

The background of the entire slide is a blue-tinted image of an industrial manufacturing environment. It features robotic arms and machinery, with bright orange sparks flying from a welding or grinding process, creating a sense of active production.

WE ARE **KMS**

Q321 ECONOMIC PREDICTIONS FOR MANUFACTURERS WEBINAR



Trusted Advisors for Growth

www.weareKMS.com

WEBINAR HOUSEKEEPING

- Everyone attending the webinar is muted. To ask a question, type your question in the Q/A text box on your GoToWebinar panel.
- We will ask as many questions as we can at the end of the presentation.
- This webinar is being recorded. The link to the recording will be included in a follow-up email being distributed tomorrow.
- Please check our website www.wearekms.com frequently for new webinars and events. (or register to receive our quarterly KMS newsletter)

WE ARE **KMS**

KMS exists to help Kansas manufacturers compete.

From trusted advisor to vocal advocate for manufacturing in Kansas, we are working to help you be successful by providing value proven solutions to increase your competitiveness in the domestic and global markets.

2020 IMPACT



\$200 Million

Increased Investments



\$5.5 Million

Cost Savings



2,172

Jobs Created



\$187.1 Million

Increased and Retained Sales



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Armada



Dr. Chris Kuehl
Managing Director of Armada
Corporate Intelligence



ARMADA

2021 Economy – Hot Enough for You?

Kansas Manufacturing Solutions July 15, 2021

**Chris Kuehl
Managing Director – Armada CI**



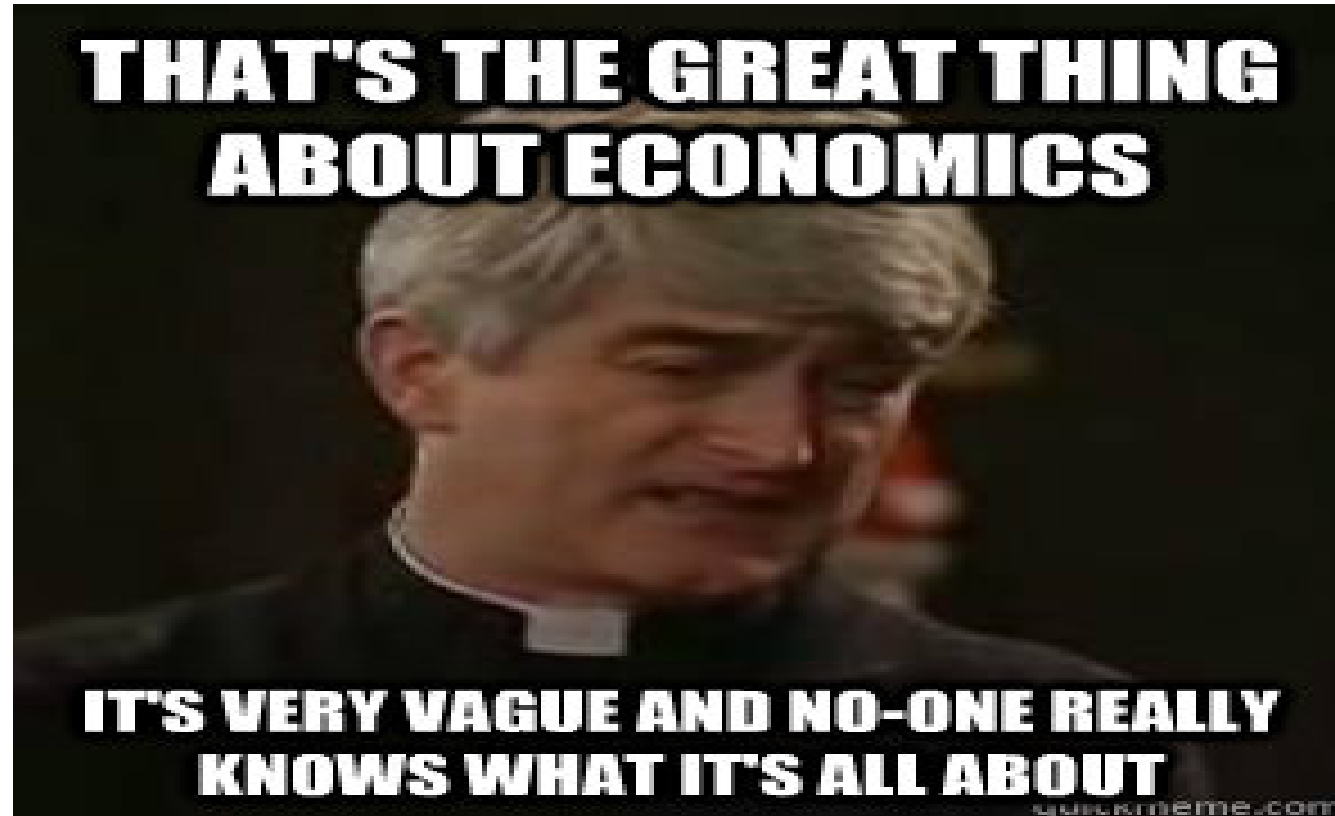
ARMADA

Analysis of the Forces Affecting Business

Chris.Kuehl@armadaci.com

July 15, 2021

Truer Words Were Never Spoke



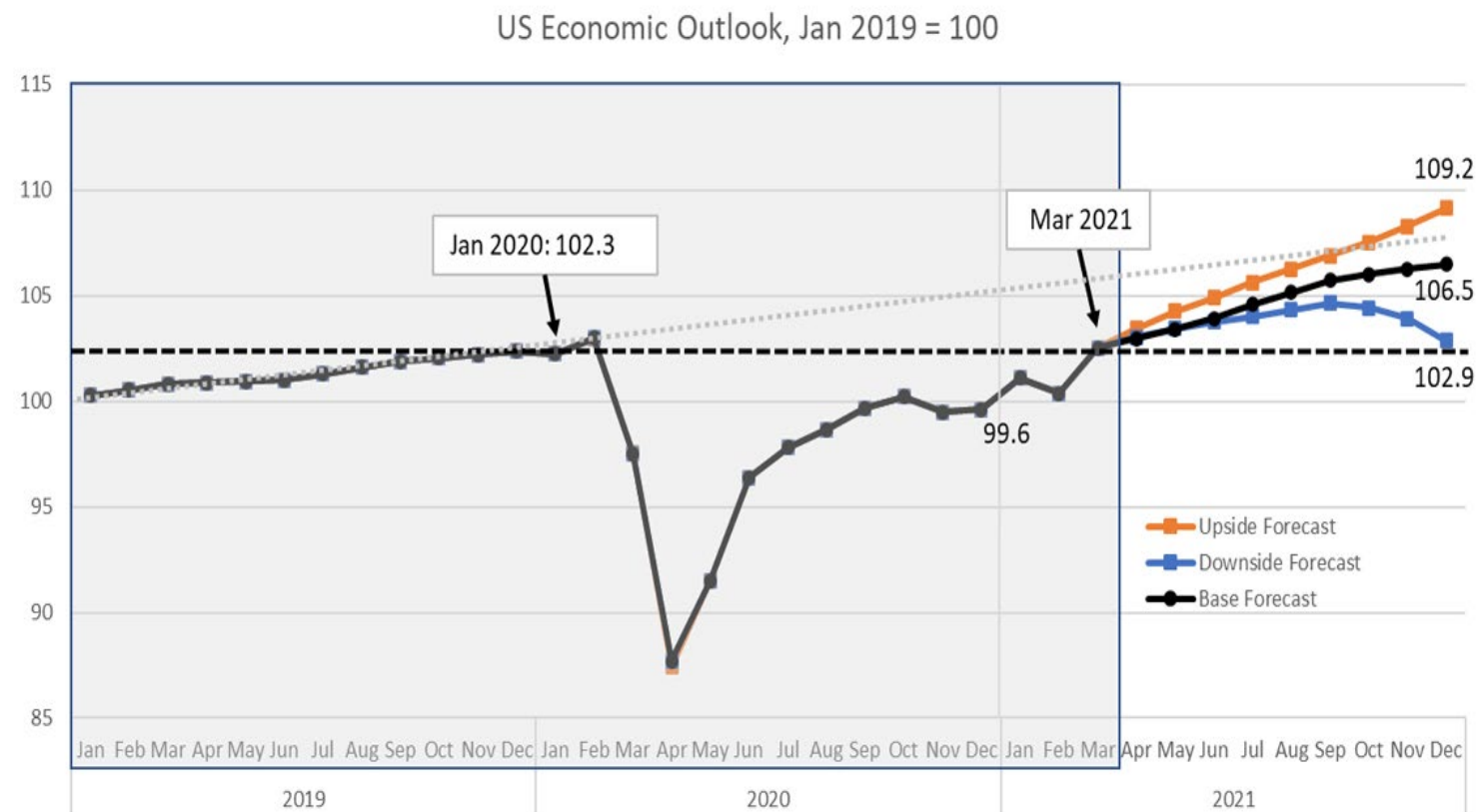
What's Up With The Five Economic Issues to Watch

