

Ball State Business Roundtable

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Welcome

Richard Gill, Roundtable Chair
Gill Brothers Furniture





Retail Review

Richard R. Gill

Drivers of Furniture Retail Recovery

- Real Estate Sales
- Home Improvement Activity

Real Estate Sales 2012 vs 2011

Real Estate Sales East Central Indiana			
Closed Sales in Units			
County	2012	2011	% Change
Delaware	450	391	15.1%
Madison	592	501	18.2%
Blackford	41	29	41.4%
Grant	261	198	31.8%
Randolph	49	45	8.9%
Henry	136	130	4.6%
Jay	43	42	2.4%
Total	1572	1336	17.7%

Data Provided By "Indiana Association of Realtors"

Effects on Building Materials Supply Retail

	% Chg.		Jun. ³	May	Apr.	Jun.	May	Jun. ³	May	Apr.	Jun.	May
	2012	2011	(a)	(p)	(r)			(a)	(p)	(r)	(r)	(r)
Building material & garden equipment & supplies dealers	148,635	8.1	27,281	30,787	27,305	28,007	28,694	23,652	24,048	24,531	23,513	23,055
Building material & supplies dealers	(*)	(*)	(*)	24,681	21,667	22,791	22,932	(*)	20,381	20,635	19,853	19,483

8.1% YTD Increase over 2011

June 2012	June 2011	Difference	
\$23,652	\$23,513	1%	
<i>in billions</i>	<i>in billions</i>		
May 2012	May 2011	Difference	
\$24,048	\$23,055	4%	
<i>in billions</i>	<i>in billions</i>		

Trend is slowing in May & June. Evidence of Mike's predictions for the economy?

Source: U.S. Census Bureau - Service Sector Statistics Division

Furniture Retail 2012

Source: U.S. Census Bureau

Service Sector Statistics Division

	Not Adjusted						Adjusted ²					
	6 Month Total		2012			2011		2012			2011	
	% Chg.		Jun. ³	May	Apr.	Jun.	May	Jun. ³	May	Apr.	Jun.	May
	2012	2011	(a)	(p)	(r)			(a)	(p)	(r)	(r)	(r)
Furniture & home furn. stores	45,468	9.0	7,685	7,997	7,185	7,101	7,148	7,874	7,934	7,835	7,306	7,272
Furniture stores	(*)	(*)	(*)	4,313	3,914	3,805	3,872	(NA)	(NA)	(NA)	(NA)	(NA)
Home furnishings stores	(*)	(*)	(*)	3,684	3,271	3,296	3,276	(NA)	(NA)	(NA)	(NA)	(NA)

9% YTD Increase over 2011

June 2012	June 2011	Difference
\$7,874	\$7,306	8%
in billions	in billions	
May 2012	May 2011	Difference
\$7,934	\$7,272	9%
in billions	in billions	

Other Retail

Retail & food services,							
total	2,385,742	6.4	401,515	403,445	404,112	386,919	383,733
Total (excl. motor vehicle & parts) ...	1,939,820	5.9	328,524	330,003	331,218	318,921	316,939
Retail	2,122,920	6.1	357,763	359,625	360,174	345,771	342,943
GAFO ⁴	(*)	(*)	(*)	99,139	98,935	97,430	96,481
Motor vehicle & parts dealers	445,922	8.2	72,991	73,442	72,894	67,998	66,794
Auto & other motor veh. dealers .	404,394	8.7	66,080	66,547	65,922	61,105	60,042
New car dealers	(*)	(*)	(NA)	(NA)	(NA)	(NA)	(NA)
Auto parts, acc. & tire stores.....	(*)	(*)	(NA)	(NA)	(NA)	(NA)	(NA)

Other Retail

Clothing & clothing accessories							
stores	109,124	6.6	19,695	19,663	19,515	19,035	18,741
Men's clothing stores	(*)	(*)	(*)	(S)	(S)	(S)	(S)
Women's clothing stores	(*)	(*)	(*)	3,428	3,393	3,243	3,183
Family clothing stores	(*)	(*)	(NA)	(NA)	(NA)	(NA)	(NA)
Shoe stores	(*)	(*)	(*)	2,363	2,355	2,320	2,259
Sporting goods, hobby, book &							
music stores.....	40,804	7.3	7,393	7,516	7,495	7,084	6,968



