



2024–2025: Anticipating Business Cycle Changes

**Presented by ITR Economics
Economist and Speaker
Jeremy Bess**



	Duration	Accuracy
US GDP	15	97.8%
US Ind. Production	14	99.8%
Europe Ind. Production	14	99.5%
Canada Ind. Production	15	99.3%
China Ind. Production	13	99.6%
Retail Sales	12	99.9%
Housing - Single Family	14	92.0%
Employment-Private Sector	13	99.5%

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A Powerful Management Tool • Rates-of-Change

	Raw	3MMT	3/12	12MMT	12/12
Feb-22	5.917				
Mar-22	5.864				
Apr-22	7.240	19.0			
May-22	6.711	19.8			
Jun-22	6.958	20.9			
Jul-22	7.274	20.9			
Aug-22	6.473	20.7			
Sep-22	7.013	20.8			
Oct-22	6.839	20.3			
Nov-22	6.787	20.6			
Dec-22	6.635	20.3			
Jan-23	6.601	20.0		80.3	
Feb-23	6.230	19.5		80.6	
Mar-23	5.958	18.8		80.7	
Apr-23	6.955	19.1	0.6%	80.4	
May-23	6.295	19.2	-3.1%	80.0	
Jun-23	6.844	20.1	-3.9%	79.9	
Jul-23	6.777	19.9	-4.9%	79.4	3.5%
Aug-23	6.221	19.8	-4.2%	79.2	2.4%
Sep-23	6.932	19.9	-4.0%	79.1	0.9%
Oct-23	6.720	19.9	-2.2%	79.0	-0.2%
Nov-23	6.942	20.6	-0.2%	79.1	-0.8%
Dec-23	6.650	20.3	0.3%	79.1	-1.2%
Jan-24	6.507	20.1	-0.4%	79.0	-1.6%

3/12

Based on data from a consecutive 3-month period compared to one year earlier.

Anticipates shifts in business cycle trends.

12/12

Based on data from a consecutive 12-month period compared to one year earlier.

Defines the business cycle.

US Private Nonresidential Construction to US Single-Unit Housing Starts

12/12 Rates-of-Change

as seen in
ITR Economics'



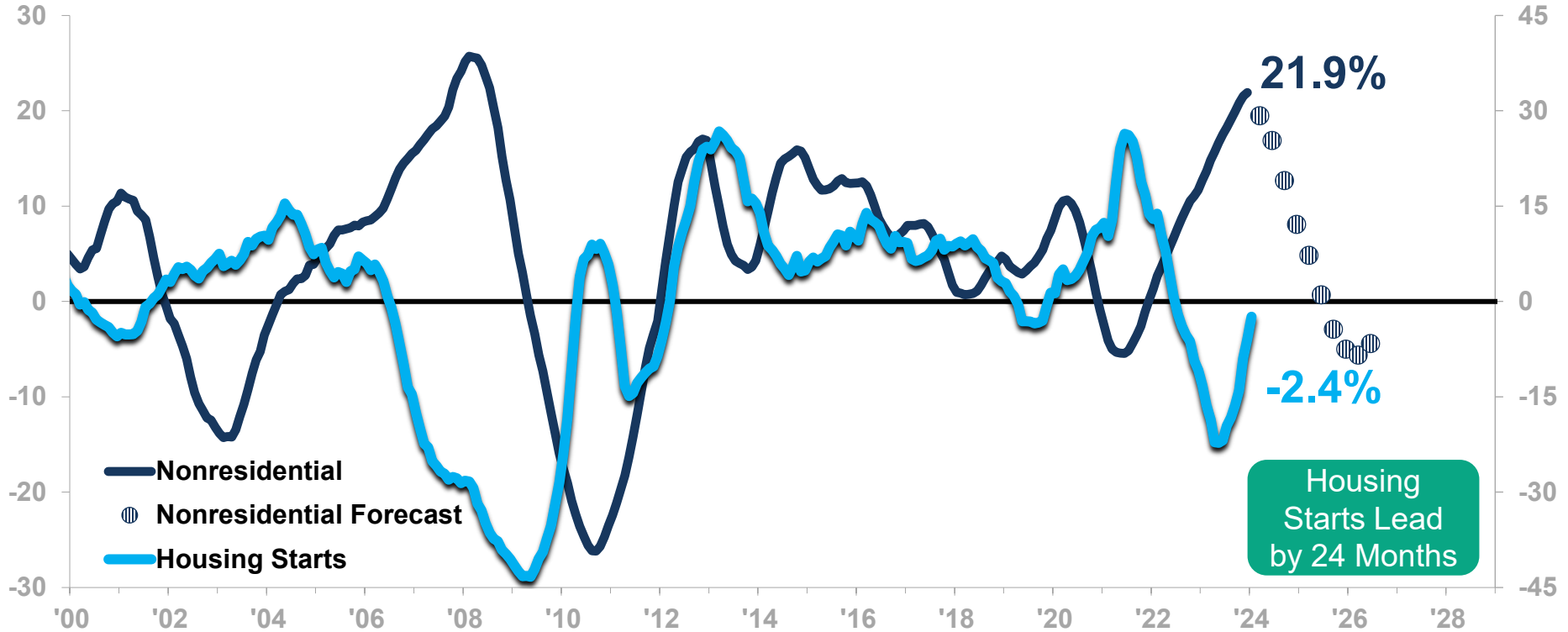
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Trends Report

