



STAFDA MEMBERS CAN PLAN ON SOLID BUSINESS THROUGH 2017

The world is not falling apart; let's start with that basic premise. I know the stock markets of the world took a dive, the S&P 500 corrected, China devalued and we understand the implications of the devaluation. It does seem rather gloomy out there. The good news is that the fundamentals for more growth in the U.S., and more importantly, more growth for STAFDA members, are still in play.

Let's get through the bad news first. The U.S. and major global stock market indices took significant hits, with the worst of it occurring in China. China is unable to support their stock market (we can debate some other time whether that is a good idea, nor not). The devaluation of the Yuan was an admission that their economy is troubled and internal growth is not sufficient to keep the country on a positive footing. They need more exports to create jobs, spur

income and grow the economy. The trouble is that other countries can also devalue their currencies, thus muting the hoped-for gains.

THE U.S. IS NOT GOING INTO A RECESSION

While we are seeing signs of weakness in some sectors (think oil patch), consumer trends are sufficiently healthy to portend ongoing growth in the U.S. economy in general. The numbers argue that China's problems don't have to become ours. According to Goldman Sachs, the S&P 500 companies derive around two percent of their total revenue from China. Additionally, U.S. exports to China account for about 0.7 percent of U.S. GDP. All this means we are more likely to correct in the S&P 500 while China faces the bear.

In addition, U.S. consumers are doing very well, thank you. Savings



BEAULIEU

WHEN AND WHERE

Economist Alan Beaulieu returns to STAFDA with his highly-anticipated annual economic recap and projections. He will speak on **Tuesday, Nov. 10, from 8:00 - 10:00 a.m.** Please check at the show for the hall assignment.

RESIDENTIAL AND NONRESIDENTIAL CONSTRUCTION ARE GOING TO PROVIDE A POSITIVE ENVIRONMENT FOR STAFDA MEMBERS FROM NOW THROUGH 2017.

are healthy, wages are seeing upside pressure, jobs are being created, disposable personal income is rising, and consumers are benefitting from cheap oil. In addition, delinquency rates are well below 10-year averages and banks still want to lend money. STAFDA members need the ultimate demand created by consumers, and the consumer is on your side!

Business-to-business activity in capital goods is in recession, and this will slow the general growth of the U.S. economy. We do not expect these problems to become threat to the expansion of the U.S. economy as a whole, and thus the New Orders decline does not threaten STAFDA companies in 2016.

CONSTRUCTION OUTLOOK

Residential and nonresidential construction are going to provide a positive environment for STAFDA members from now through 2017. The nonresidential activity will be spread across a broad spectrum (e.g. state, local, manufacturing, office buildings, and more). The rate of

growth in nonresidential construction will vary, but the money spent on tools will remain positive.

Residential construction is improving across the country in new construction and in remodeling. Contractors should be making money, and some of that money will end up in your business. We will examine each type of construction, and regional activity, in greater detail at the STAFDA Convention. See you there! **CS**

One of the country's most informed and successful economists, Alan Beaulieu is president of ITR Economics. Since 1948, ITR Economics has provided business leaders with economic information, insight, analysis and proactive strategies with an industry-leading 94.7 percent accuracy rate. His recent book, Prosperity in The Age of Decline: How to Lead Your Business and Preserve Wealth Through the Coming Business Cycles, outlines specific, actionable strategies for capitalizing on cyclical opportunities and dodging economic danger. Visit the website at www.itreconomics.com.

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