Electric League

By Jim Hebert
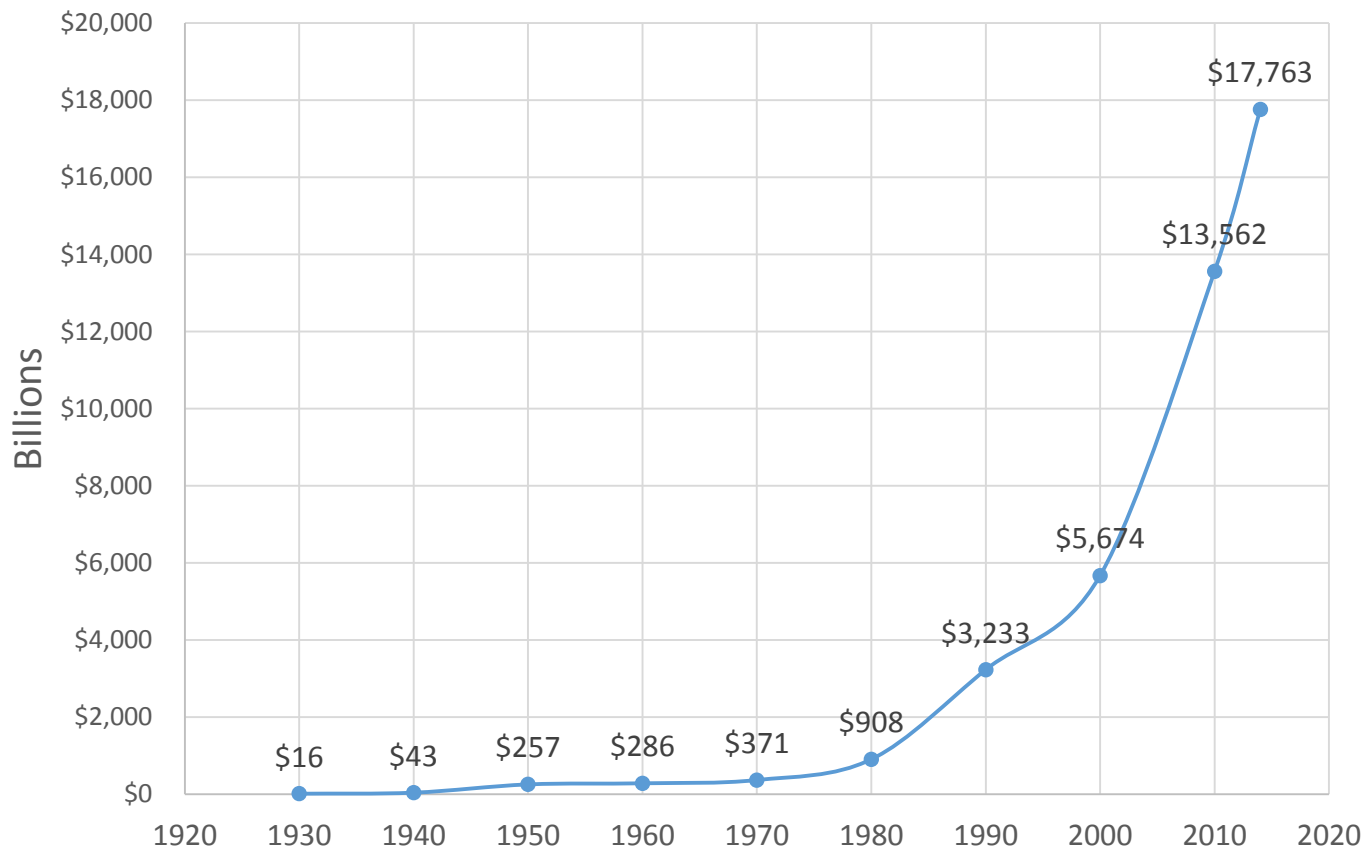