Housing Starts

Nonresidential





Global Forces

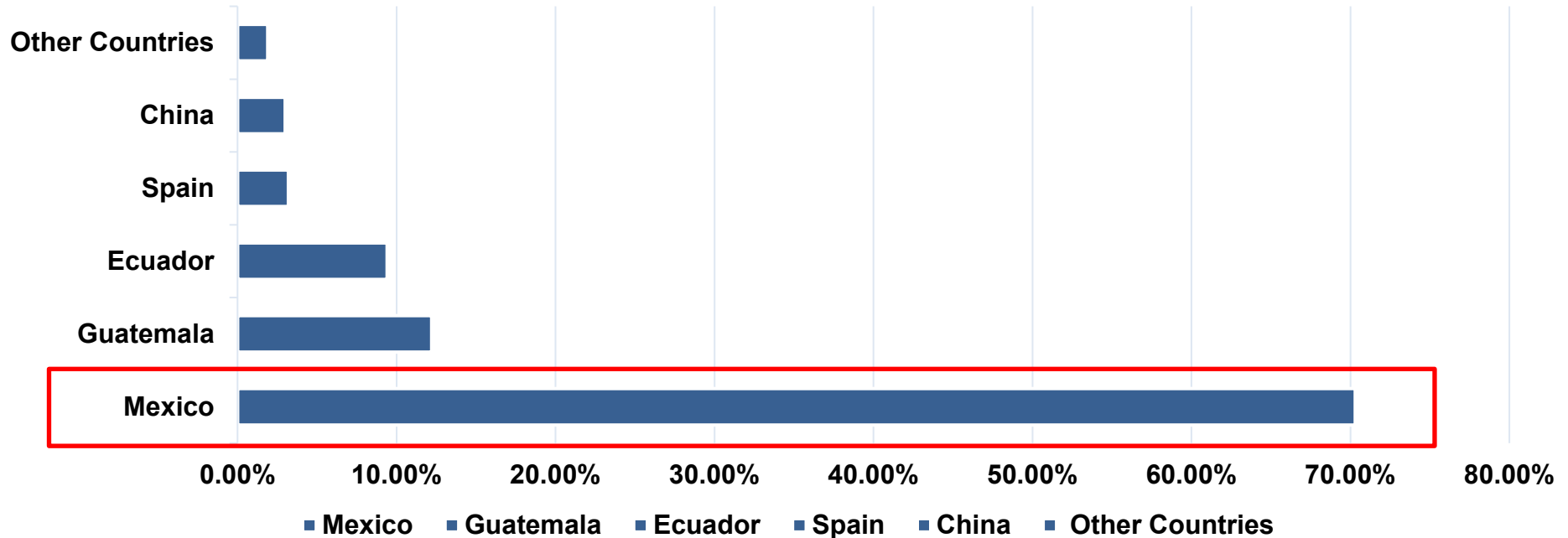


US Imports of Frozen Vegetables 4-year Average Through 2022

Percent of U.S. import sources by volume



Broccoli

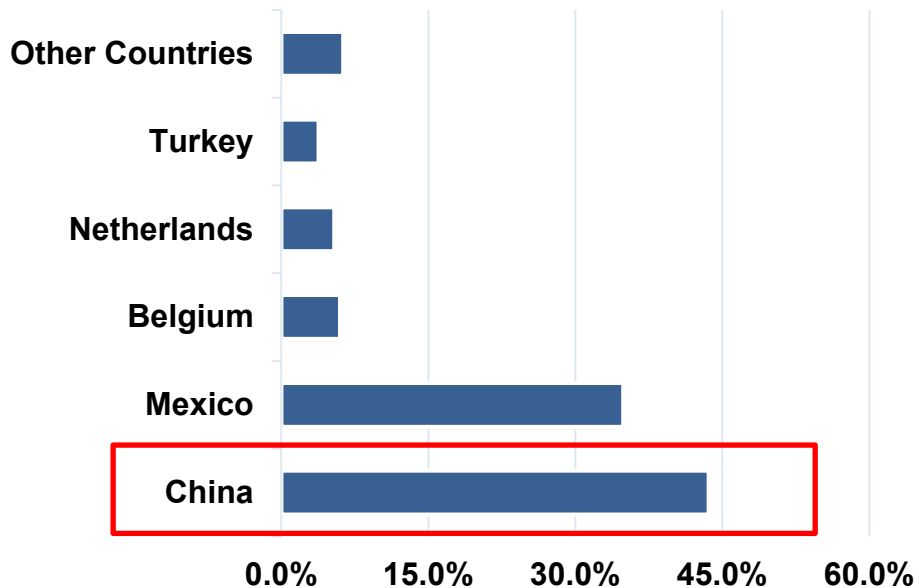


US Imports of Frozen Vegetables 4-year Average Through 2022

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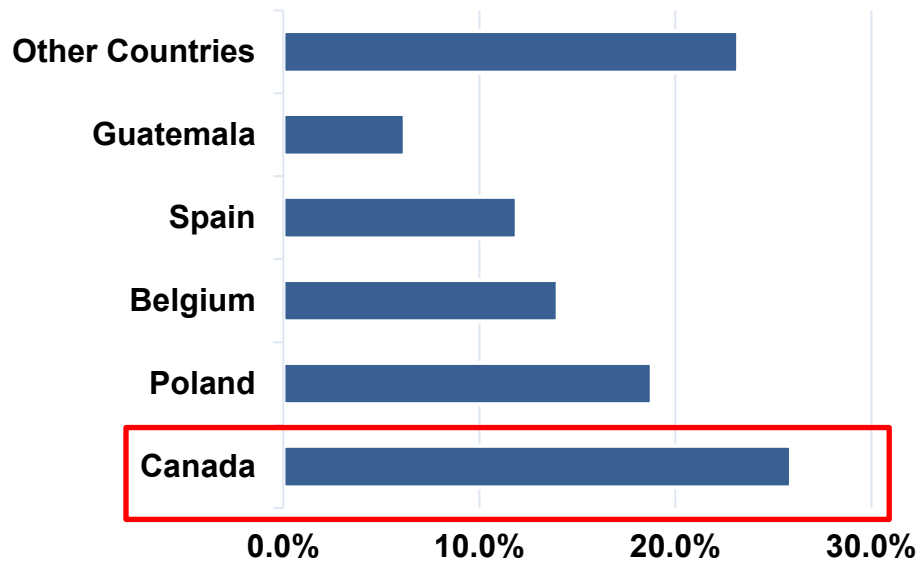


Spinach



- China
- Mexico
- Belgium
- Netherlands
- Turkey
- Other Countries

Green Peas



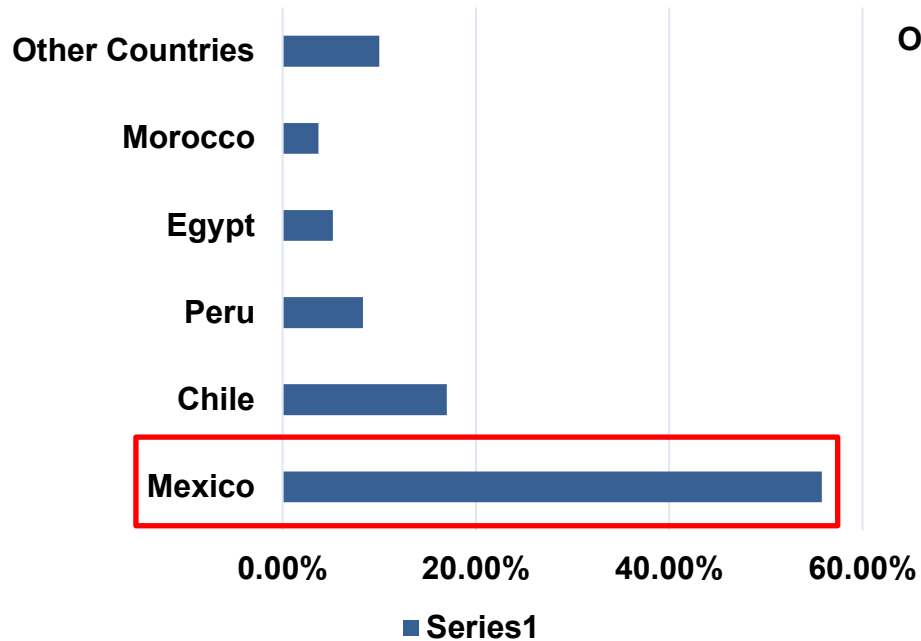
- Canada
- Poland
- Belgium
- Spain
- Guatemala
- Other Countries

US Imports of Frozen Fruit 4-year Average Through 2022

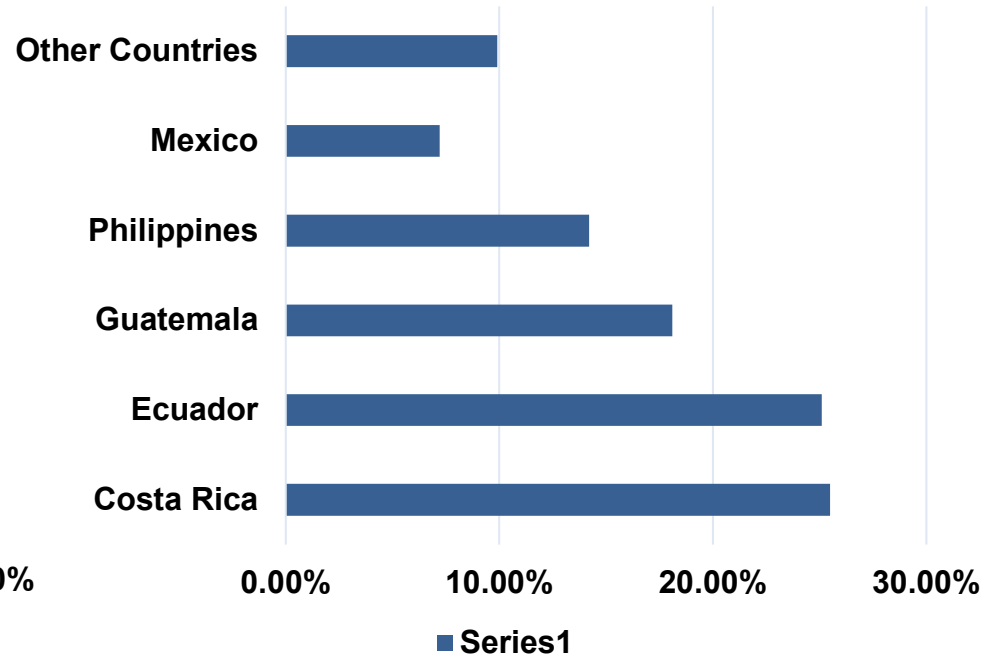
Percent of U.S. import sources by volume