- **Inflation Is Really Here Now – Core rates still near 2.0% (compared to 2019) and that is still the Fed's trigger. Real rates are soaring as far as commodities are concerned and some impact now from wages.**
- **Consumer Behavior – Demand still very strong but retail has been fading as compared to services. Rapid return to old habits and it is vacation time.**
- **Business “Normal” – Resumption of some old patterns – more travel, conferences, “live” meetings. People going back to offices – remote not as popular as it once was.**
- **Global Economy – Growth picking up in Europe, Asia is largely back but China has faded a bit as pandemic is still an issue. Developing world still hurting**
- **Market Reaction – Markets remain strong but are starting to get “frothy”.**

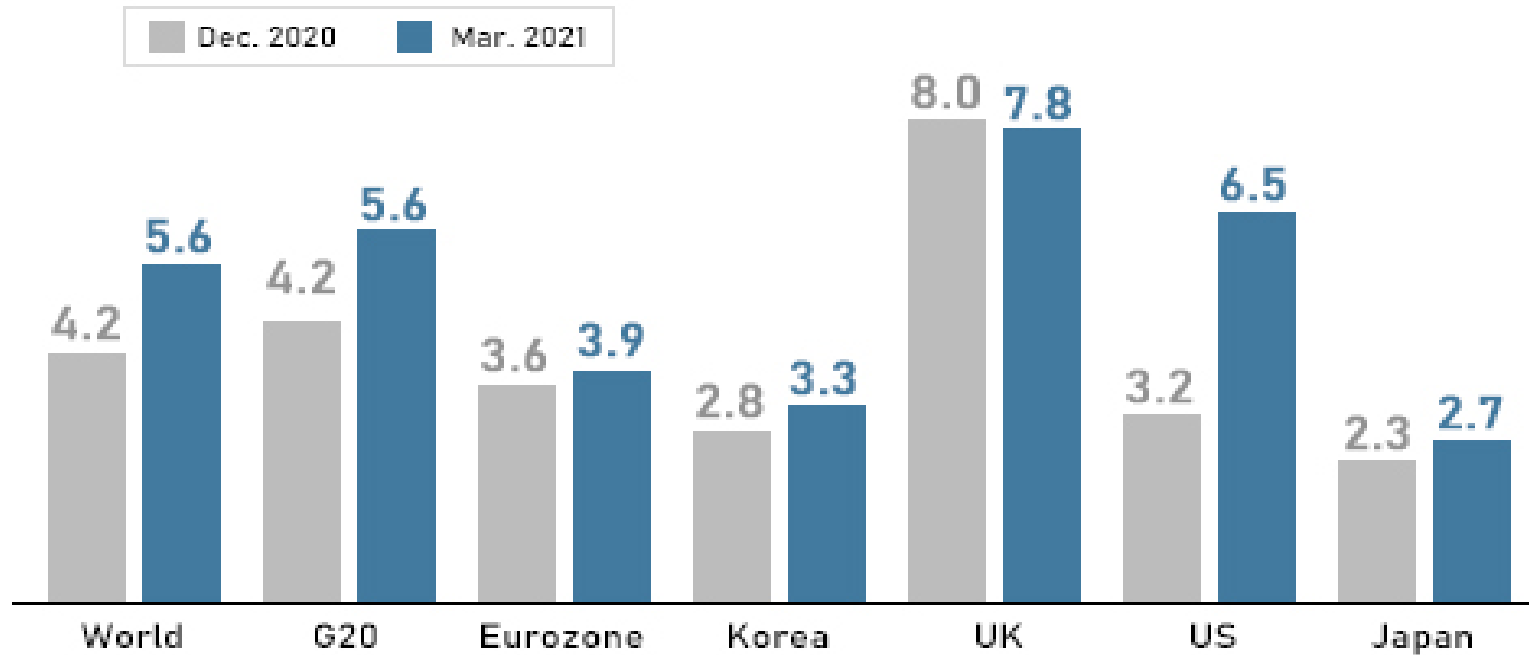
Some Detail on Inflation Threats

- **Core rates differ from “real” rates but these are the rates the Fed pays attention to and they have been around 2.0% for years.**
- **Transitory Inflation – this is when the main issue is commodity hikes. Two reasons for hikes like this – excess demand and actual shortage. We have the former.**
- **Money supply drives long term inflation threats. Too much cash in the system right now and that makes consumers less sensitive.**
- **Wage inflation has not been a general issue but it has affected manufacturing, construction, transportation and others.**

Orange Line Dominates



2021 economic growth outlook: OECD (Unit: percent)

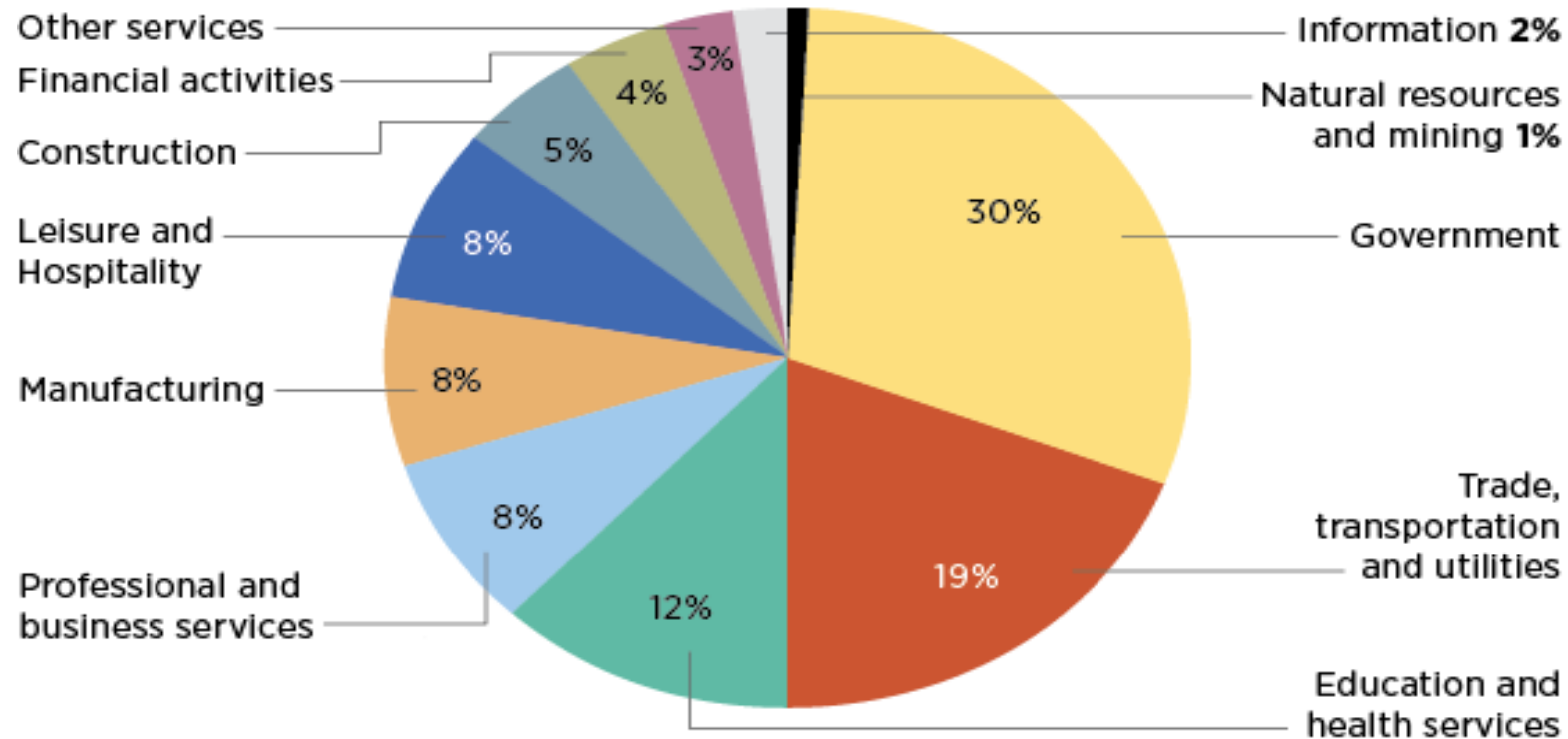


(Source: OECD)

