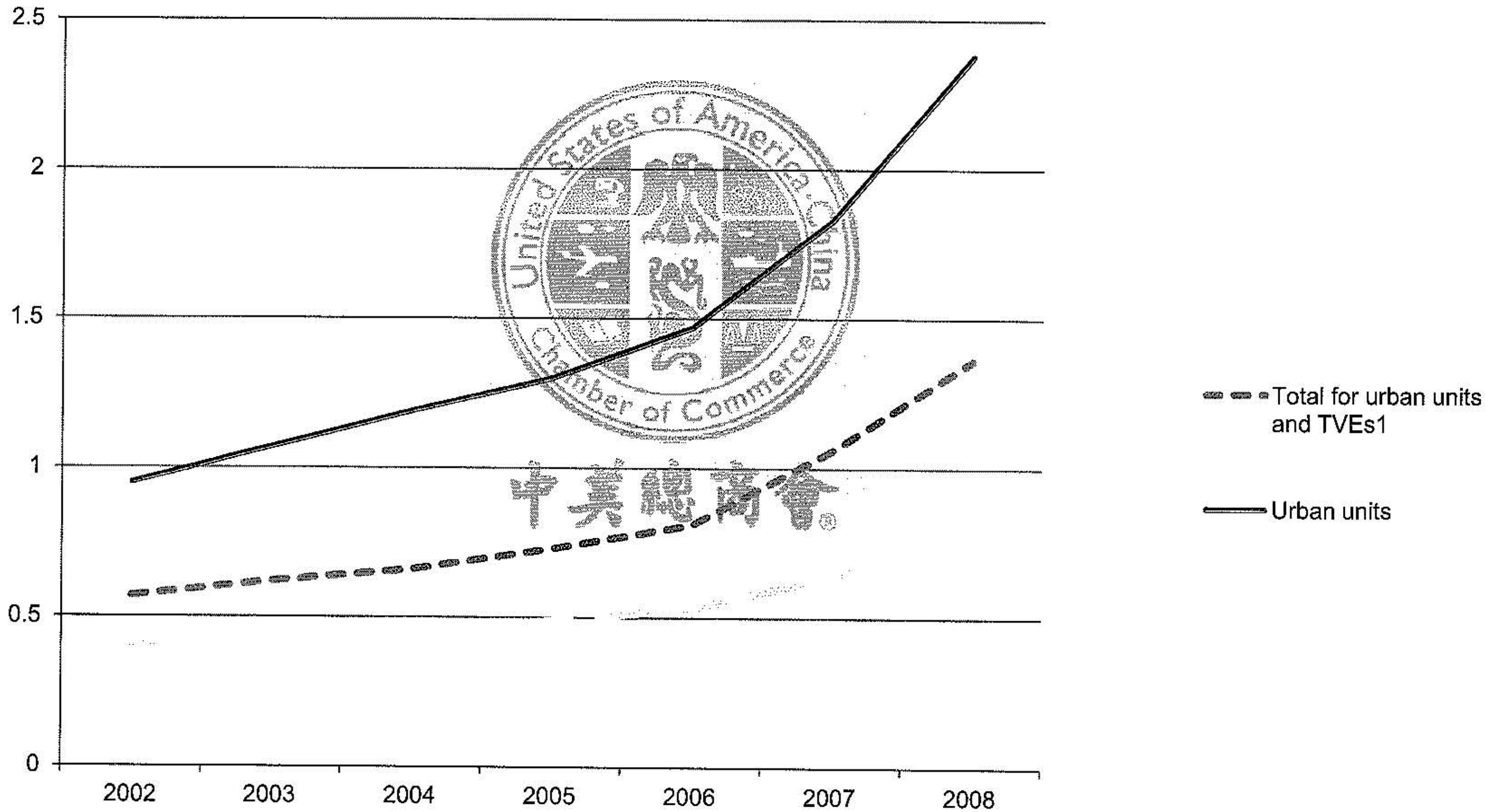
Price Increases (Started 2005)

- Before a negotiated price seem to last forever
- Steep price increases over the last few years
  - Raw materials
  - Renminbi appreciating
  - Labor cost increasing