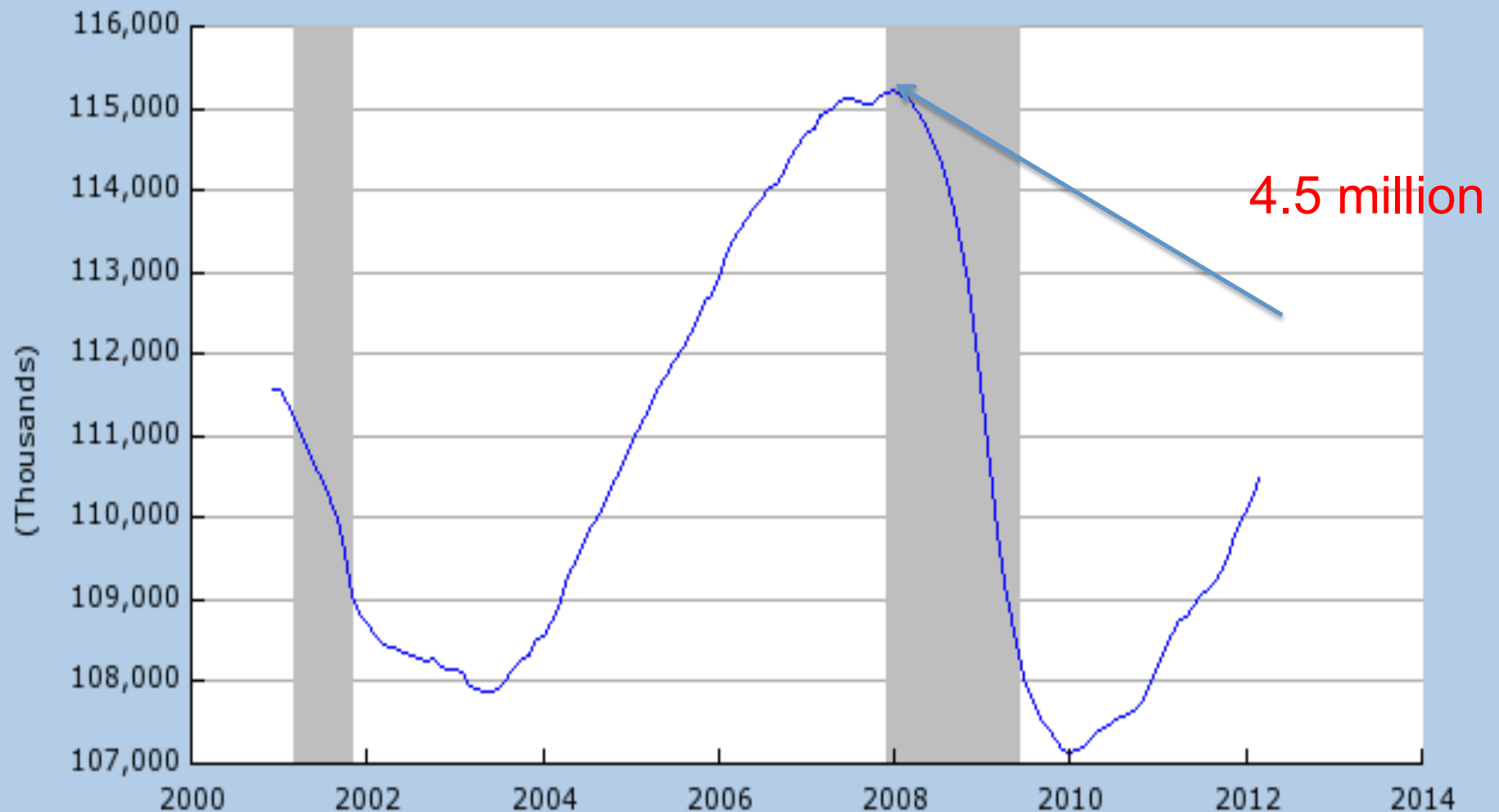
U.S. Economic Outlook

Michael J. Hicks, PhD

Ball State University

Total Nonfarm Private Payroll Employment (NPPTTL)

Source: Automatic Data Processing, Inc.