Strawberries



Bananas

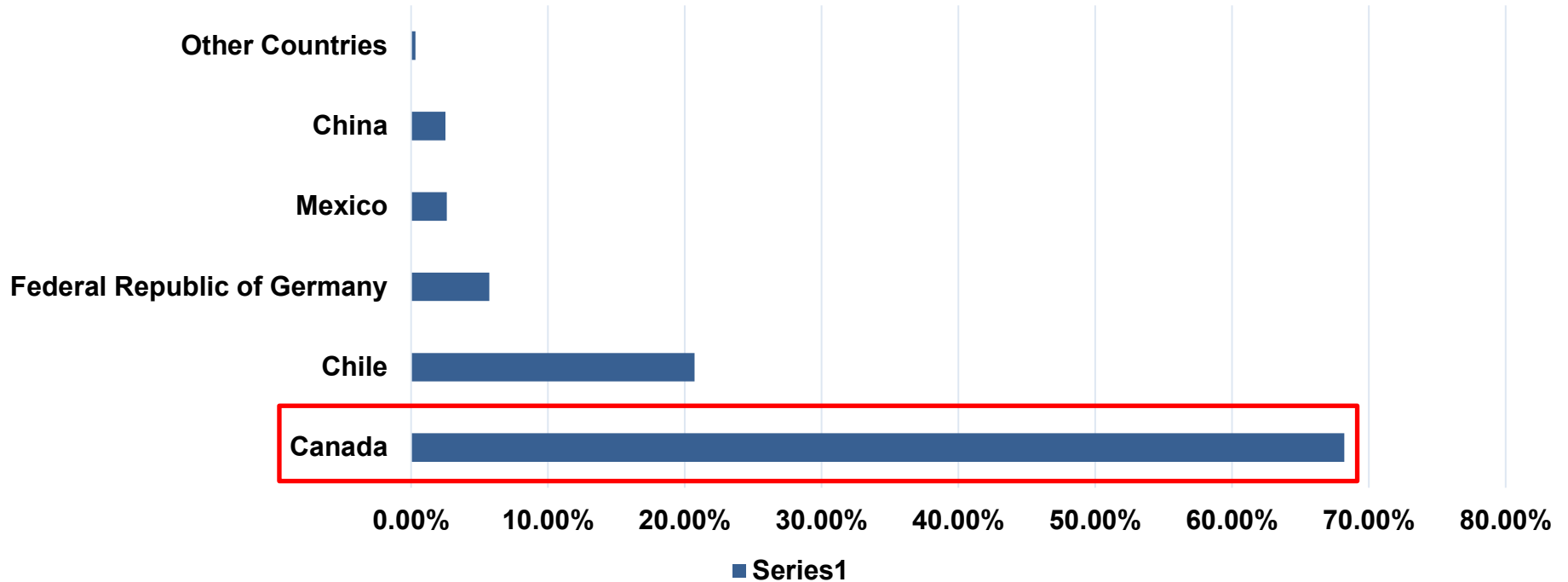


US Imports of Dried Fruit 4-year Average Through 2022

Percent of U.S. import sources by volume



Blueberries



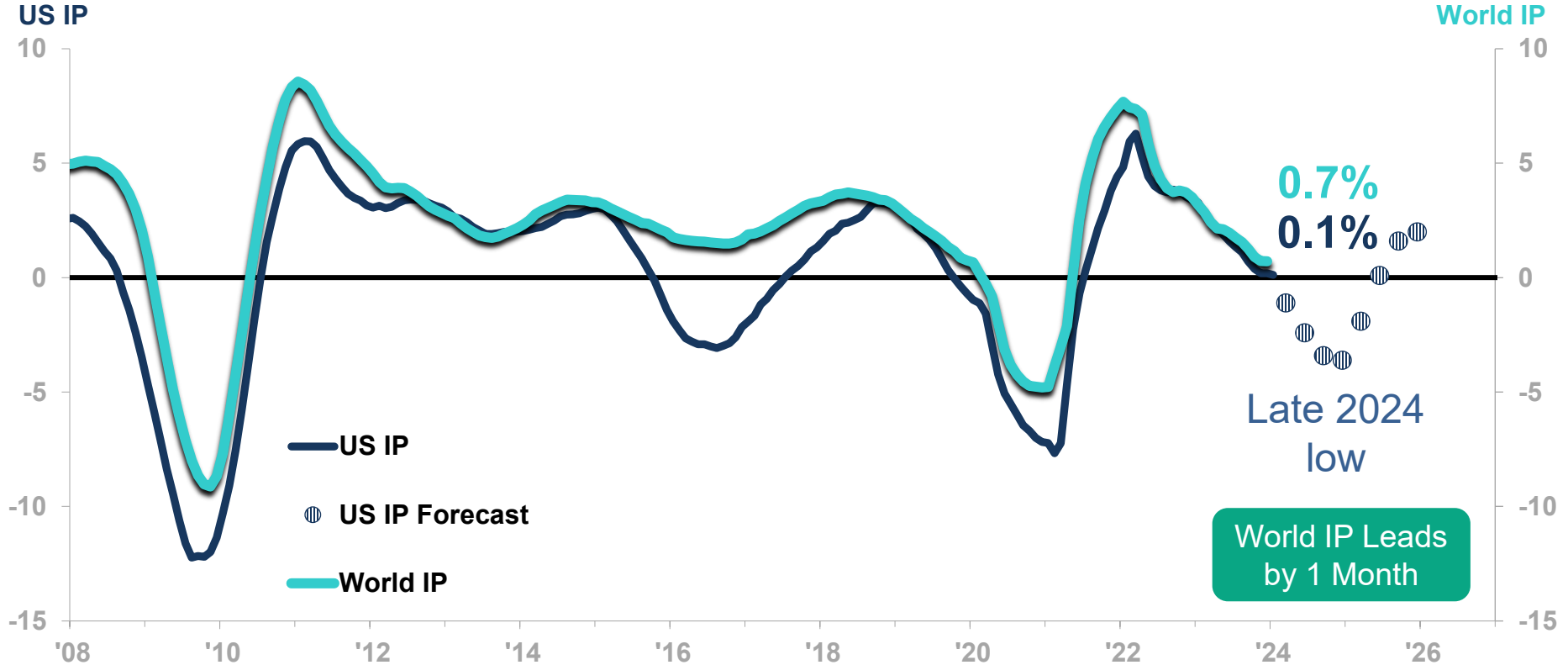
Strong Cyclical Relationship

Sources: FRB, CPB Netherlands Bureau For Economic Policy Analysis



US Industrial Production Index to World Industrial Production Index

12/12 Rates-of-Change





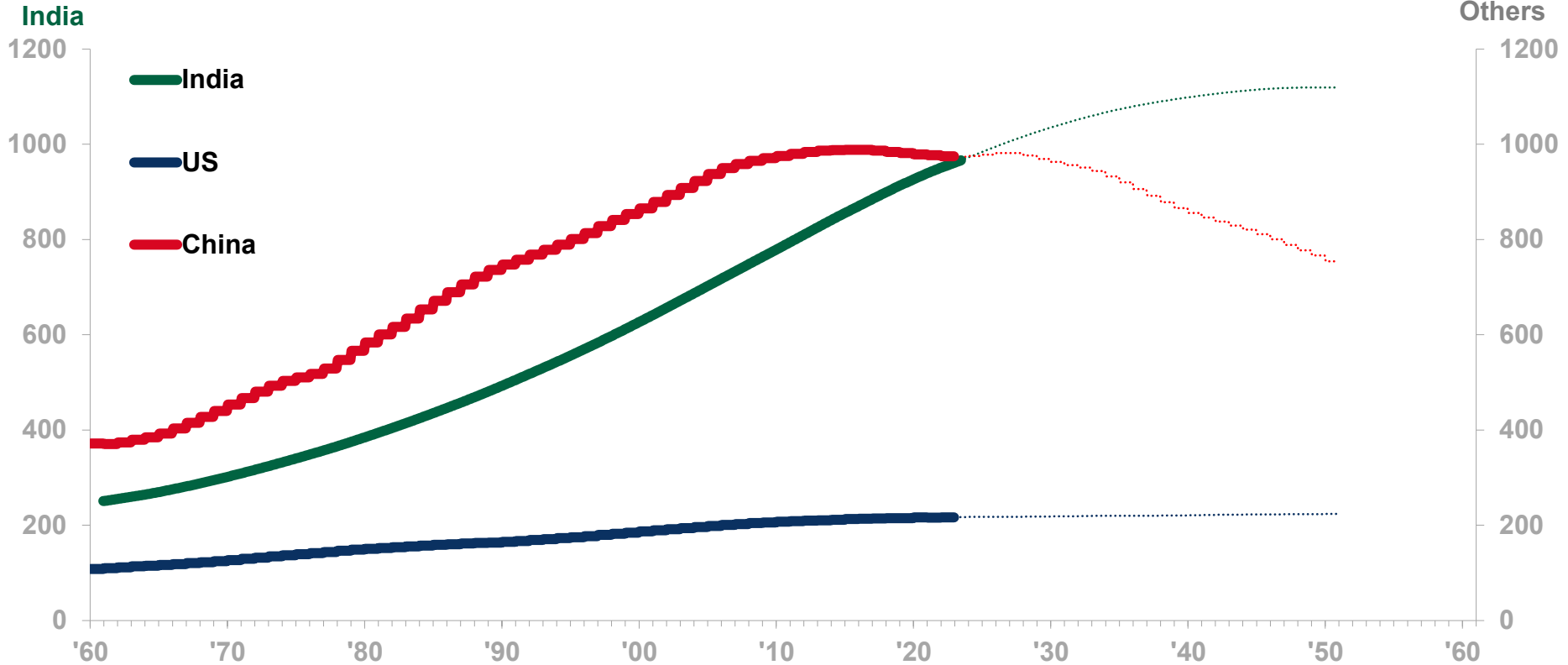
	Historical 12/12	Historical 12MMA	Current 12/12	2024	2025	2026
Canada Industrial Production			0.0	-1.7	2.8	4.0
Mexico Industrial Production Index			3.9	-2.6	1.5	1.9
Brazil Manufacturing and Mining Industrial Production Index			0.0	-0.7	-0.1	1.8
Western Europe Industrial Production Index			-1.5	-1.0	2.1	0.8
Eastern Europe Industrial Production Index			-2.4	-1.5	4.7	3.7
India Industrial Production Index			5.7	0.9	4.0	1.8
China Industrial Production Index			4.4	2.4	3.5	2.7