Estimated Hourly Compensation Costs of Manufacturing Employees in China 2002–08 (in U.S. Dollars)



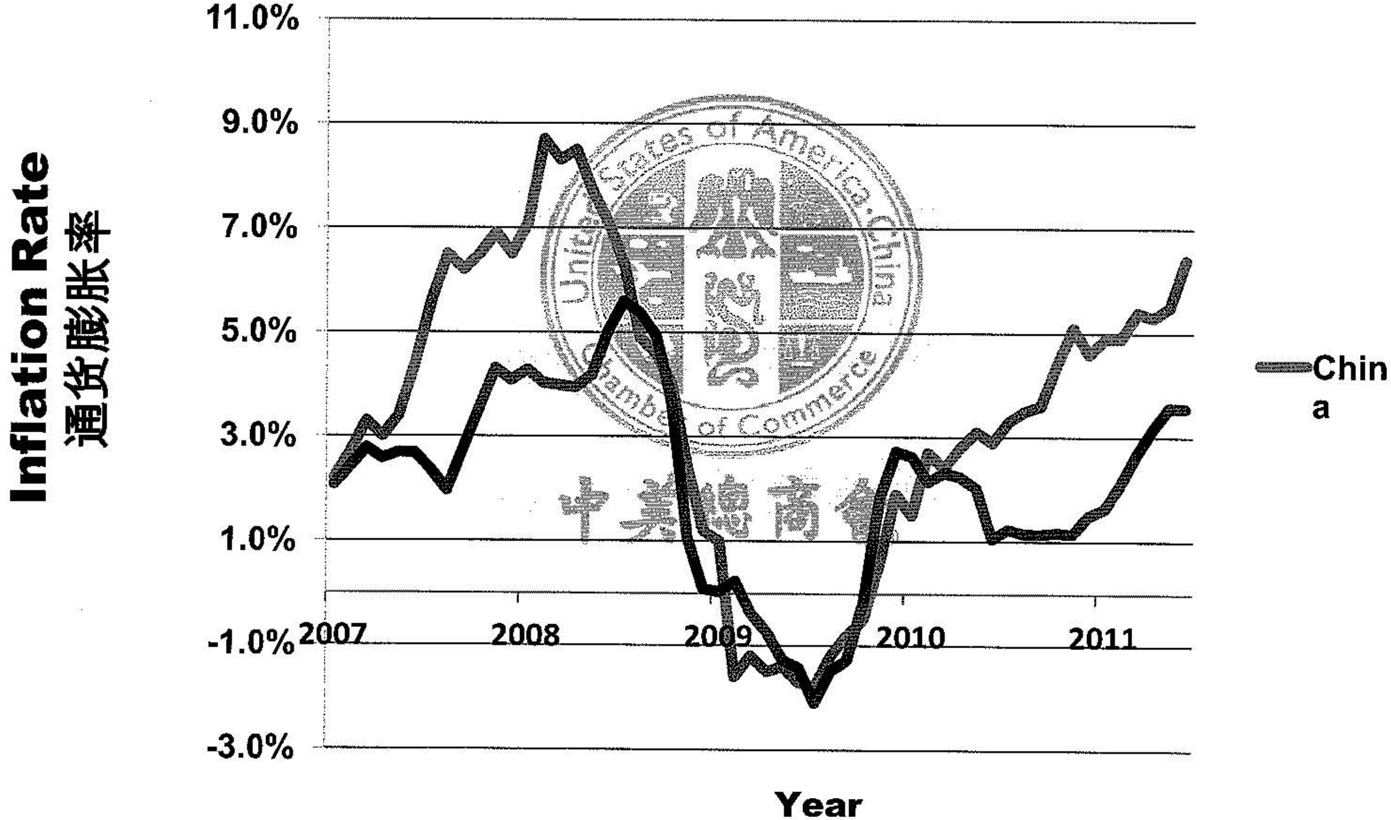
Source: Erin Lett and Judith Banister, "China's manufacturing employment and compensation costs: 2002–06,"

Inflation in China and the U.S.