Graphics by Song Ji-yoon

Trade and Government Dominate

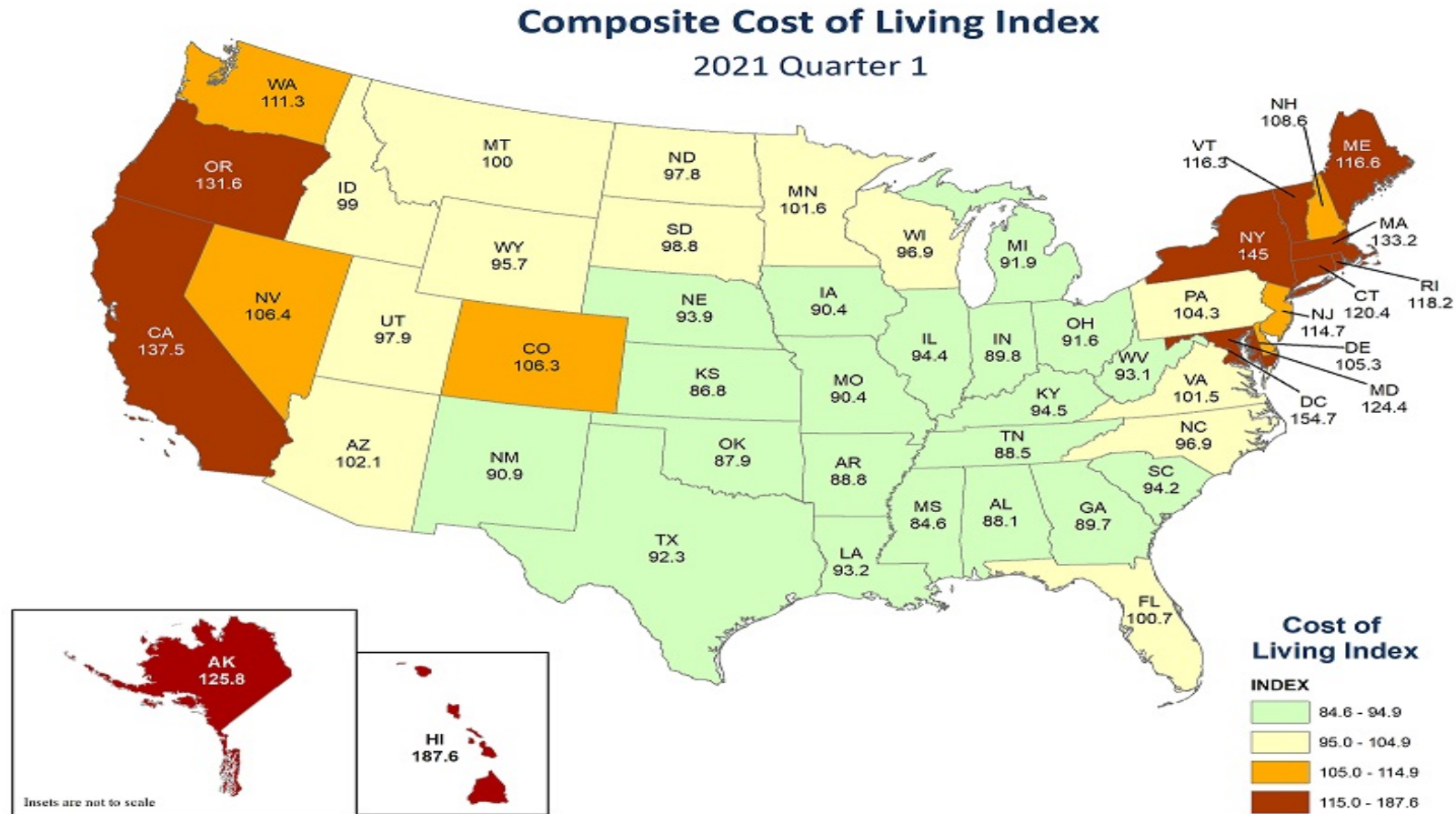
Industry Breakdown by Employment



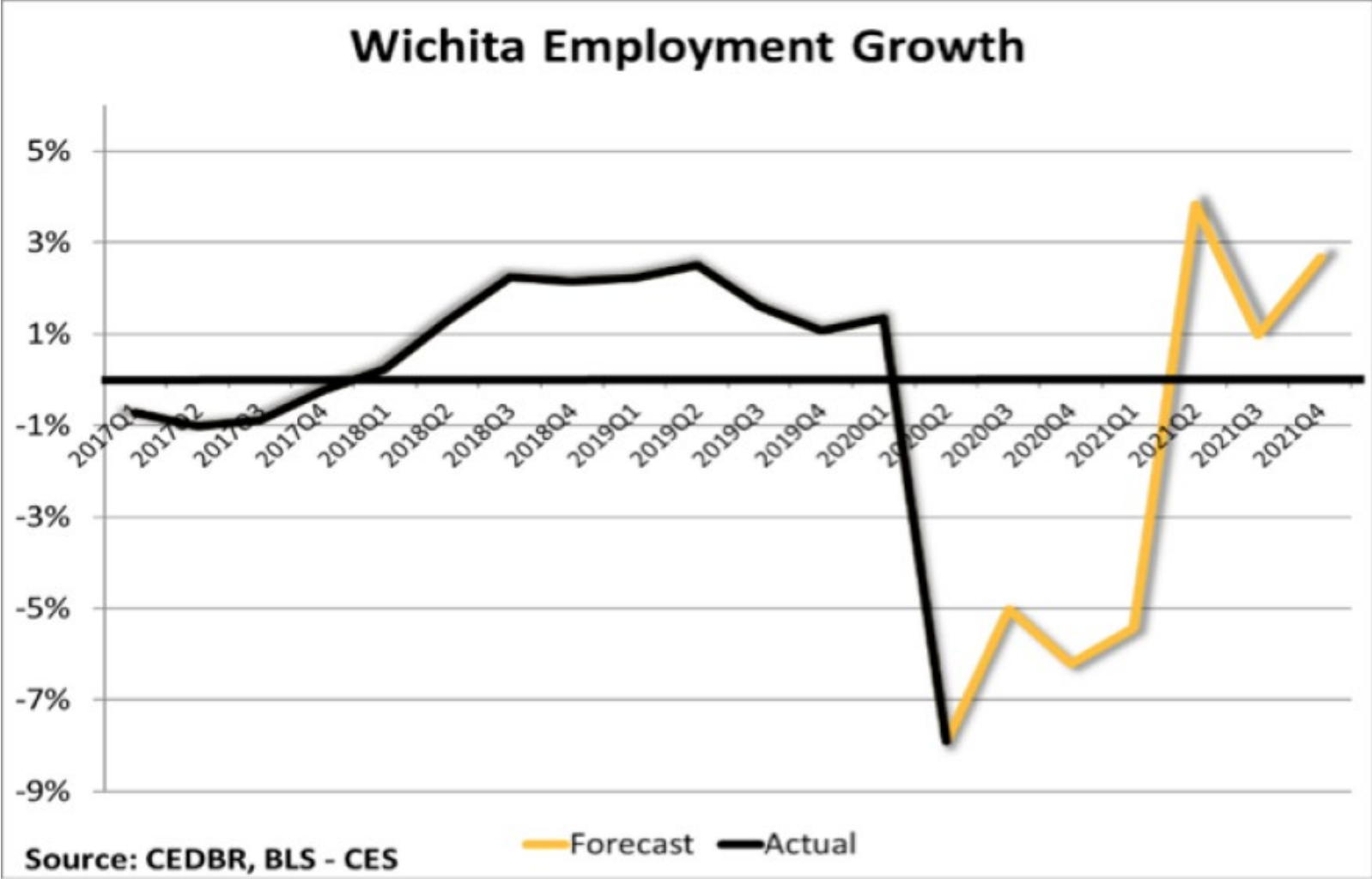
SOURCE: U.S. Bureau of Economic Analysis.