India is Now the Most Populous Country

Source: World Bank

Total Population Age 15-64 With Projections

Millions of Persons



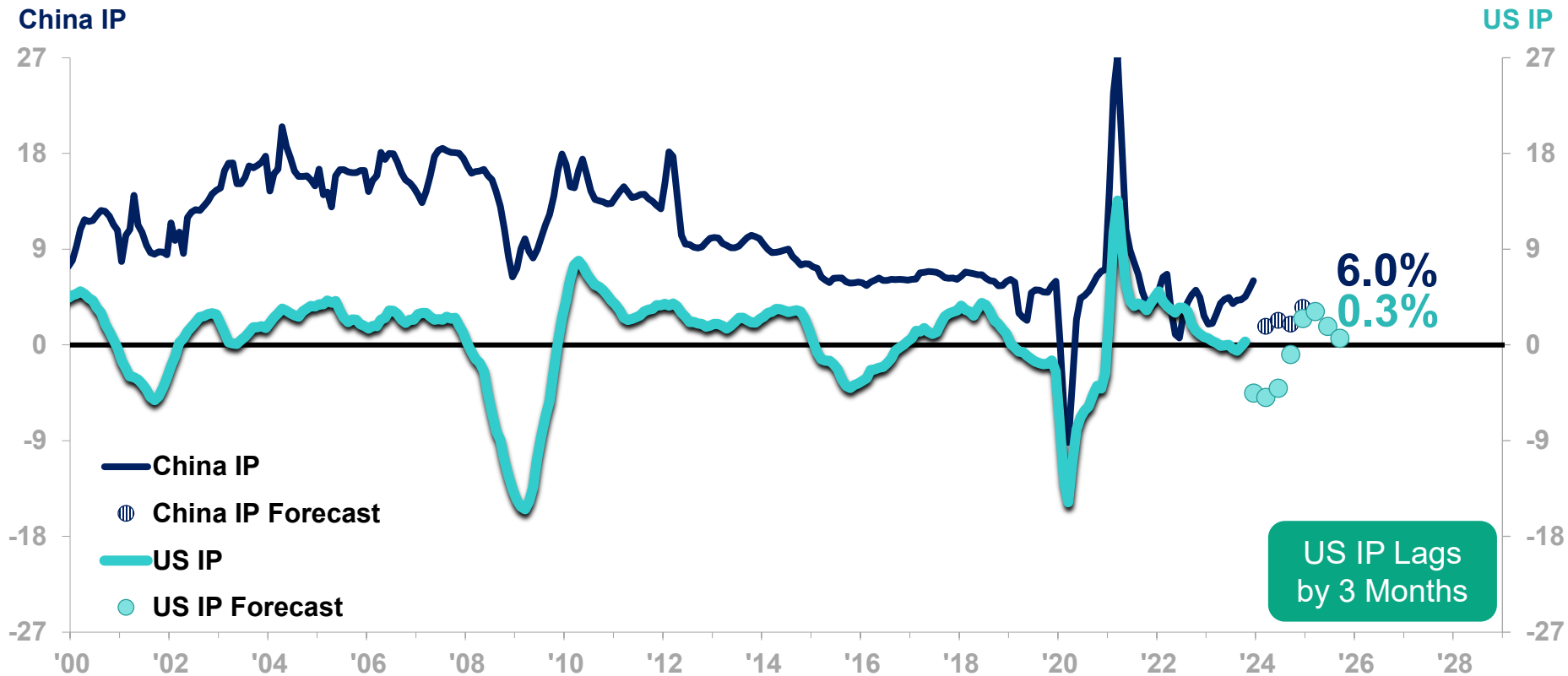
China's Demographic Challenges

Sources: China National Bureau of Statistics, FRB



China Industrial Production Index to US Industrial Production Index

3/12 Rates-of-Change



Over a Billion Consumers Who Sometimes Don't

Source: China National Bureau of Statistics

China Industrial Production Index to China Consumer Goods Total Retail Sales

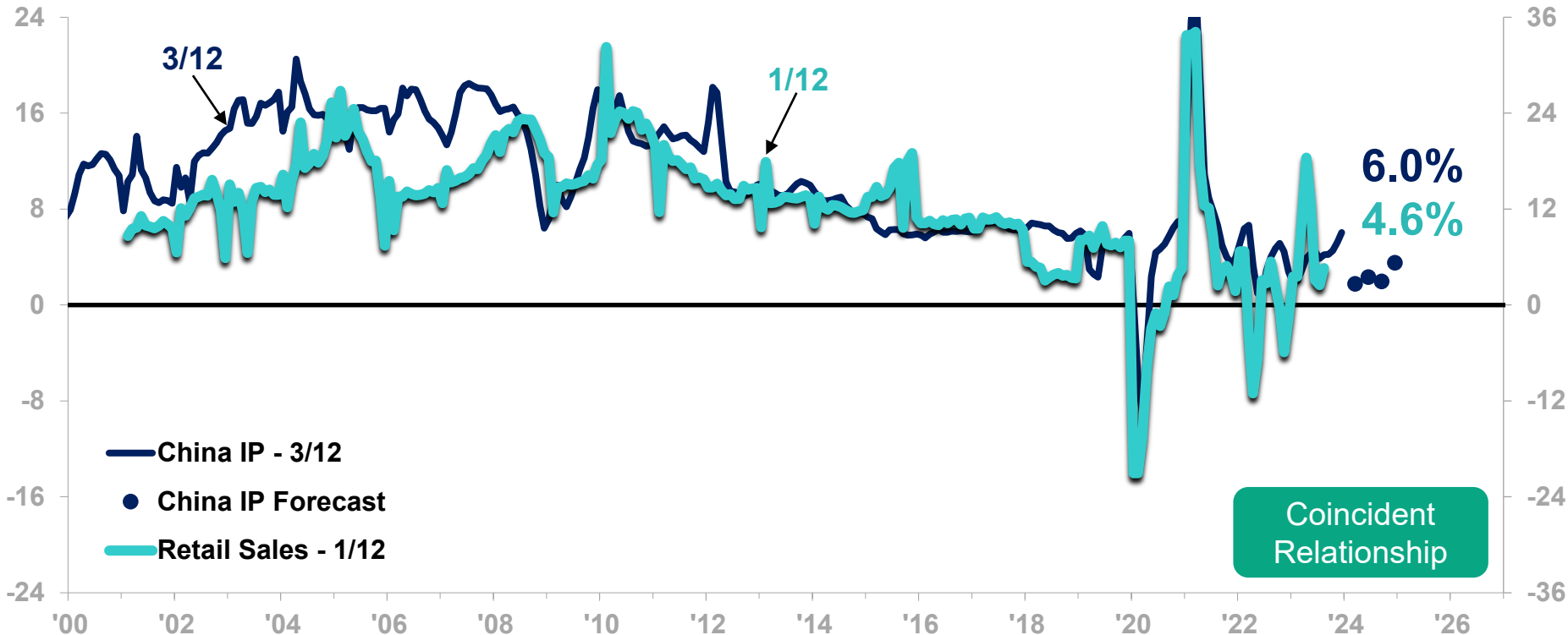
Rates-of-Change



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China IP

Retail Sales



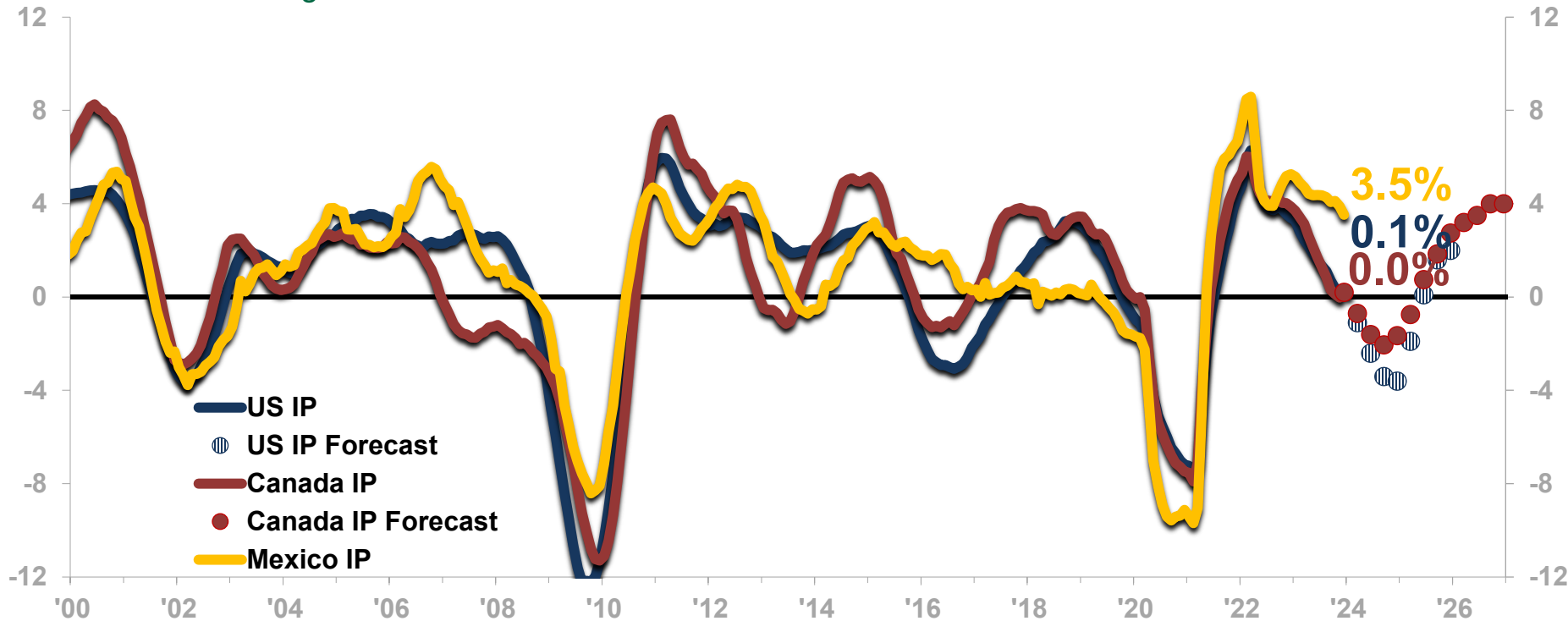
Strong Correlation Between North America Trading Partners

Sources: FRB, Statistics Canada, Mexico National Institute of Statistics and Geography

US Industrial Production Index to Canada Industrial Production to Mexico Industrial Production Index



12/12 Rates-of-Change



Regional Differences Will Vary