2007 Jan - 2011 June

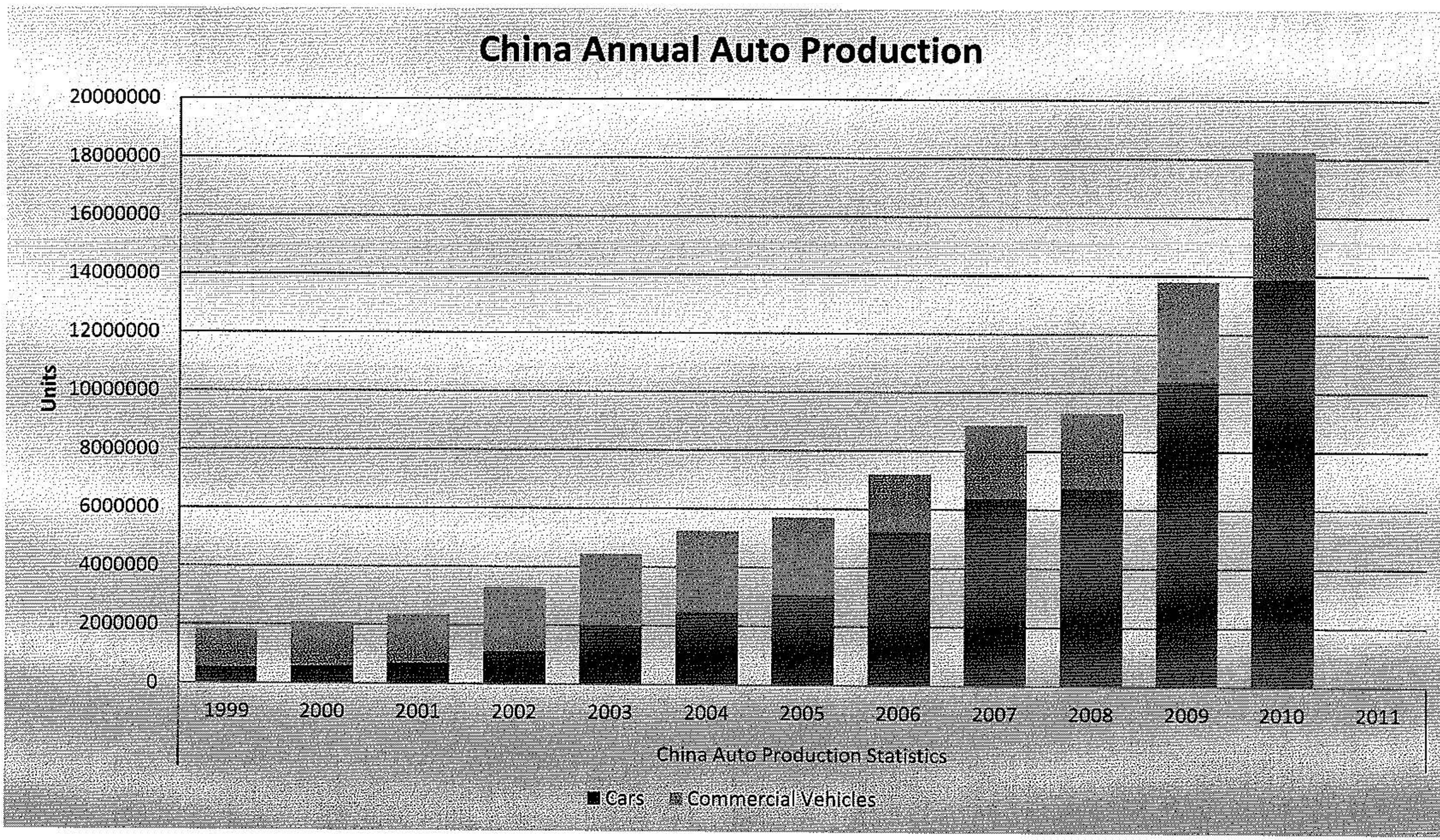
中美通货膨胀率对比 (%)

2007年1月至2011年6月



Source: National Bureau of Statistics of China Bureau of Labor Statistics of U.S.