■ FEDERAL RESERVE BANK OF ST. LOUIS

Solid Middle as Far as Cost of Living



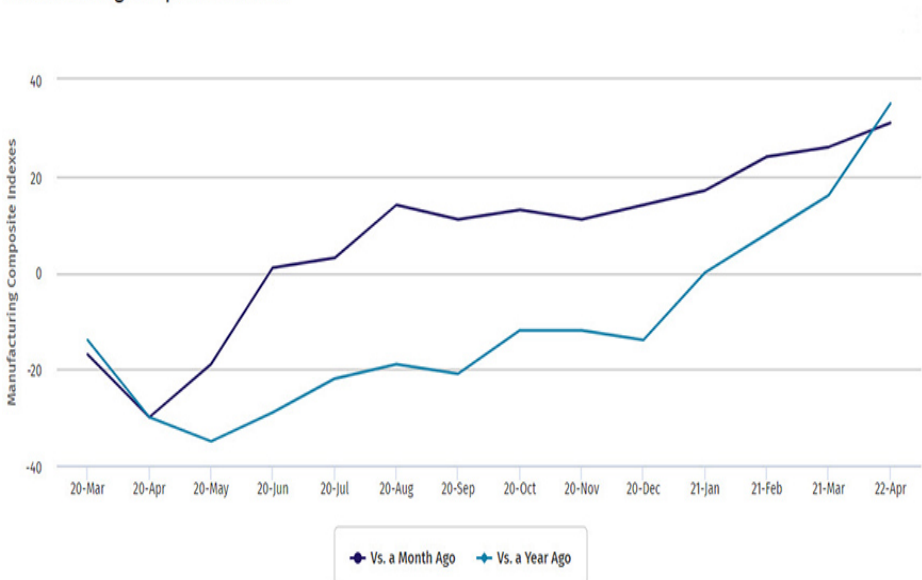
Still Fluctuating



Positive Outlook



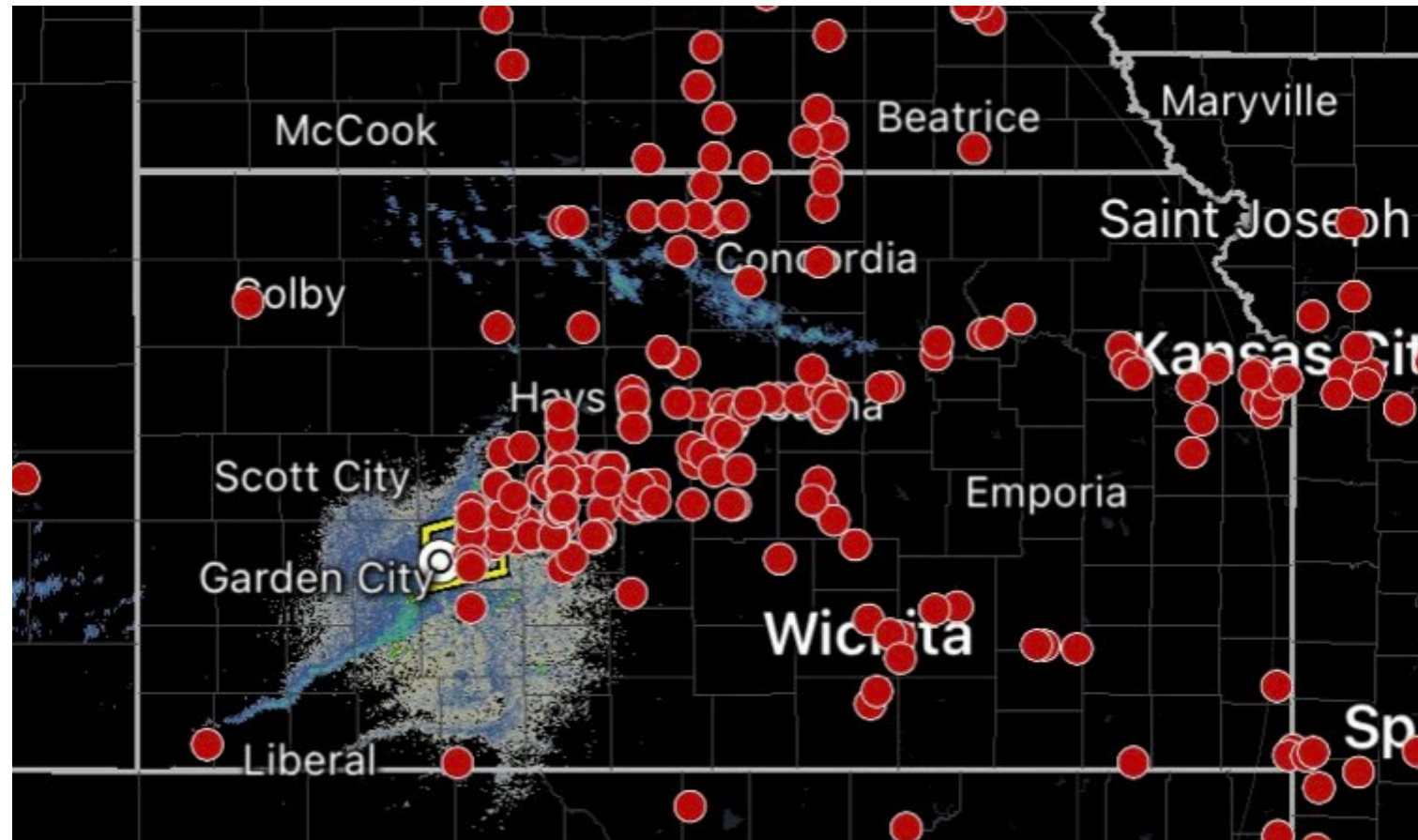
Manufacturing Composite Indexes



Manufacturing Survey



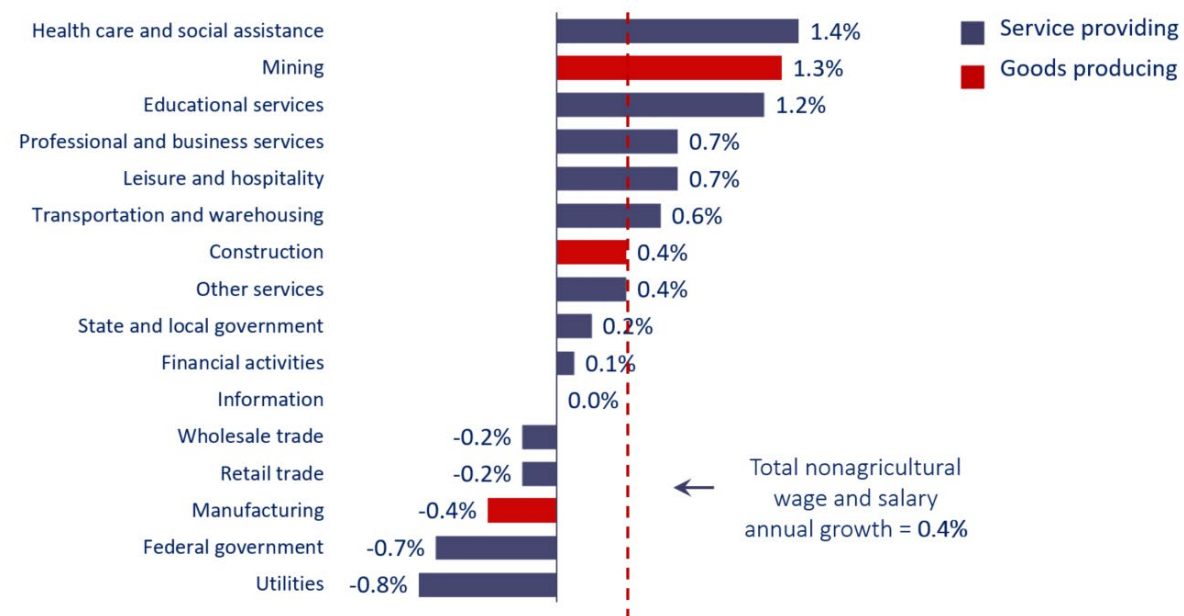
Storm Tourism – It's a Thing!