Sources: Chile National Institute of Statistics, Peru National Institute of Statistics and Information Science, Turkish Statistical Institute, Netherlands Bureau for Economic Policy Analysis

Indicator	12/12	Phase	3/12	Phase
Chile IP	-0.4%	A	3.9%	C
Peru IP	-6.6%	D	-4.8%	A
Turkey IP	0.9%	B	0.7%	C
Middle East & North Africa IP	-0.9%	D	-3.3%	A
Ecuador GDP	3.2%	C	1.0%	C





China is becoming more of a problem going forward with mounting risks



Europe in recovery in 2025



Nationalism is the long-term play

Next Steps

- **Nationalism brings opportunities for shorter supply chains and new business**



The US Economy

Future US Bond Yields

Source: FRB



— Bond Yields

4.32%

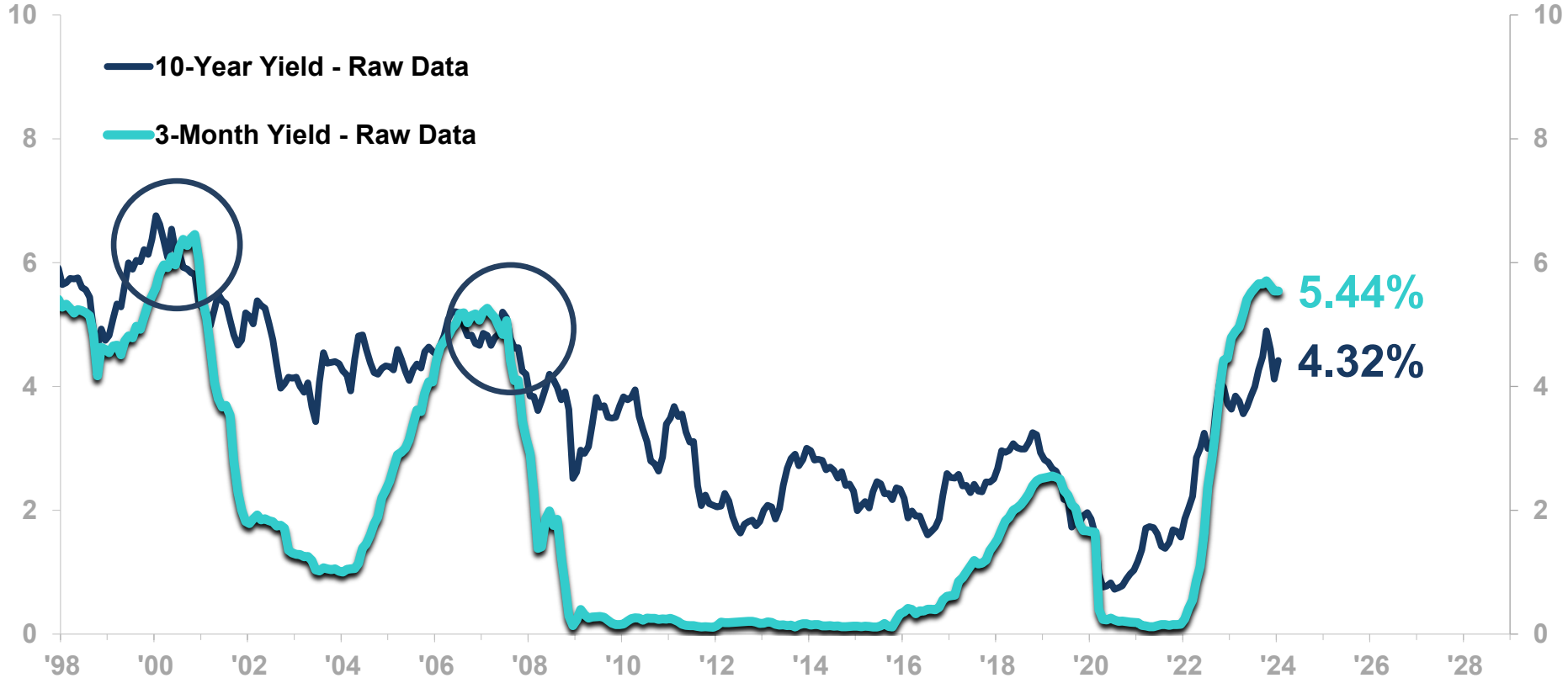
Inverse Yield Curve in Place: Business Cycle Decline Ahead

Source:
US Treasury Dept.

US Government Long-Term Bond Yields to US 3-Month Treasury Bond Yield

Raw Data: Percent

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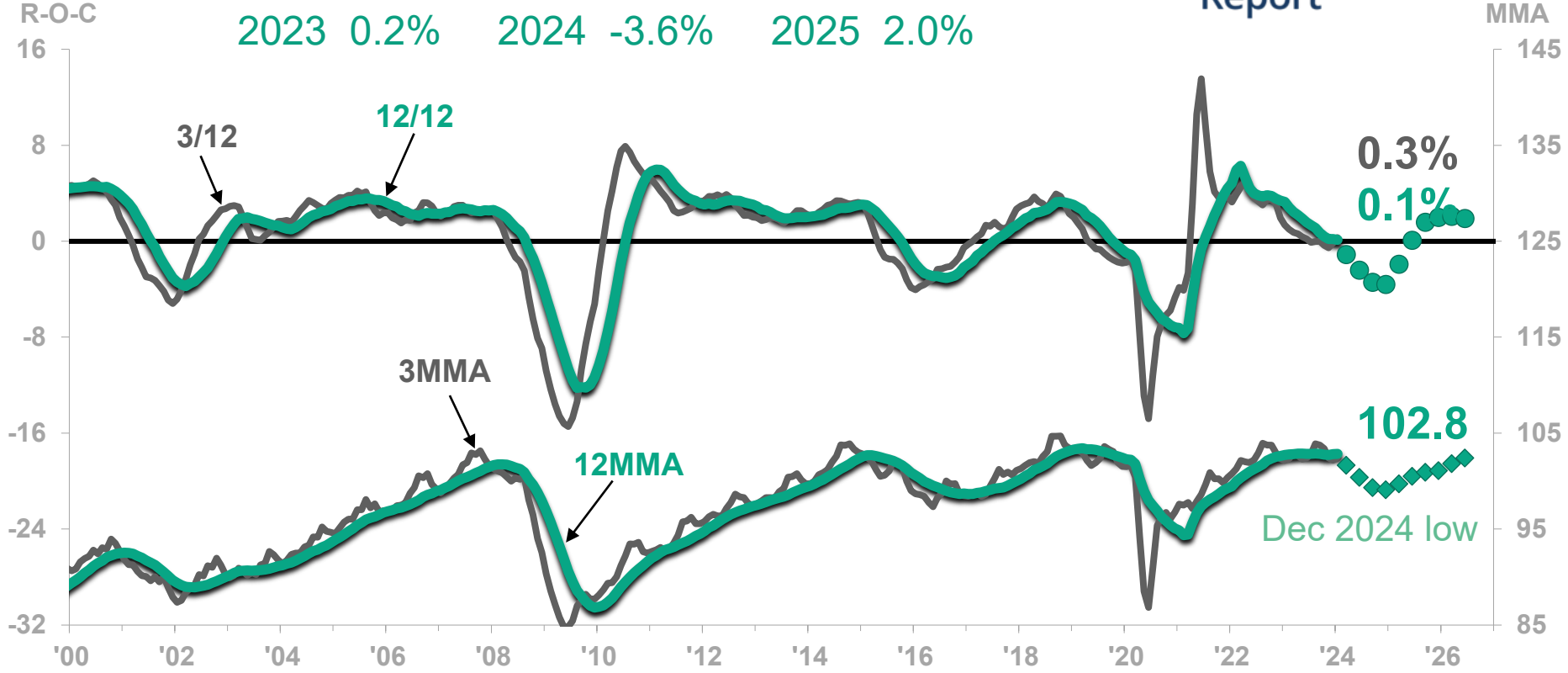
Recession in 2024