This is why we went to China



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Summary

- It's a great place
- It's still generally a great opportunity for many businesses
- There are new opportunities developing as quickly as the market is growing
- It has very different challenges to it than many other areas of the world
- Just don't forget it is a "Planned Market economy"!

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U.S. Economic Outlook

Michael J. Hicks, PhD
Ball State University

U.S. Economy in 2010

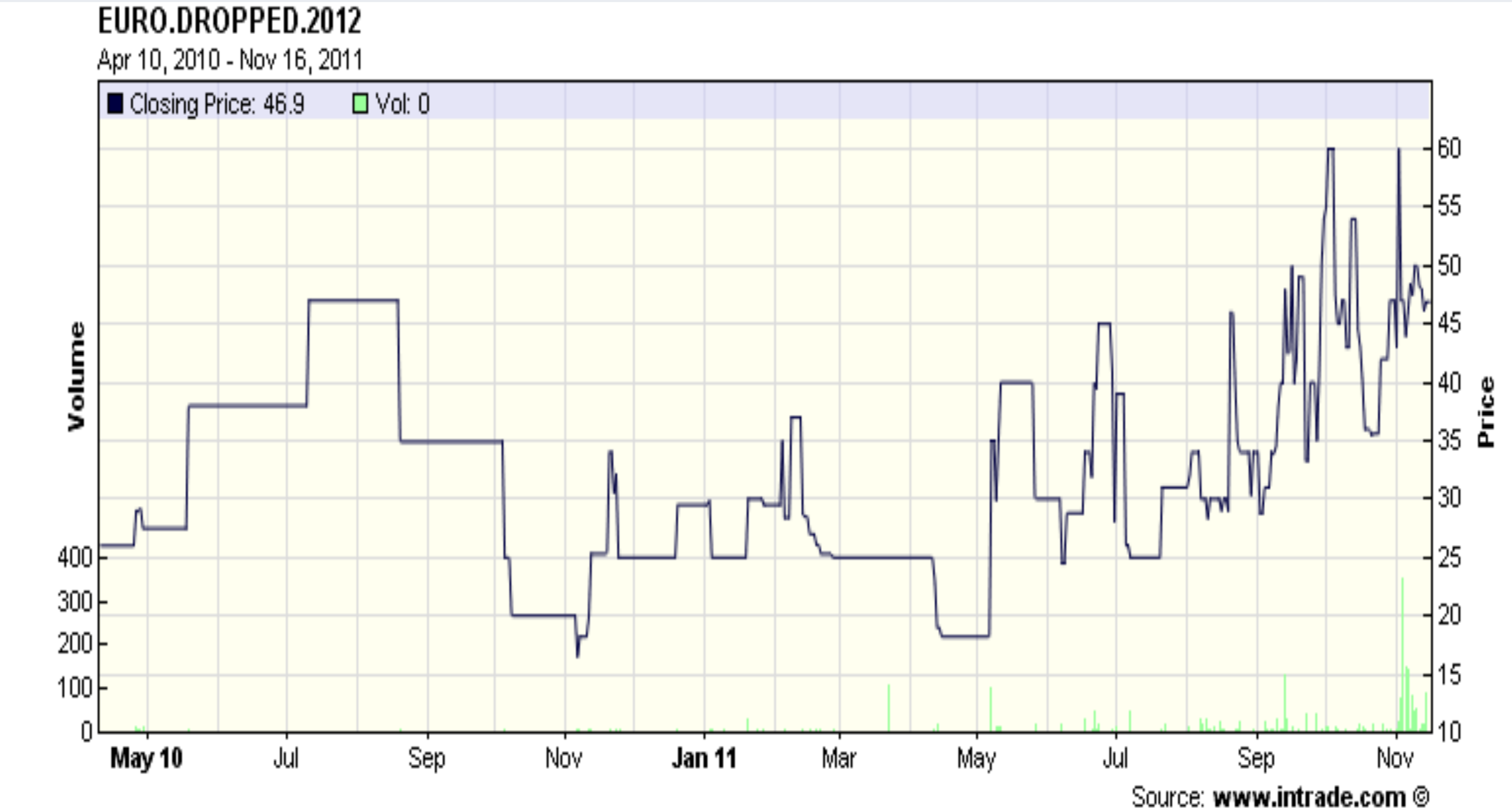
Variable	2009 Avg. (%)	TIME SERIES FORECAST 2010 (%) Q 1	Q 2	Q 3	Q 4	2010 Avg.	CONSENSUS (%) Round Table	Blue Chip
Real GDP Growth	0.1	4.7	2.8	3.9	5.0	4.1	3.0	2.9
Inflation	0.7	1.4	1.1	2.0	0.7	1.3	2.0	1.5
Unempl. Rate	9.2	10.7	11.1	11.4	11.4	11.2	9.6	9.9
10-yr T-Bond	3.3	3.5	3.5	3.5	3.6	3.5	3.9	3.9