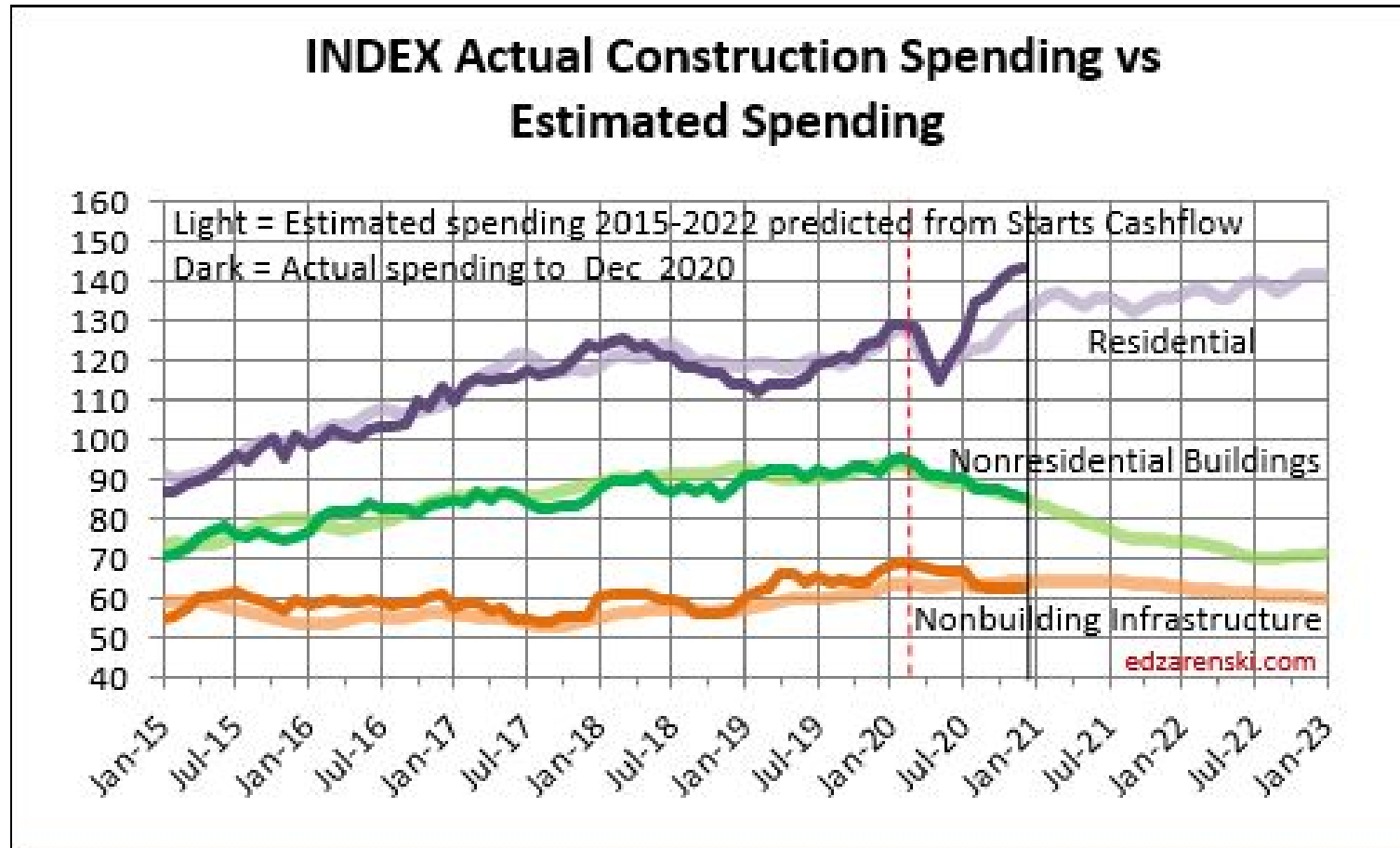
Where Are the Job Gains?

Projected Annual Rate of Change in Industry Employment, 2019-29

Annual rate of change for wage and salary employment, projected 2019-29

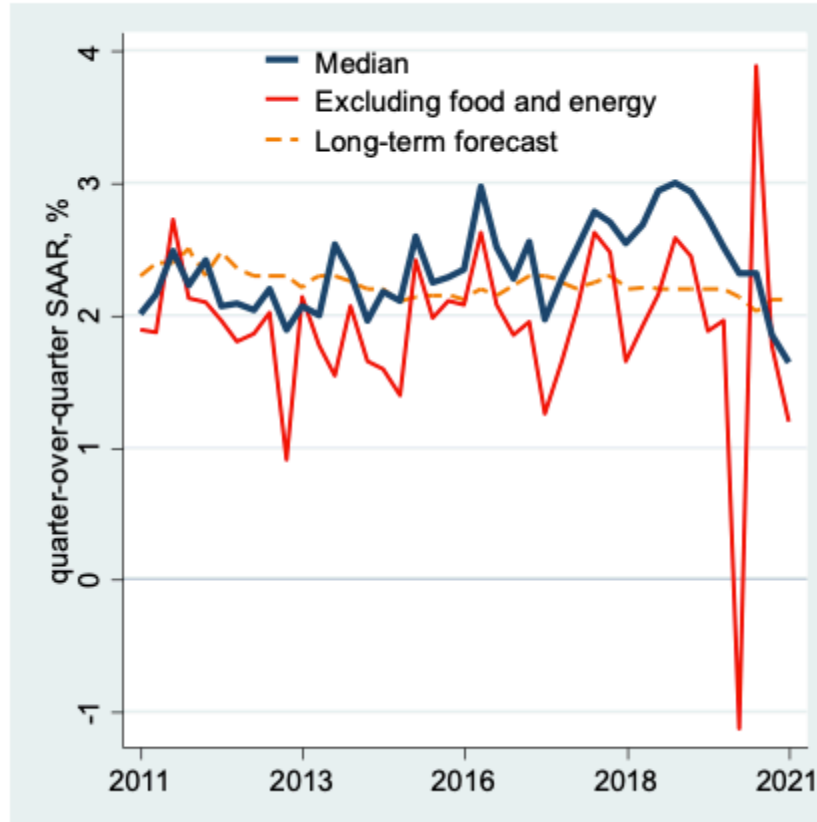


Residential Slowdown?