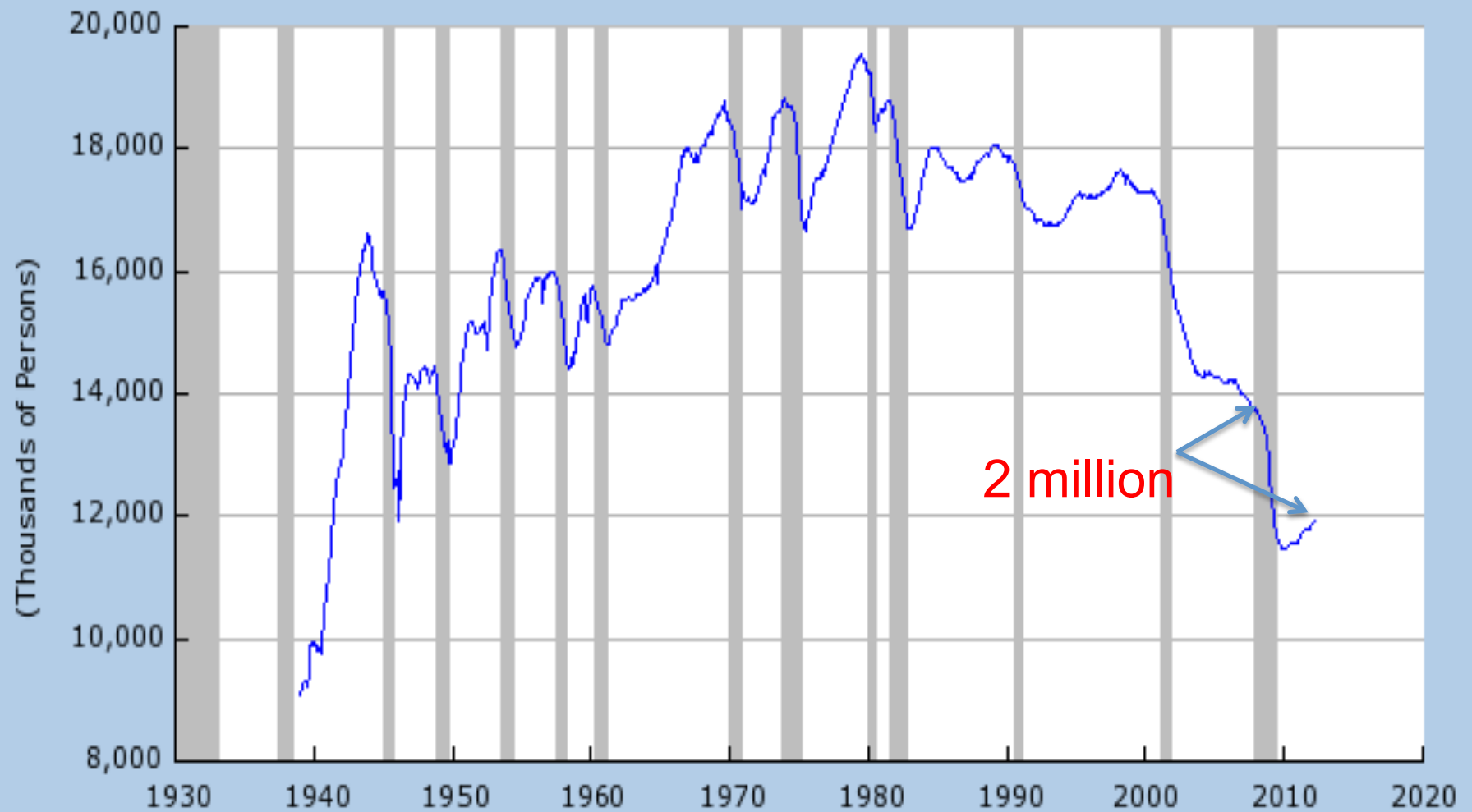


Shaded areas indicate US recessions.

2012 research.stlouisfed.org



All Employees: Manufacturing (MANEMP)
Source: U.S. Department of Labor: Bureau of Labor Statistics