Source: FRB

US Industrial Production Index

2017 = 100

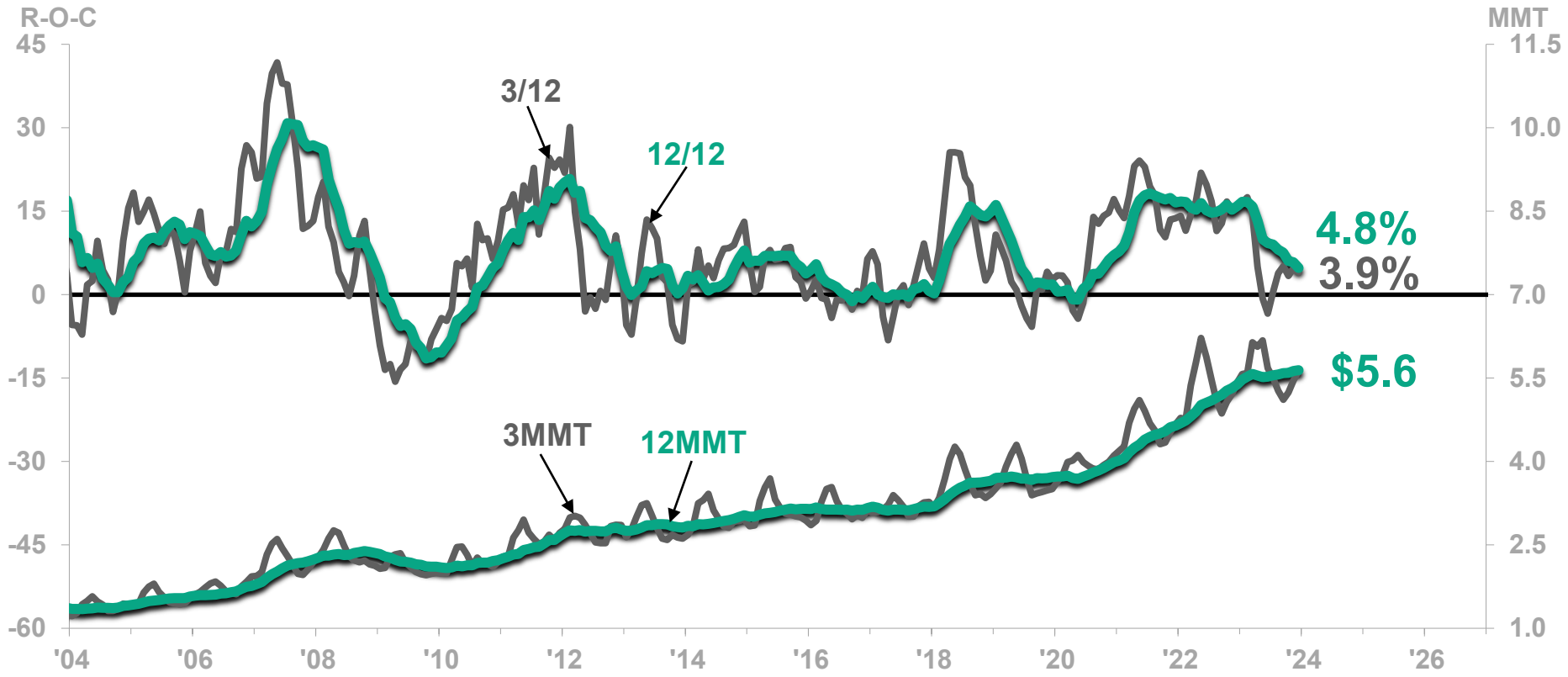
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**Trends
Report**



US Imports of Frozen Fruits and Vegetables



Billions of Dollars



Inventory Levels Rising as Demand Slows, Monitor Storage Costs

Sources: USDA, FRB

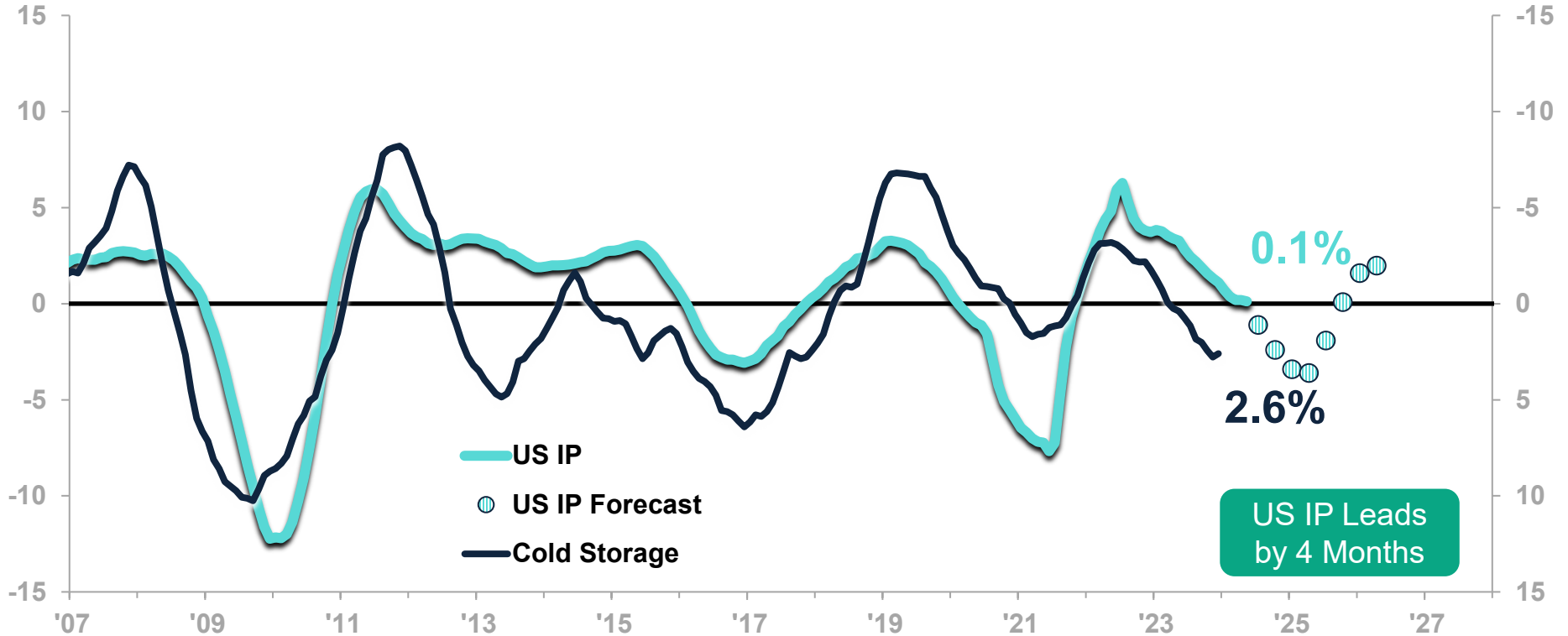
US Frozen Vegetables in Cold Storage to US Industrial Production Index

12/12 Rates-of-Change



US IP

Cold Storage (inverted)