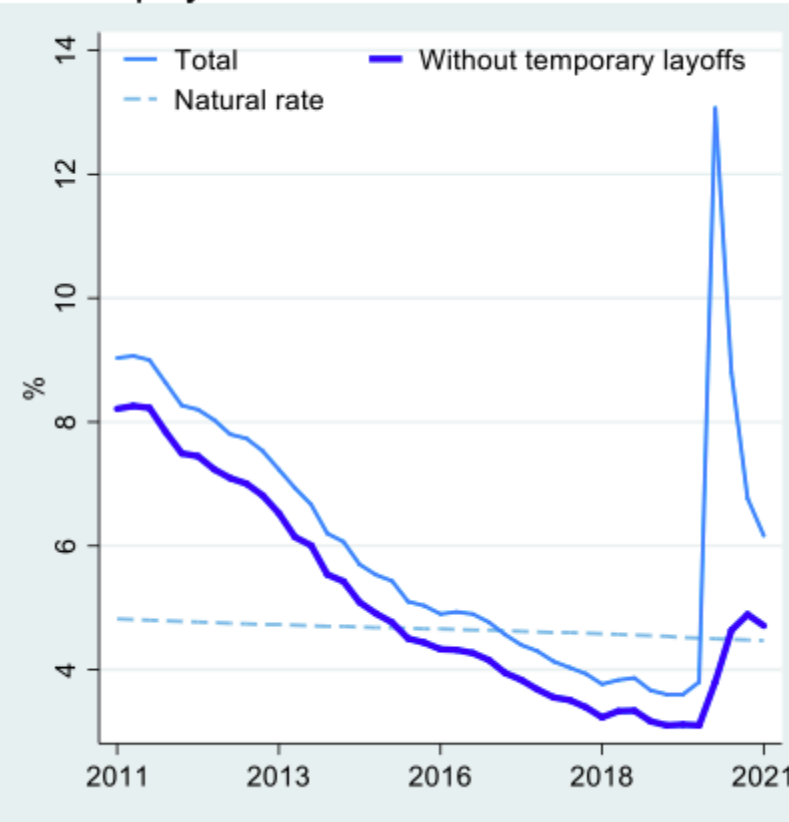


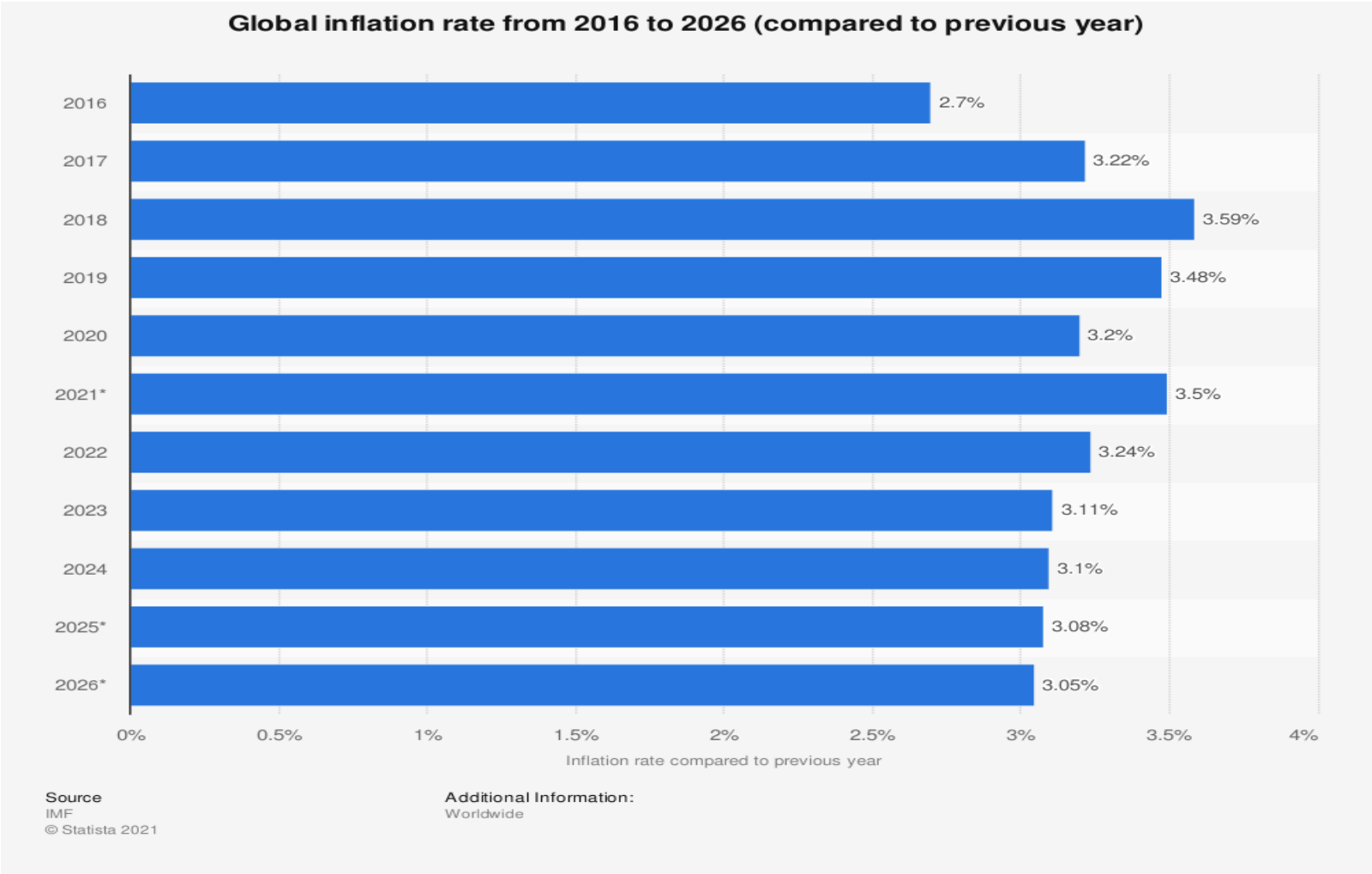
Transitory Inflation Threat?