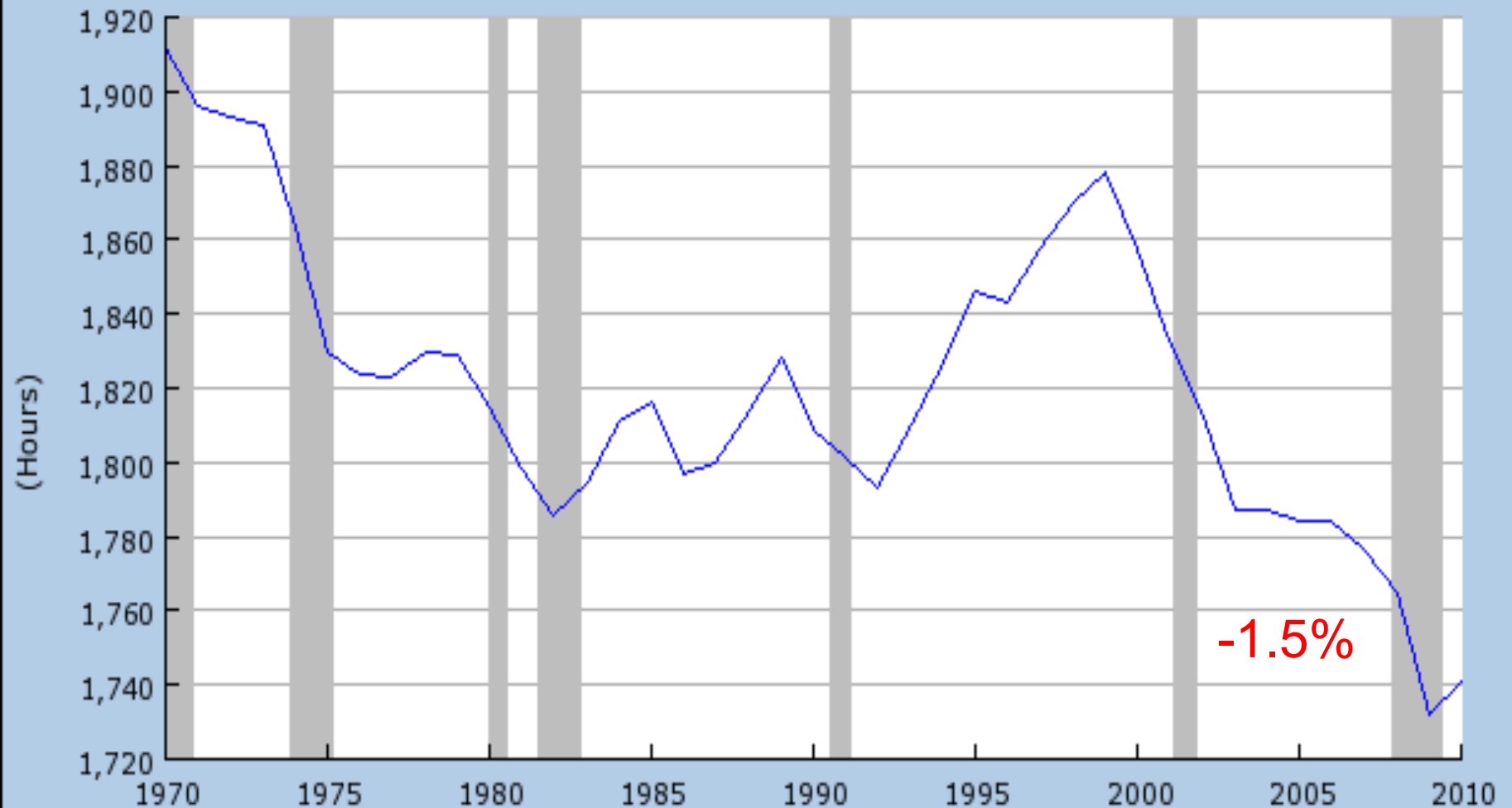


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2012 research.stlouisfed.org



Average Annual Hours Worked per Employed Person in the United States (USAAHWEP)

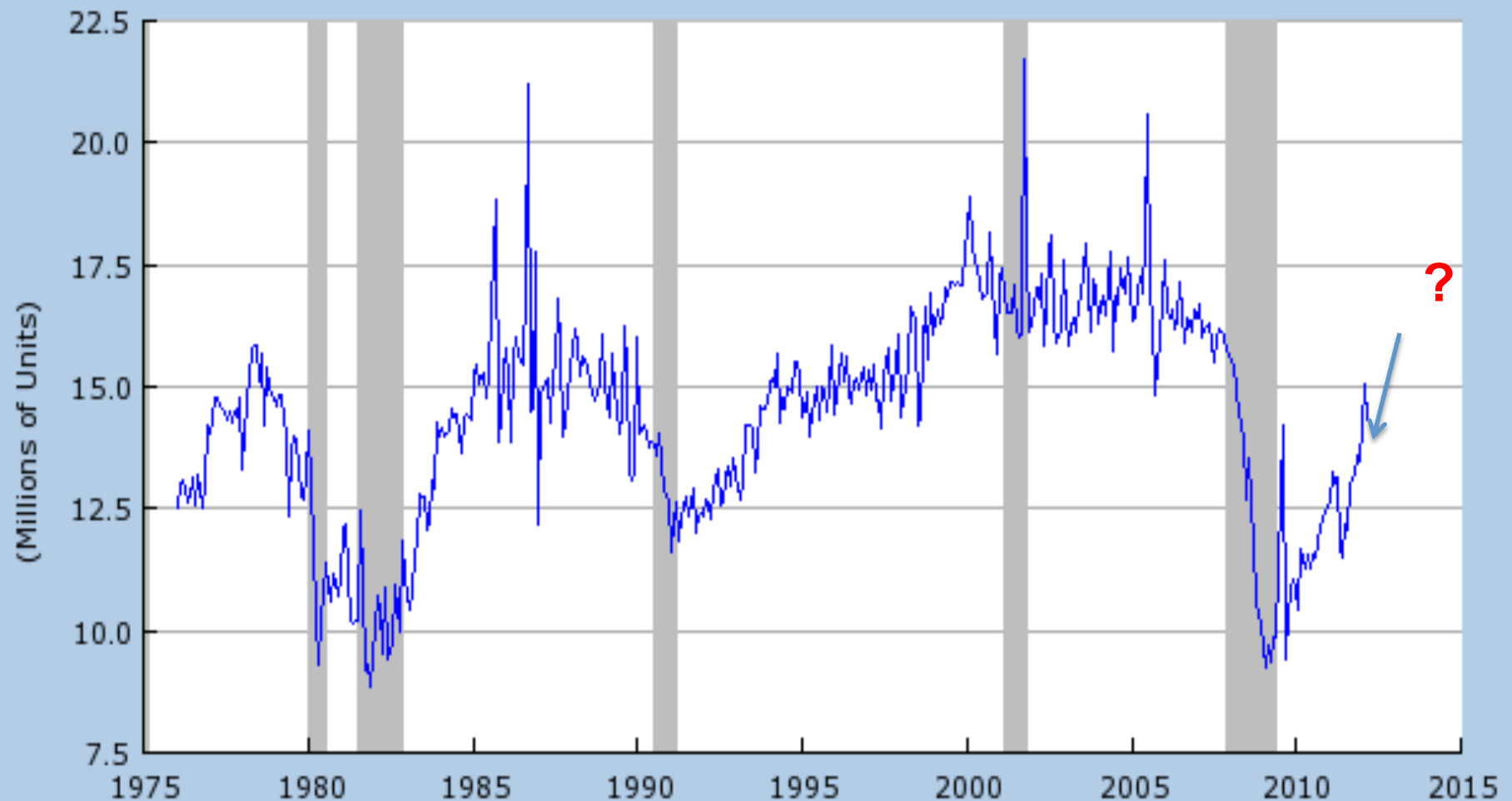
Source: U.S. Department of Labor: Bureau of Labor Statistics



Shaded areas indicate US recessions.