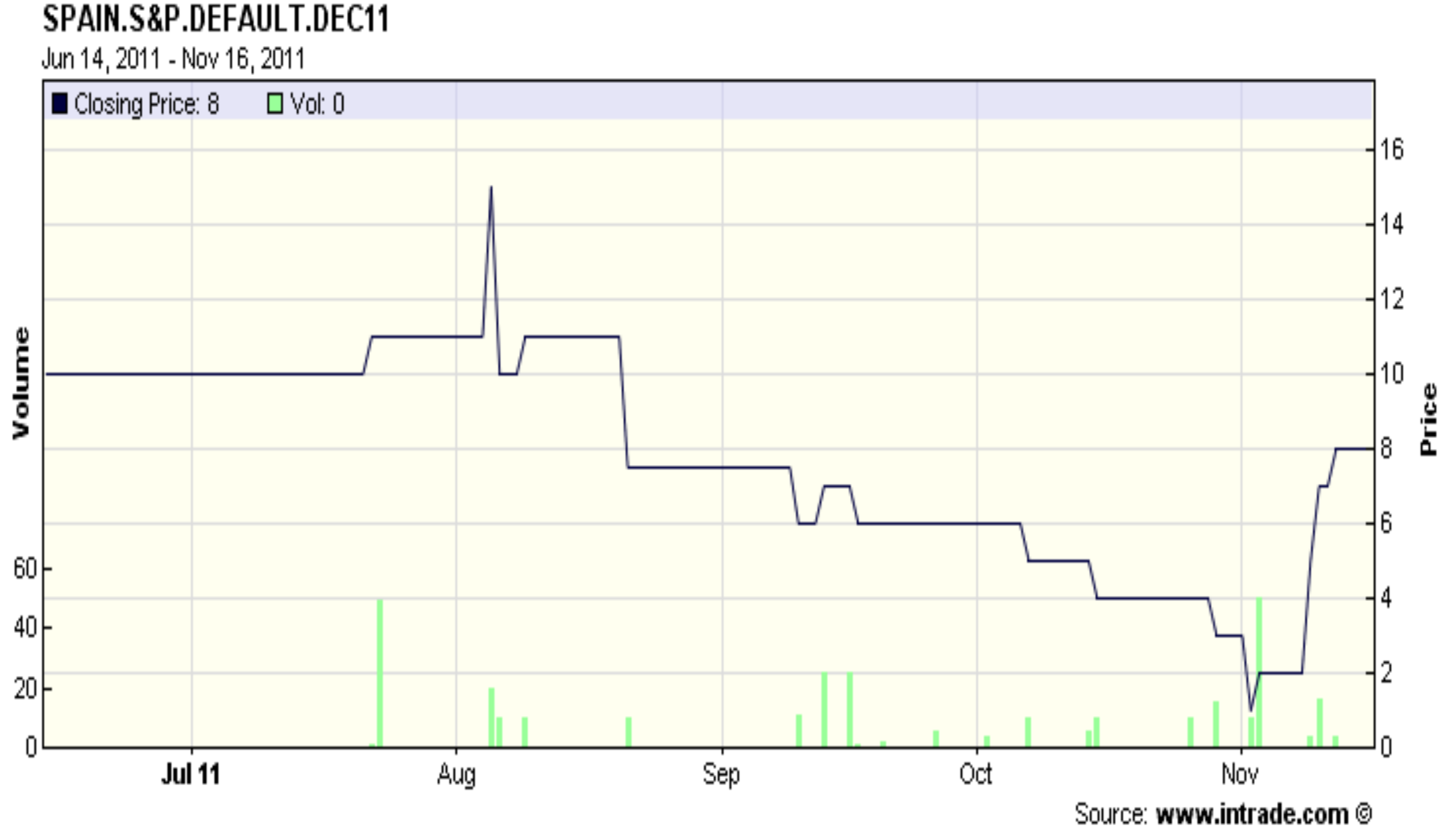
U.S. Economy in 2010

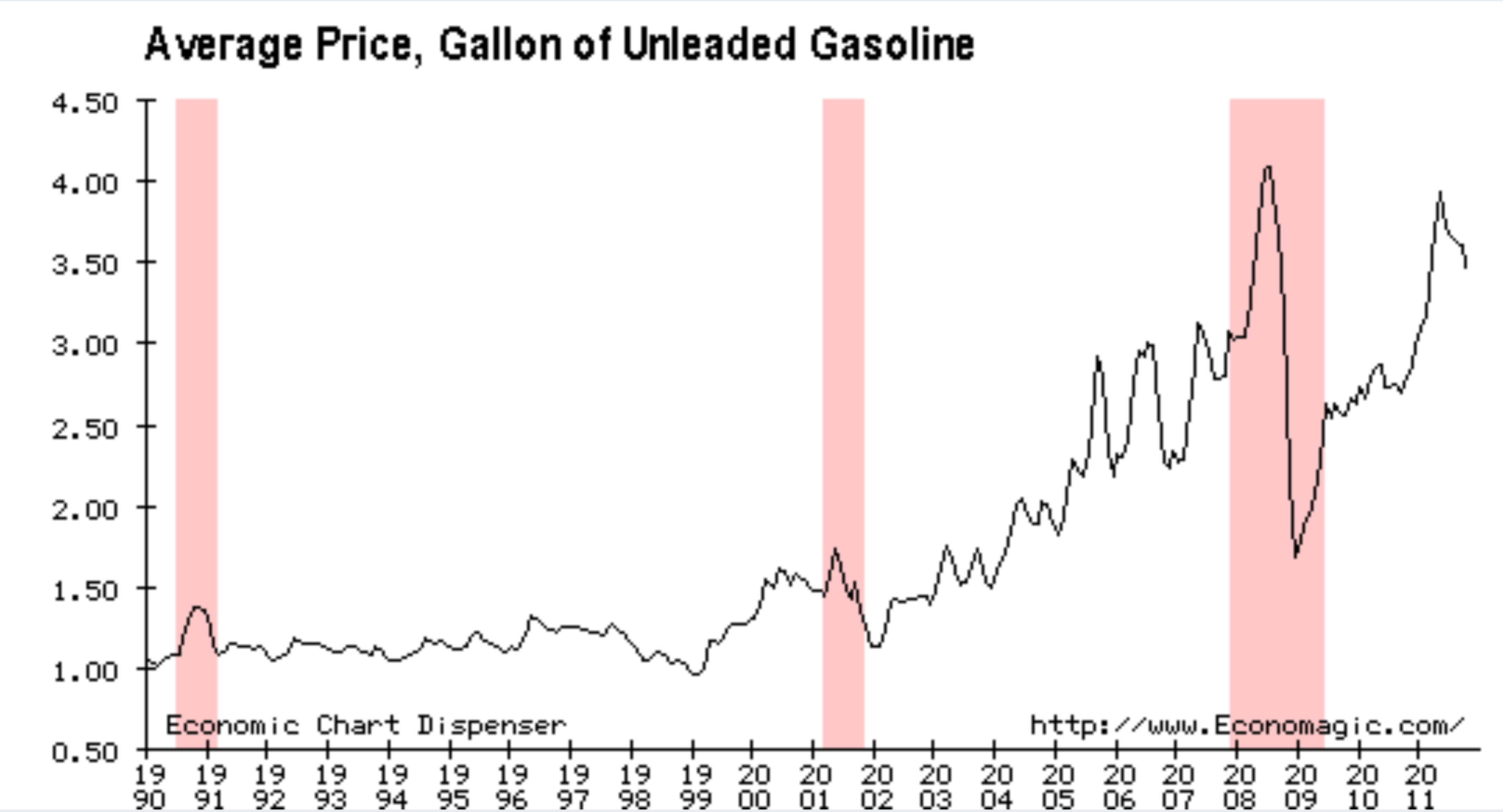
		TIME SERIES FORECAST 2010 (%)					CONSENSUS (%)	
Variable	2009 Avg. (%)	Q 1	Q 2	Q 3	Q 4	2010 Avg.	Round Table	Blue Chip
Real GDP Growth	0.1	4.7 3.2	2.8 2.4	3.9 2.0	5.0 2.8	4.1 2.6	3.0	2.9
Inflation	0.7	1.4 0.9	1.1 1.8	2.0 2.2	0.7 1.3	1.3 1.5	2.0	1.5
Unempl. Rate	9.2	10.7 9.7	11.1 9.7	11.4 9.6	11.4 9.6	11.2 9.7	9.6	9.9
10-yr T-Bond	3.3	3.5 3.7	3.5 3.5	3.5 2.7	3.6 2.5	3.5 3.2	3.9	3.9