A. CPI Inflation

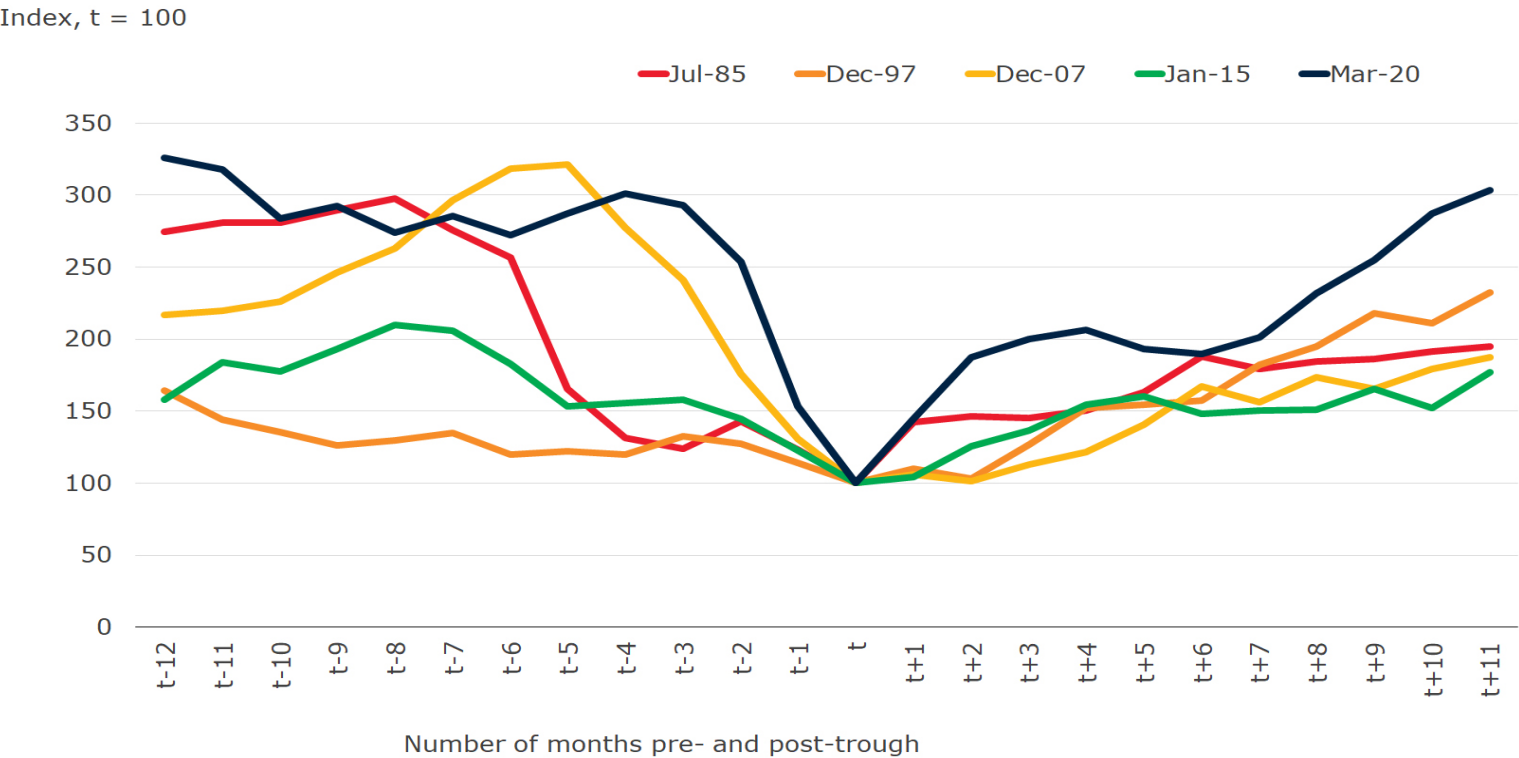


B. Unemployment Rate





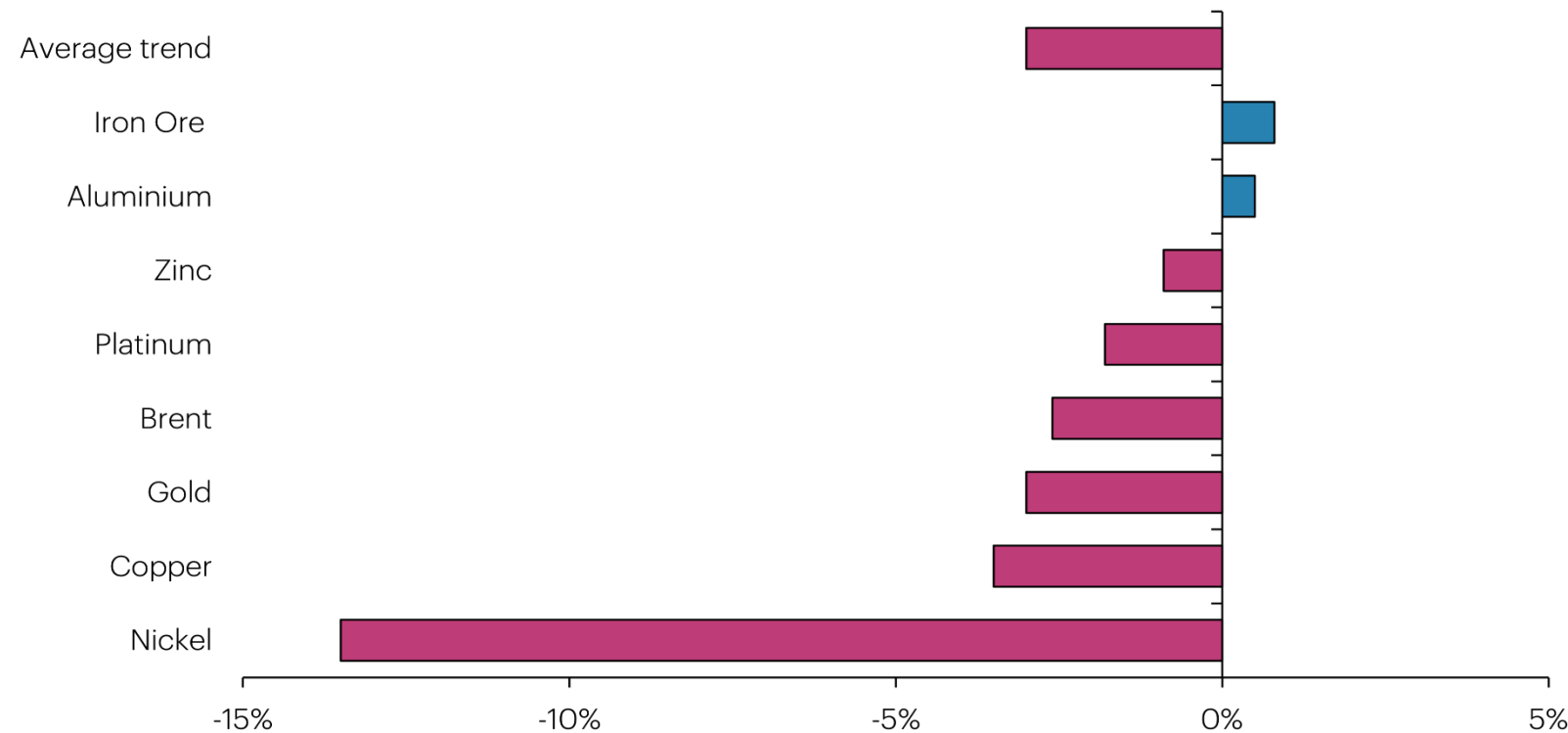
Rapid Oil Recovery



Source: World Bank
Note: Figure shows the largest oil price collapses and recoveries since 1980, with 12 months before and after the trough (T-12 and T+12, respectively) of each price collapse, indexed to 100 at the trough.

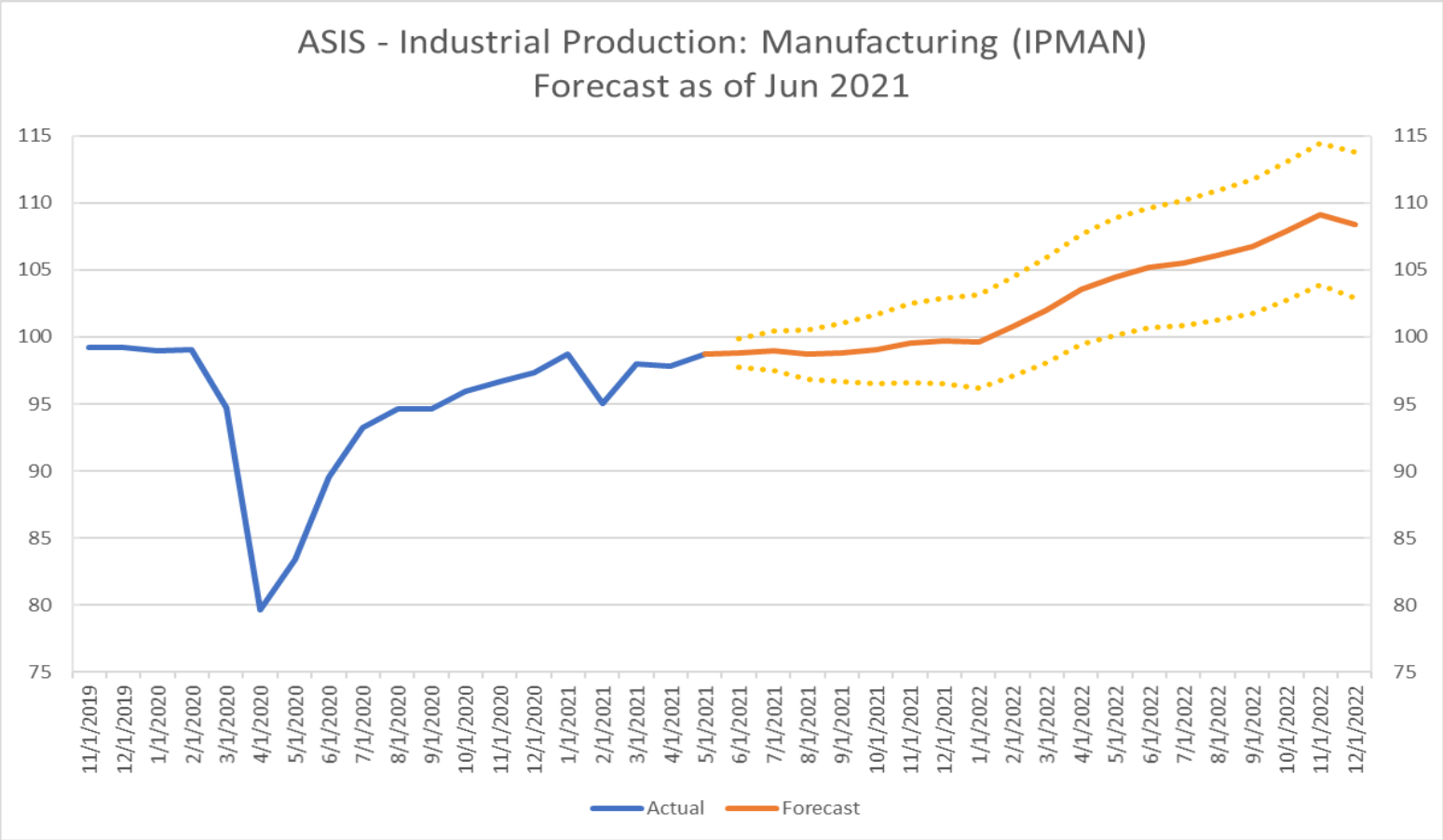
Commodities pullback in March 2021

(% change in prices m/m, 1 April 21)