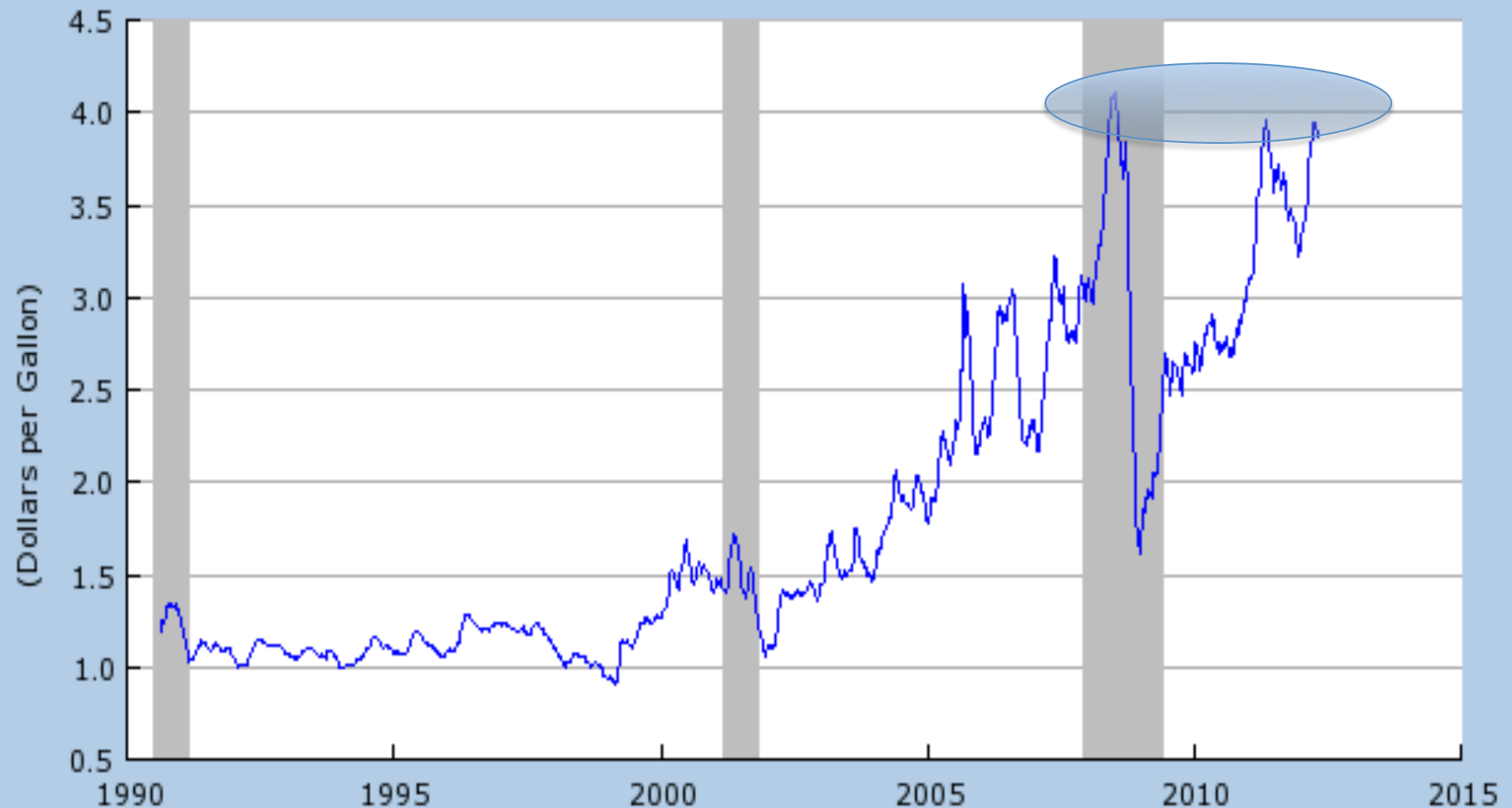
2011 research.stlouisfed.org

Light Weight Vehicle Sales: Autos & Light Trucks (ALTSALES)
Source: U.S. Department of Commerce: Bureau of Economic Analysis