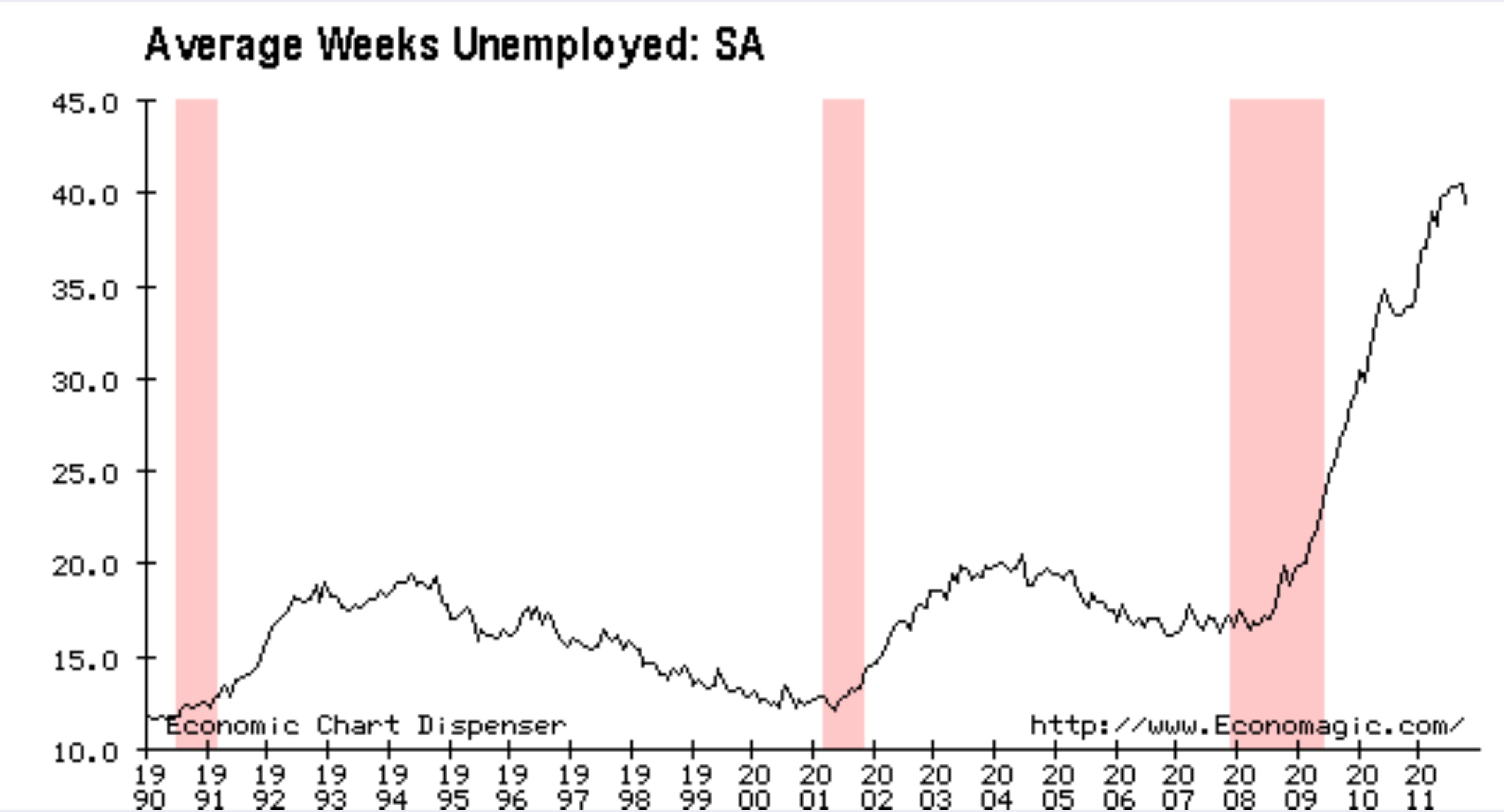
U.S. Economy in 2011

		TIME SERIES FORECAST 2011 (%)					CONSENSUS (%)	
Variable	2010 Avg. (%)	Q 1	Q 2	Q 3	Q 4	2011 Avg.	Round Table	Blue Chip
Real GDP Growth	2.6	1.9 0.4	2.0 1.3	2.4 2.4	0.8 3.0	1.8	2.0	2.6
Inflation	1.5	1.8 2.7	2.3 2.6	2.4 2.5	2.1 0.5	2.2	2.0	1.5
Unempl. Rate	9.7	8.6 9.1	8.0 9.0	7.8 9.0	7.7 8.7	8.0	8.6	9.4
10-yr T-Bond	3.2	2.5 2.0	2.1 2.2	1.9 2.0	1.2 0.7	1.9	2.6	3.1


EURO.DROPPED.2012
Apr 10, 2010 - Nov 16, 2011
Closing Price: 46.9
Vol: 0
Volume
Price
400
300
200
100
0
60
55
50
45
40
35
30
25
20
15
10
May 10
Jul
Sep
Nov
Jan 11
Mar
May
Jul
Sep
Nov
Source: www.intrade.com ©


SPAIN.S&P.DEFAULT.DEC11
Jun 14, 2011 - Nov 16, 2011
Closing Price: 8
Vol: 0
Volume
Price
16
14
12
10
8
6
4
2
0
60
40
20
0
Jul 11
Aug
Sep
Oct
Nov
Source: www.intrade.com ©


Average Price, Gallon of Unleaded Gasoline
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
Economic Chart Dispenser
http://www.Economagic.com/
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011


Average Weeks Unemployed: SA
45.0
40.0
35.0
30.0
25.0
20.0
15.0
10.0
19 90
19 91
19 92
19 93
19 94
19 95
19 96
19 97
19 98
19 99
20 00
20 01
20 02
20 03
20 04
20 05
20 06
20 07
20 08
20 09
20 10
20 11
Economic Chart Dispenser
http://www.Economagic.com/

U.S. Economy in 2012

		TIME SERIES FORECAST 2011 (%)					CONSENSUS (%)	
Variable	2011 Avg. (%)	Q 1	Q 2	Q 3	Q 4	2012 Avg.	Round Table	Blue Chip
Real GDP Growth	1.8	2.3	2.6	4.1	3.4	3.1	?	1.7
Inflation	2.2	0.6	0.6	0.6	0.5	0.6	?	2.1
Unempl. Rate	8.0	9.3	9.5	9.3	9.4	0.1	?	9.1
10-yr T-Bond	1.9	0.6	0.3	0.2	0.4	0.4	?	2.8

Thank you

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