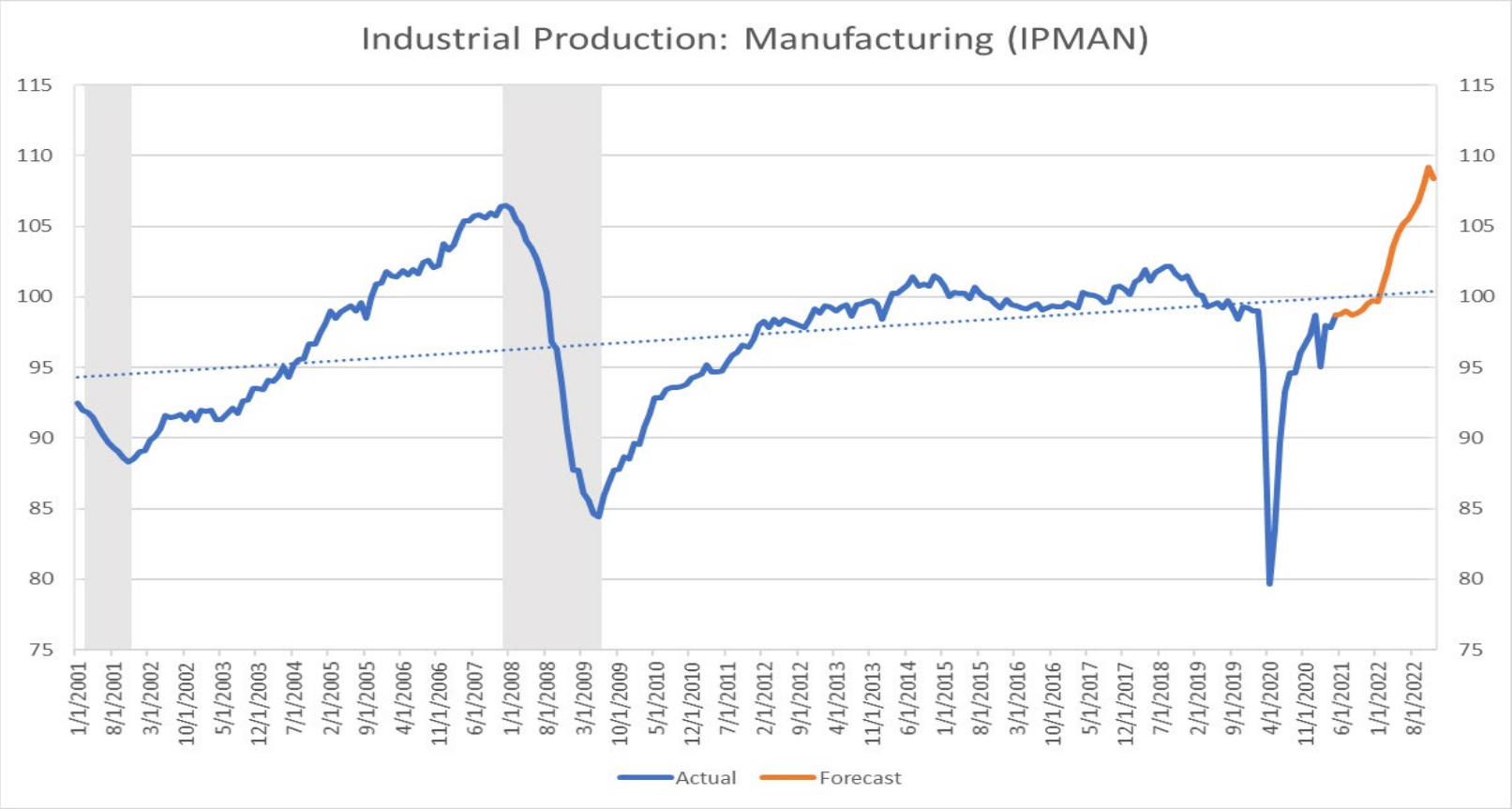


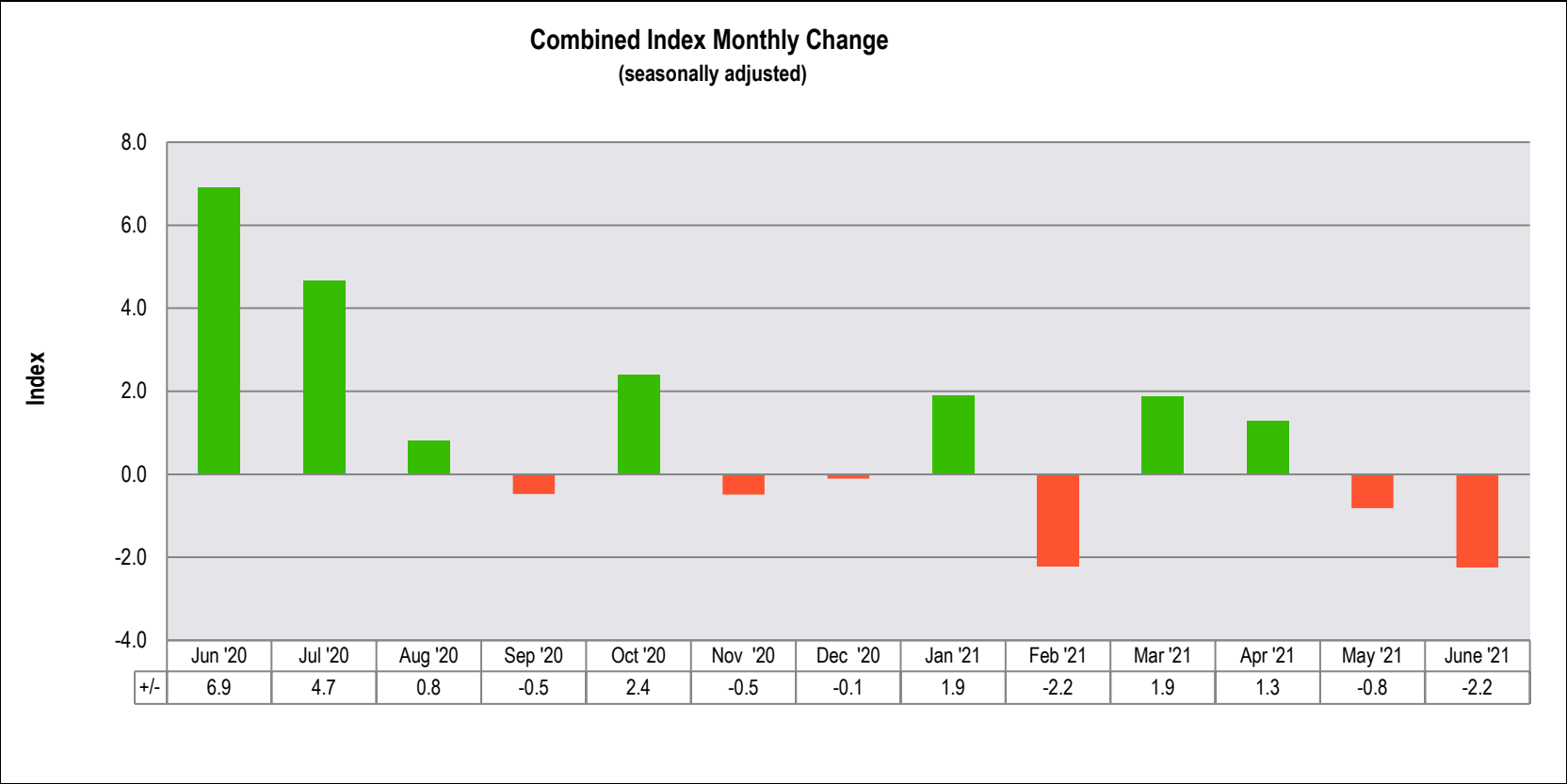
Source : Commodity Market Analytics, LME, ICE, LBMA, NYMEX

Solid But Fade Starts to Show Up



Amazing Growth





Most Useful Thing You Will Learn Today

**We are nothing if not verbose!
Long winded in print as well as
in a webinar. Please feel free to
check out the various
publications so your inbox will
not get lonely.**

**Armada Strategic Intelligence
System – monthly and detailed
on issues that matter to
manufacturers and their
suppliers - \$74 a month**

**Black Owl Report – a three
times a week bulletin that
equips the executive - \$7 a
month.**

**Business Intelligence Brief –
high level look at the economy
three times a week and FREE**

FINISHING UP

- This webinar has been recorded. A link to the webinar replay and the presentation deck will be included in a follow-up email to you tomorrow.
- The next webinar will be scheduled to take place on November 17th at 1:00pm.
- If you have not signed up for Armada's Black Owl Report, please send an email to KMS@weareKMS.com indicating your interest, as KMS is providing complimentary subscriptions through 2021.