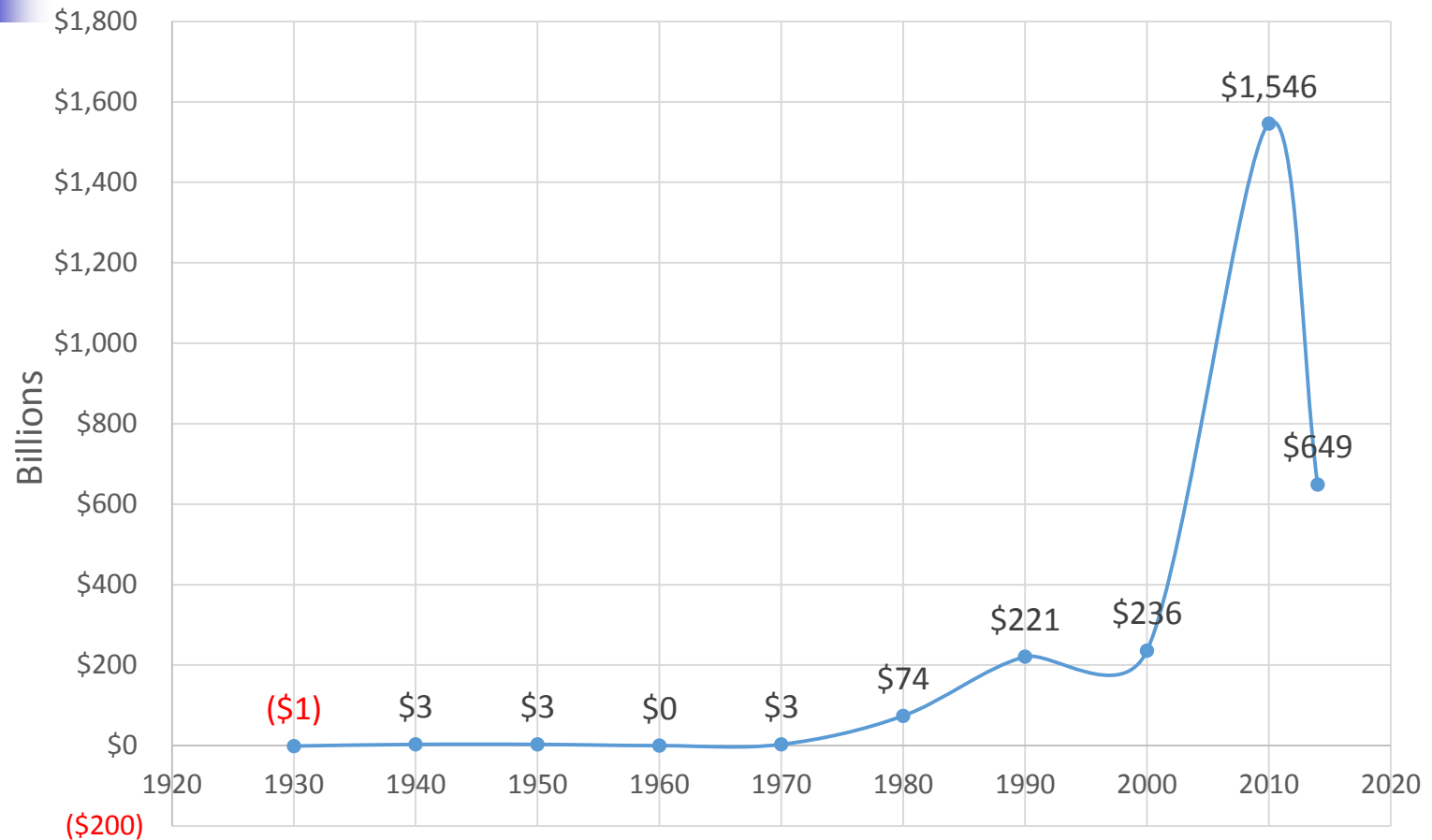
February 19, 2015