Frozen Berries Experiencing Signs of Inventory Glut

Source: USDA

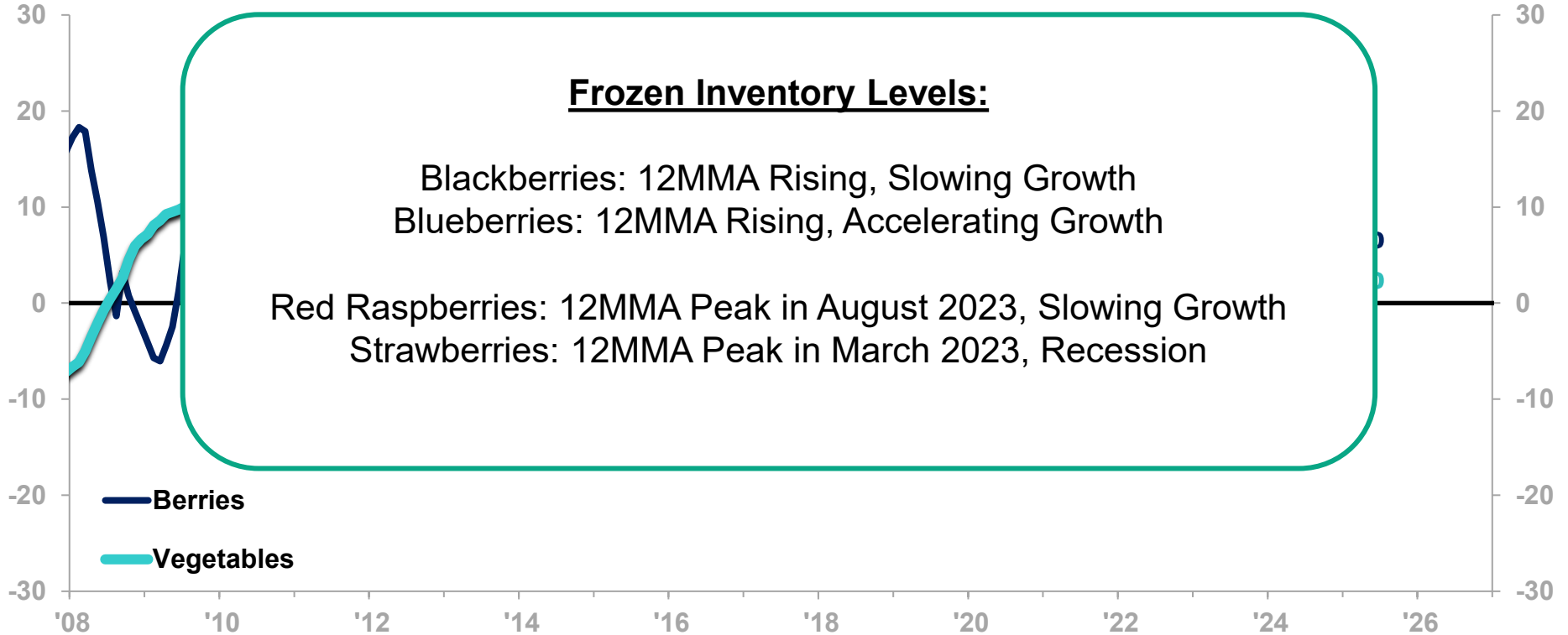
US Frozen Berries to Frozen Vegetables in Cold Storage