Shaded areas indicate US recessions.
2012 research.stlouisfed.org

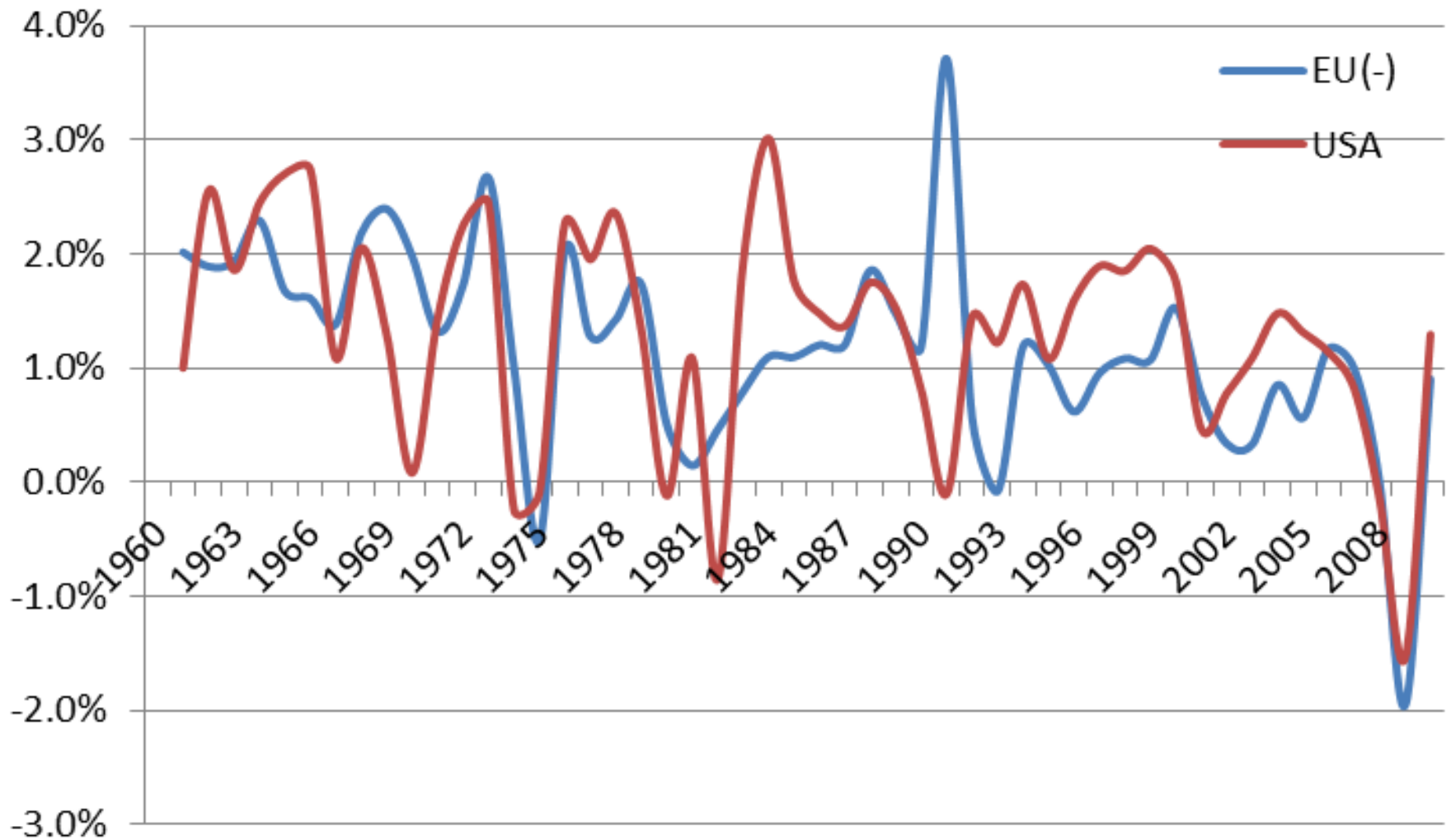
US Regular All Formulations Gas Price (GASREGW)
Source: U.S. Department of Energy: Energy Information Administration



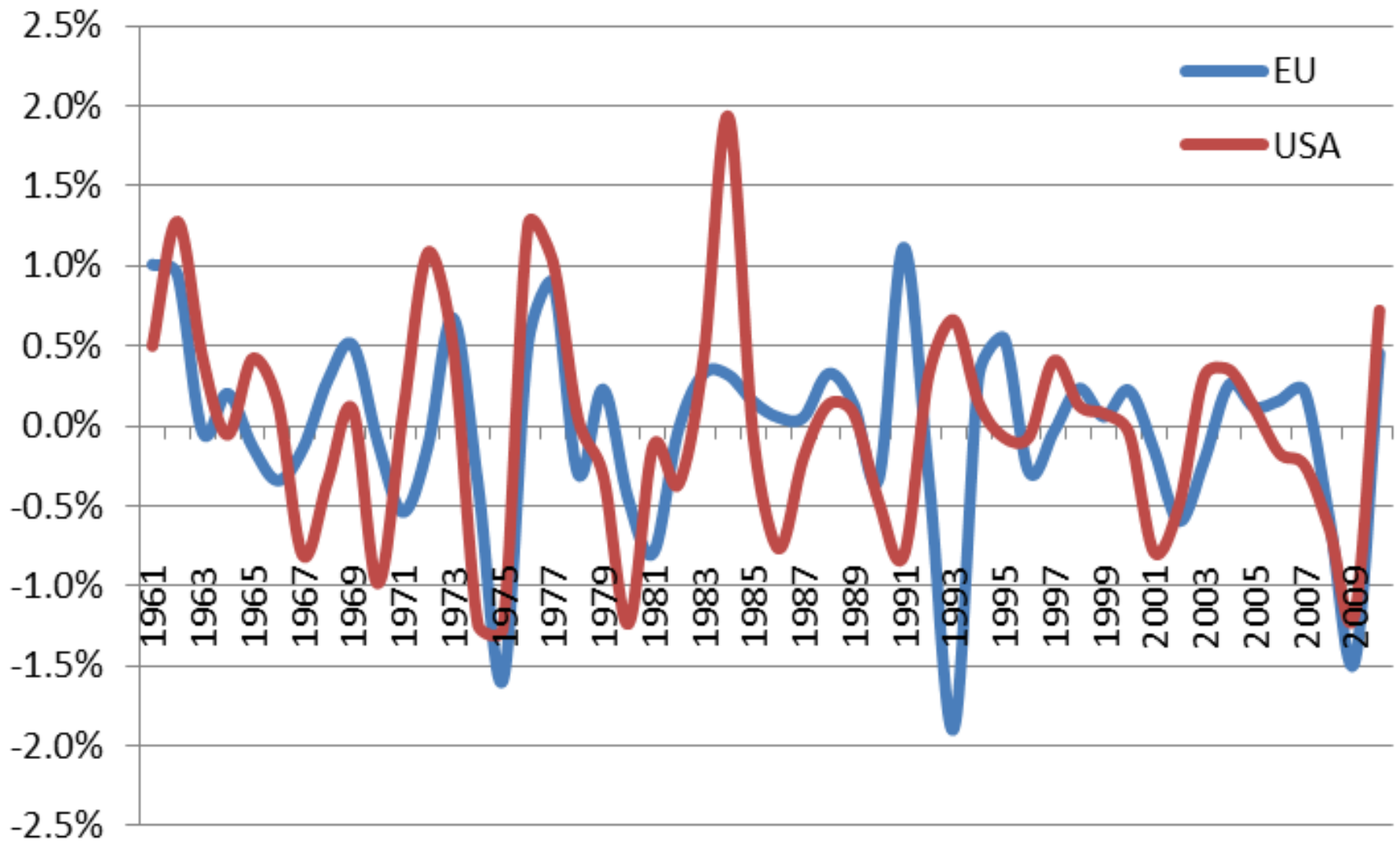
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2012 research.stlouisfed.org