U.S. National Debt

Source: Federal Reserve

U.S. Budget Deficit

Source: Federal Reserve

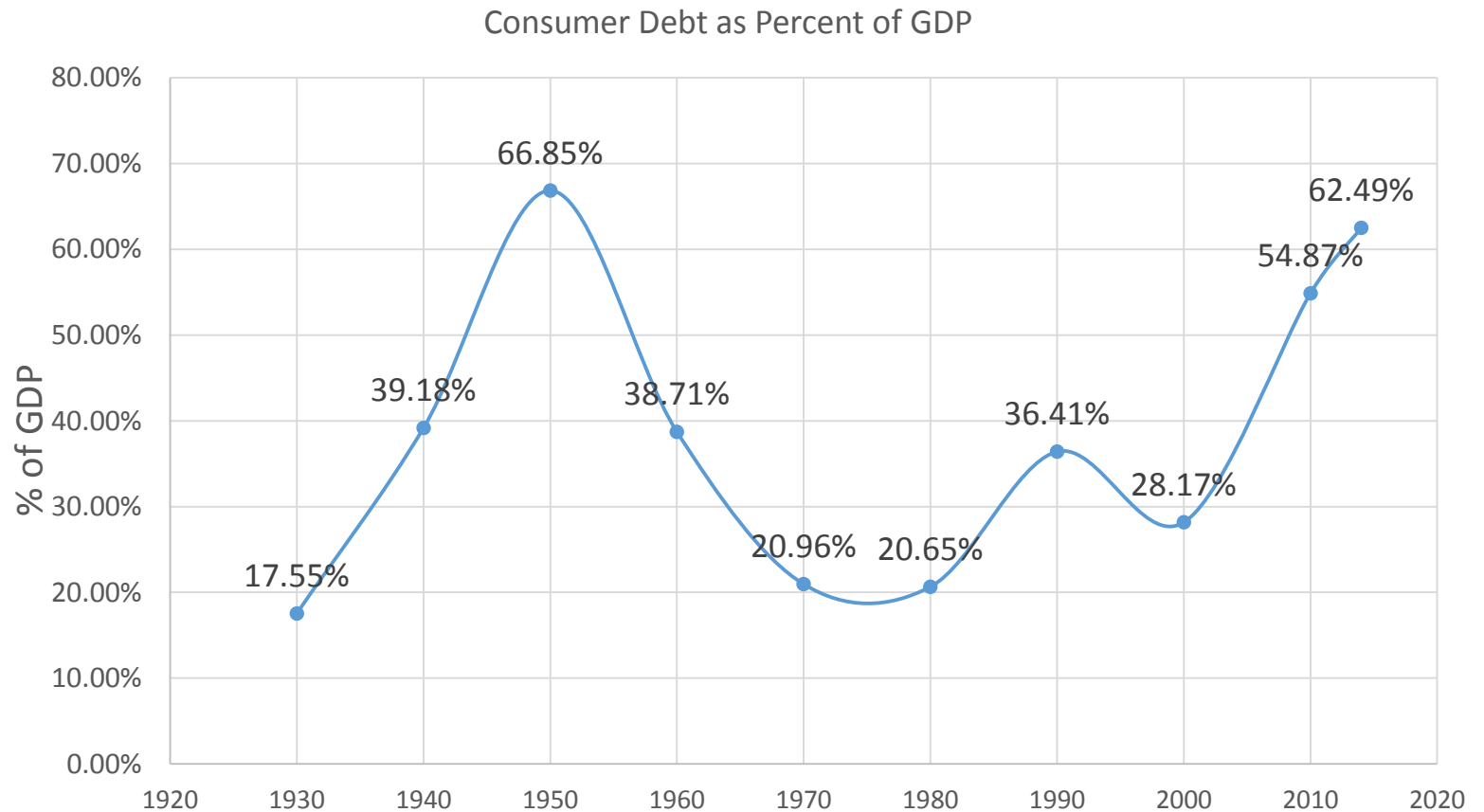# U.S. Consumer Debt

Consumer Debt as Percent of GDP

Source: Federal Reserve

The Great Recession

A line chart titled "The Great Recession" showing GDP (Trillions) on the y-axis from $12.500 to $17.000, and years from 2005 to 2013 on the x-axis.