12/12 Rates-of-Change



Berries

Vegetables





Inflation Trends

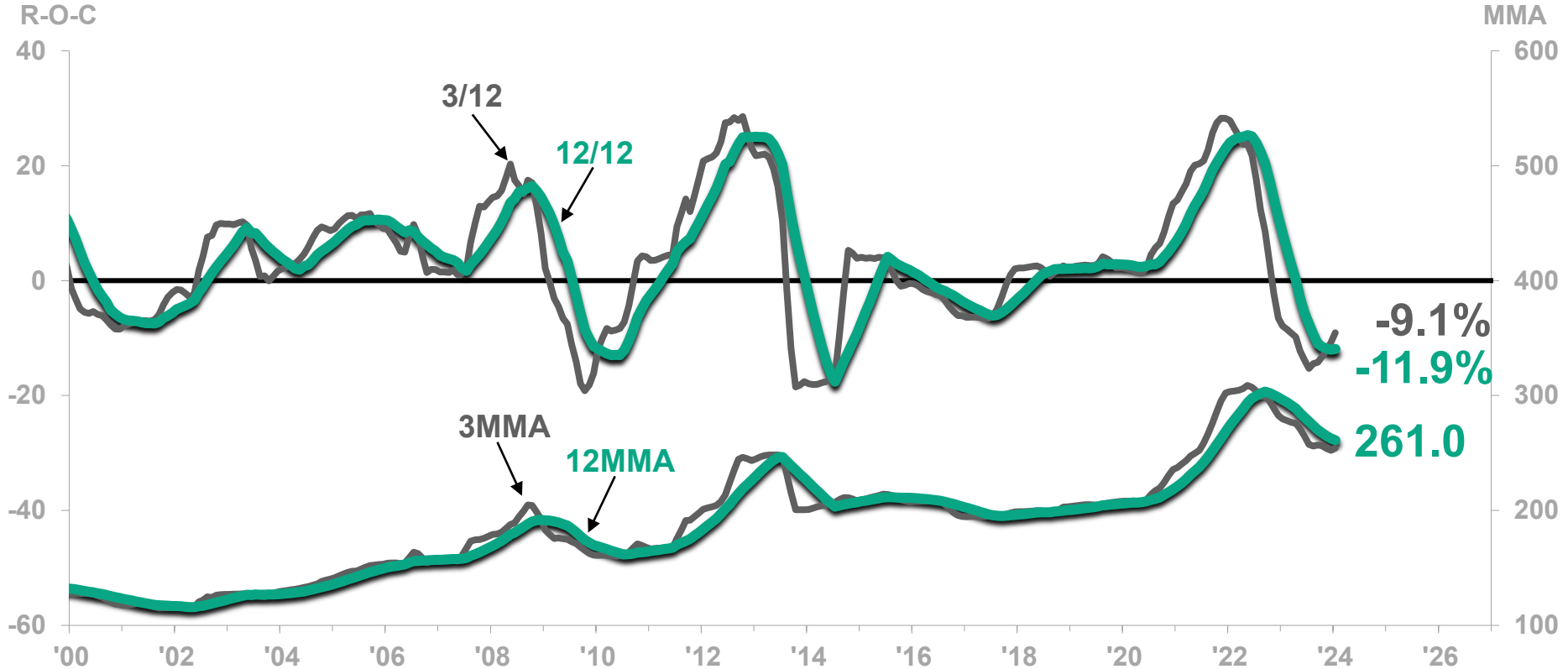


Producer Prices for Frozen Fruit Are Soaring

Source: BLS

US Producer Price Index for Frozen Fruit

Dec 1990 = 100



Specialty Food Inflation is Less Than Overall Inflation

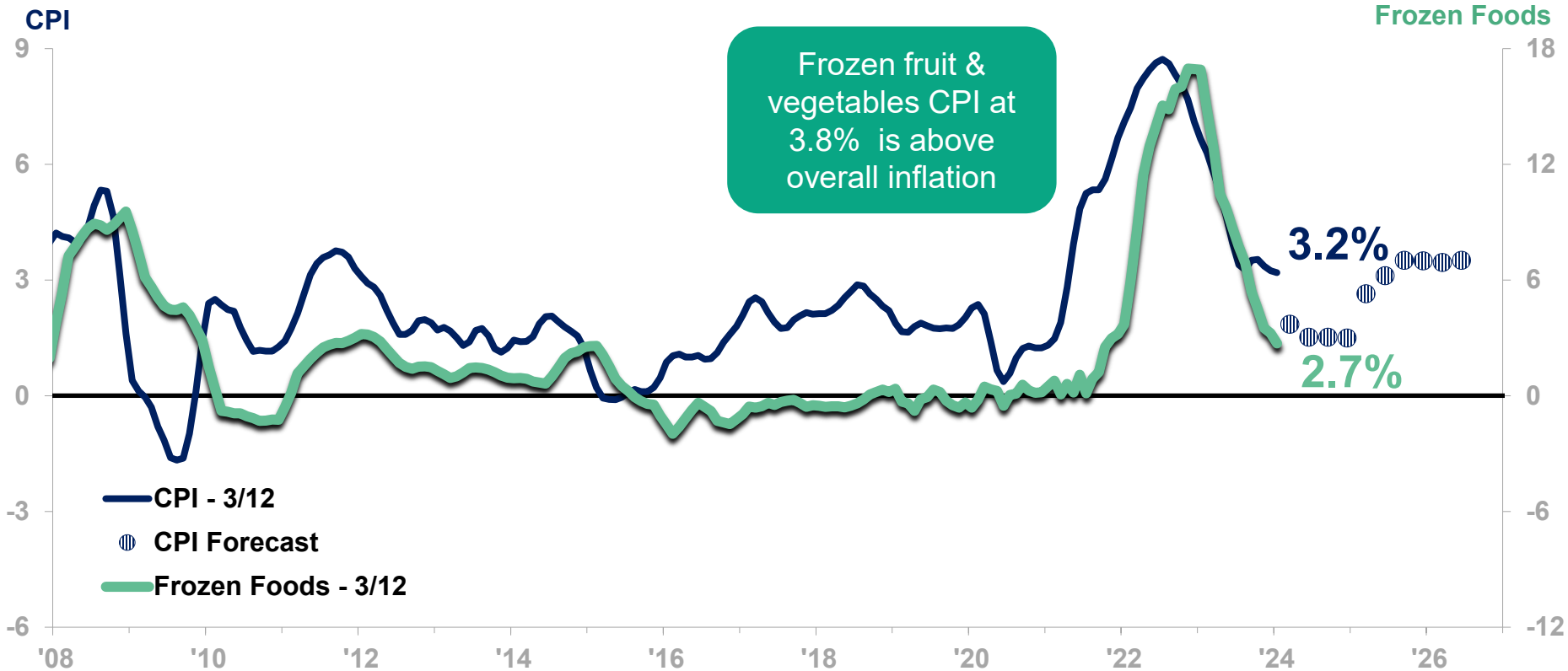
Source: BLS

US Consumer Price Index to US Frozen Specialty Foods Producer Price Index



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Energy Price Deflation Suggest Downside Pressure on Food Prices

Source: BLS

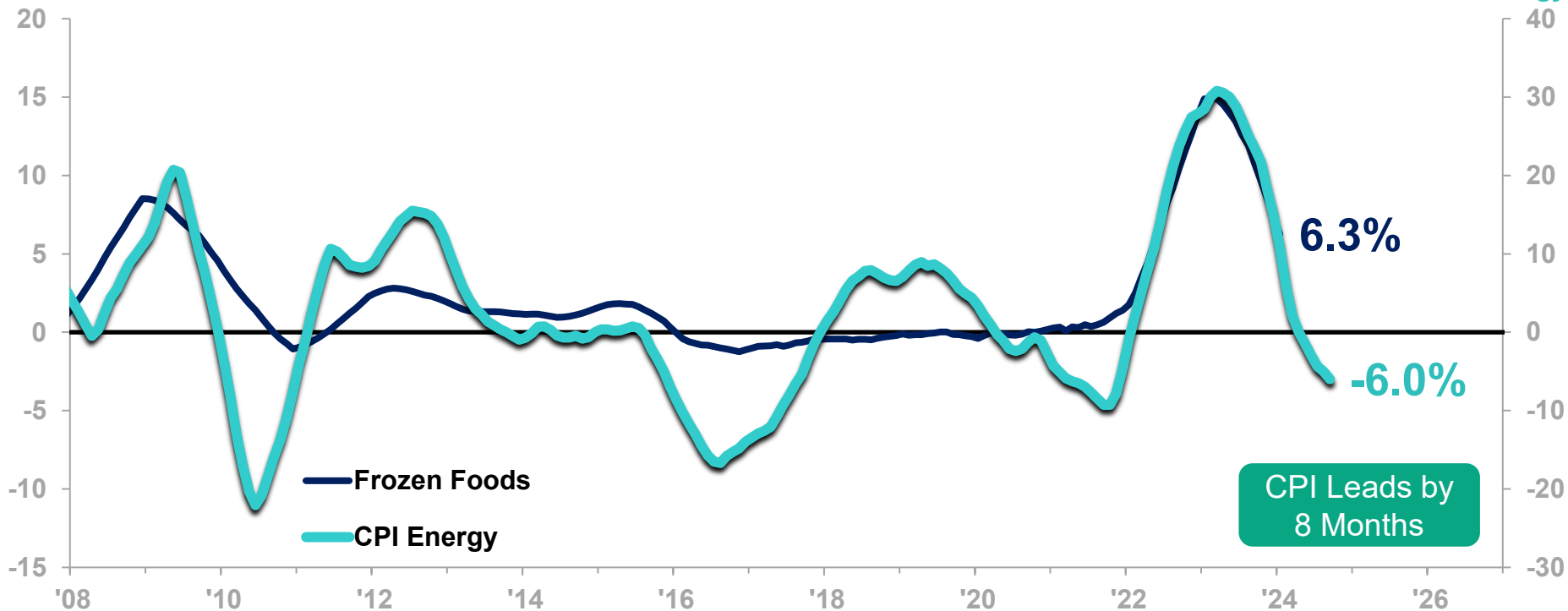
US Frozen Specialty Foods Producer Price Index to US Energy Consumer Price Index

12/12 Rates-of-Change



Frozen Foods

CPI Energy

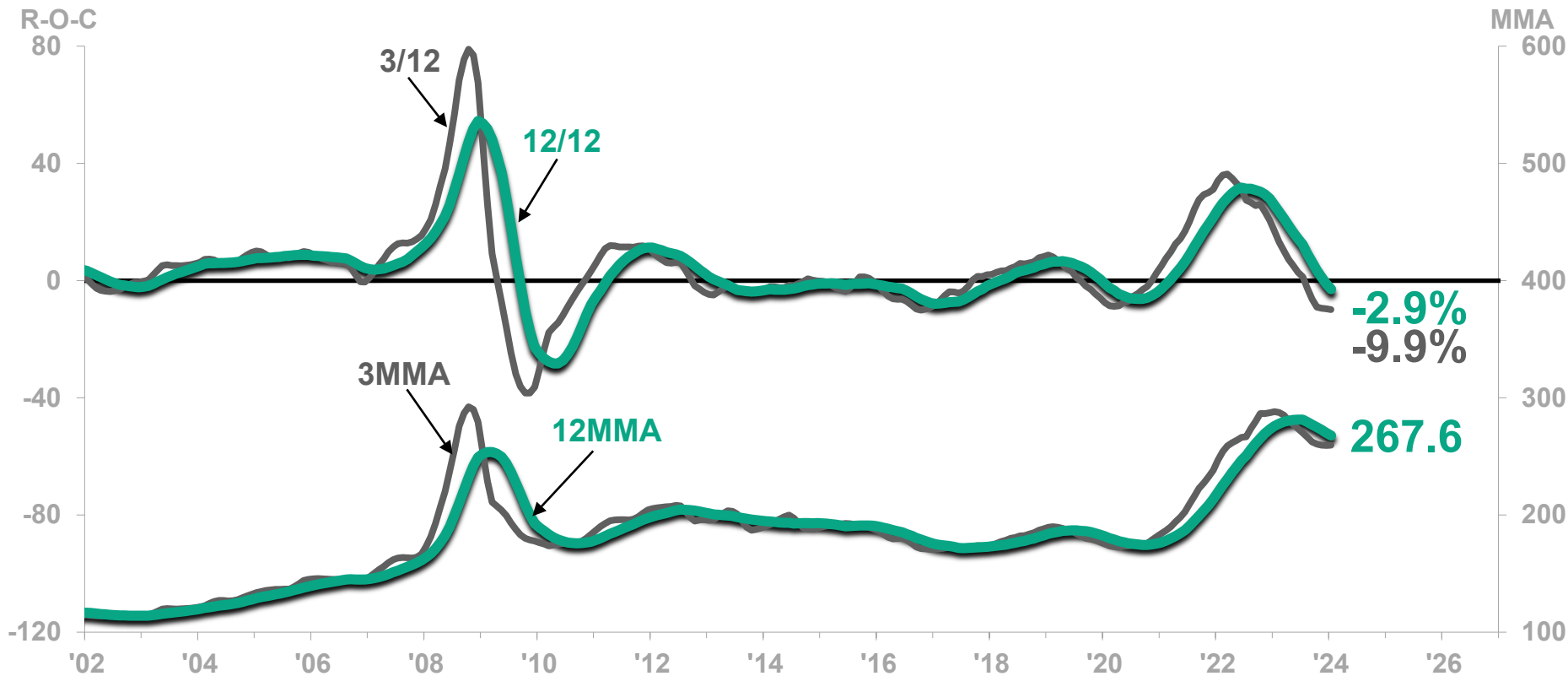


Fertilizer Costs Decrease; Repair Margins

Source: BLS

US Mixed Fertilizers Producer Price Index

1982=100



- Disinflation and deflation will characterize 2024 with an attendant easing of wage inflation.
- Expect interest rates to ease lower in 2024 and likely early 2025.

- Service sector expected to hold up better than private manufacturing in 2024.
- Fiscal policy and high corporate cash levels are a buffer for the economy.

- Assess cash needs
- Maximize competitive advantages
- Think about expanding the asset classes you are invested in and plan to pivot hard in 2028 – 2032.



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