

Seminar Outline

Economic Indicators and Managerial Strategies

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Using Economic Indicators to improve the decision making process.

Part 1: THE BUSINESS CYCLE AND ECONOMIC INDICATORS

Economic indicators are the metrics we rely on to better understand current and future business conditions. Attendees will learn to track U.S. and international economic indicators in real time. What do they tell us about the path of the business cycle, monetary policy, employment, consumer & business spending, housing, inflation, confidence levels and international trade?

Part 2: EXOGENOUS SHOCKS: THE VALUE OF ECONOMIC INDICATORS DURING PERIODS OF INSTABILITY

We live in a crisis-prone world economy and that can pose real challenges for policymakers in business and government. Attendees will consider real world examples of financial, geopolitical and other non-economic events that can impair economic activity. A variety of hypothetical scenarios will be explored that have the potential to disrupt production, sales, investments, earnings and asset values. Attendees will see how economic indicators can be utilized to help mitigate the damage such disturbances can cause.

Part 1. THE BUSINESS CYCLE AND ECONOMIC INDICATORS

All business and financial decisions are ultimately based on expectations of future economic activity. But how can you better anticipate turning points in the business cycle?

(1) The Role of Economic Indicators

- Understanding the message of economic indicators is crucial for smart management. Whether you are a money manager, financial advisor, retailer, manufacturer, advertiser, or a human resource executive, gaining greater clarity on the economy's path improves the decision-making process. But which indicators have the best track record of foreshadowing shifts in the U.S. and international economic activity?

The basics:

> *Who produces economic indicators?*

This class will look at the government agencies and trade groups that compile and release this data. What purpose do these statistics serve? The indicators we will examine are mostly of the U.S., but the class will also track foreign economic reports from both the developed and emerging economies.

> *How are they produced and what predictive value do they have?*

We will follow, as one example, the full cycle of how the closely watched employment report is compiled each month, and the precautions taken to prevent their premature release. Once published, how might it impact the stock, bond, and currency markets? What clues do these reports contain about the business outlook?

> *Where can economic indicators be found on the Internet and how do you interpret them?*

Most economic statistics are in the public domain and available in real time online. Though there are thousands of economic indicators, not all are useful.

(2) Attendees will gain hands-on experience analyzing economic data in real time!

- Emphasis will be placed on the most important metrics on the economy. Among the indicators to be studied are: **employment, retail sales, personal income & spending, purchasing manager surveys, inflation, home construction and sales, consumer & business confidence gauges, international trade, bank lending, and industrial production.**
- In addition, given the growing importance of foreign trade, we will examine the major international indicators.
- Develop a familiarity with data-rich Internet sites by the **Bureau of Labor Statistics, Bureau of Economic Analysis, Federal Reserve, Census Bureau, Institute for Supply Management, and the National Association of Realtors.**
- Follow some of the more unconventional economic indicators (such as the **Cass Freight Index, Weekly Rail Traffic reports by the American Association of Railroads, Nevada Gaming Revenues, and the Chemical Activity Index,**). They can be very useful in both projecting and confirming economic trends.

Part 2. EXOGENOUS SHOCKS: THE VALUE OF ECONOMIC INDICATORS DURING PERIODS OF INSTABILITY

(1) All industries have some exposure to event risk.

- With the global economy more integrated than ever, the outbreak of a financial or geopolitical crisis half way around the world can have repercussions everywhere. No country is immune any longer. This section will examine economic and corporate vulnerabilities to exogenous shocks, such as disruptions in the supply chain system, oil prices, credit availability, confidence levels, and foreign trade.

- The class will develop a framework that examines the probabilities of certain shocks erupting in the future and assess how each might impact different businesses. (“High vs. low probability events” and their respective “high vs. low economic impact”). This section combines an analysis of actual risks (geopolitical, cyber attacks, natural disasters, terrorism) with an assessment of the possible economic consequences.

(2) The role of economic indicators in an unstable external environment.

- The seminar will identify current and potential exogenous threats and assess the dangers they may pose for specific U.S. industries and the overall economy. Certain economic indicators are quick to react prior to, and after, a crisis erupts. “What precautions would you take beforehand as a business leader, money manager, government policymaker? How would you respond afterward?”

Course Material

Course materials will only be distributed to attendees in class. Material will include lecture highlights, PPT presentation, and a copy of the book, *The Secrets of Economic Indicators: Hidden Clues to Future Economic Trends and Investment Opportunities* (Wharton School Publishing/ Financial Times)

Laptops: Attendees should bring their laptops for hands-on experience to access and analyze the very latest economic indicators.

A final note:

To be a successful global player in the 21st century requires a solid understanding of the business cycle and economic indicators. Such knowledge will empower you to make business and financial decisions in a fast-moving economic and geopolitical environment. For this reason, a lot of material will be covered in a short period of time.

The central theme of this course is to bring fresh relevance to the study of economic indicators by exploring the modern day linkages of economics, international politics, global risks, liquidity, supply chain disruptions --- and the underlying metrics that can provide decision makers with an early warning notice of changes in the business cycle.

To obtain more information, please see the [seminar page on our web site.](#)

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