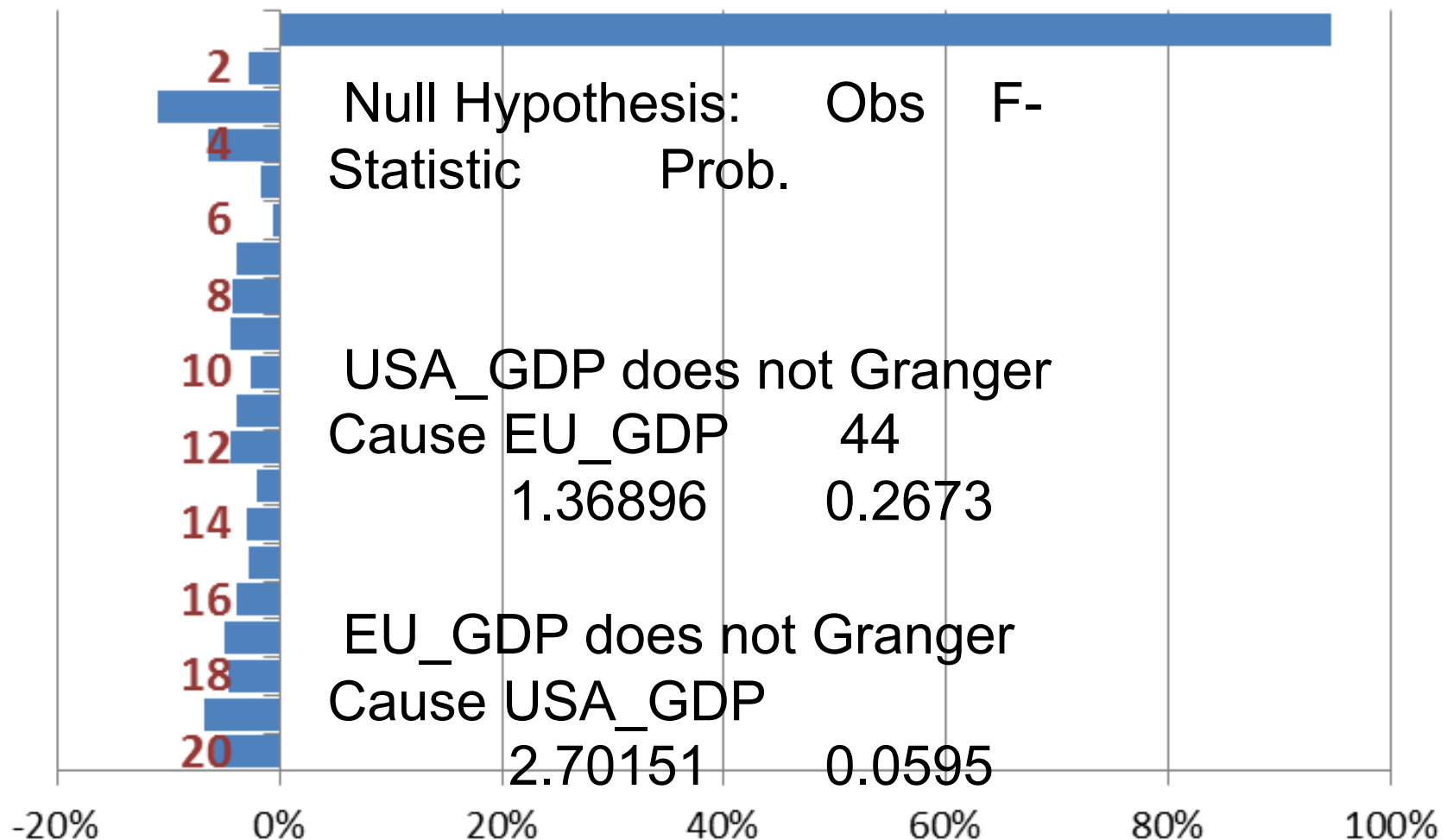
Annual Growth in GDP



Two Year Moving Average, % Change in GDP

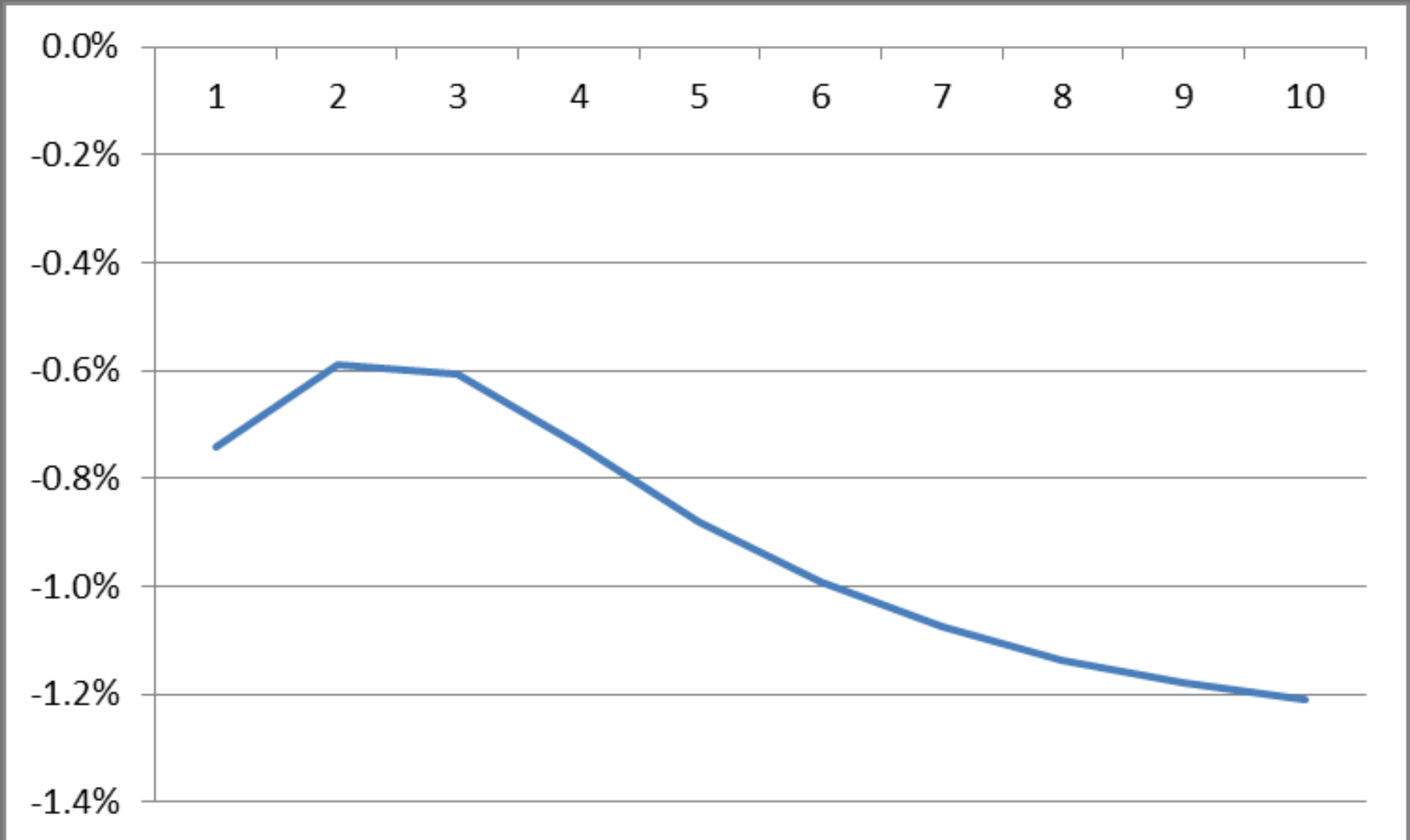


Partial Autocorrelation EU(-)/USA



Impulse Response Function of US to EU Economy

(effect of a one standard deviation decline in growth)



Granger Causality

Null Hypothesis:

USA GDP does not Granger Cause EU GDP	1.36896 (0.2673)
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EU GDP does not Granger Cause USA GDP	2.70151* (0.0595)
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Reject the Null



Summer 2012 and beyond

- Indiana has performed well (unemployment rate to 8.2%), but is slowing demonstrably
- EU is in recession with projected GDP at -0.3% in 2012
- U.S. growth is not absorbing workers beyond natural growth rate
- Very significant recession risks for late 2012 through 2013

Thank you
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