- 2005: $14.234
- 2006: $14.613
- 2007: $14.873
- 2008: $14.830
- 2009: $14.418
- 2010: $14.789
- 2011: $15.021
- 2012: $15.369
- 2013: $16.768
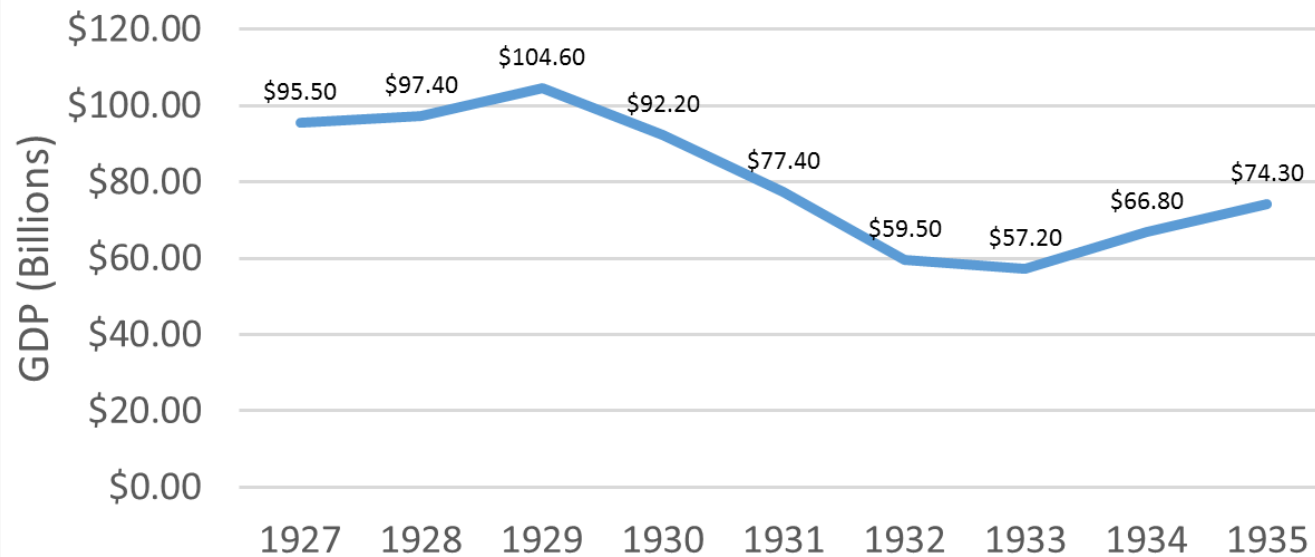
Overall Confidence in the Economy
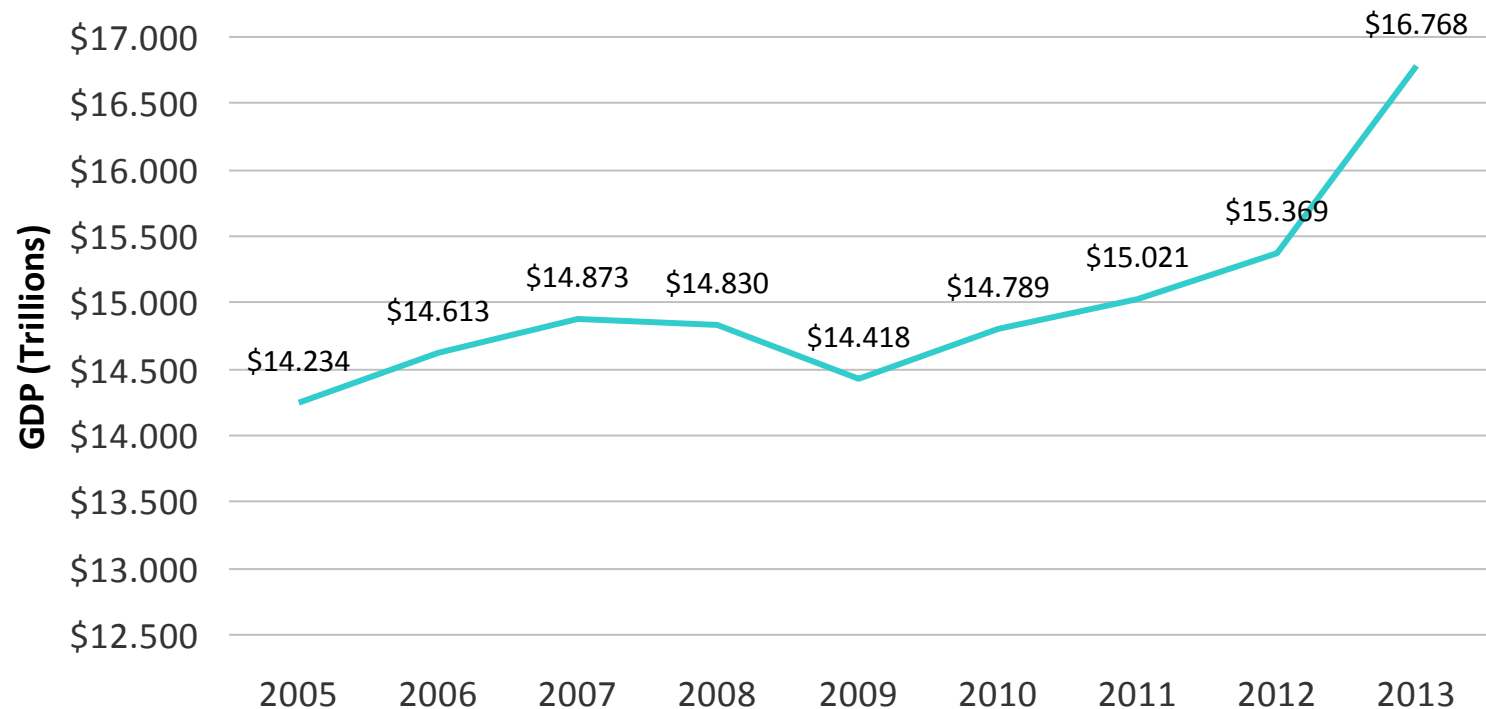
Overall Confidence in the Economy
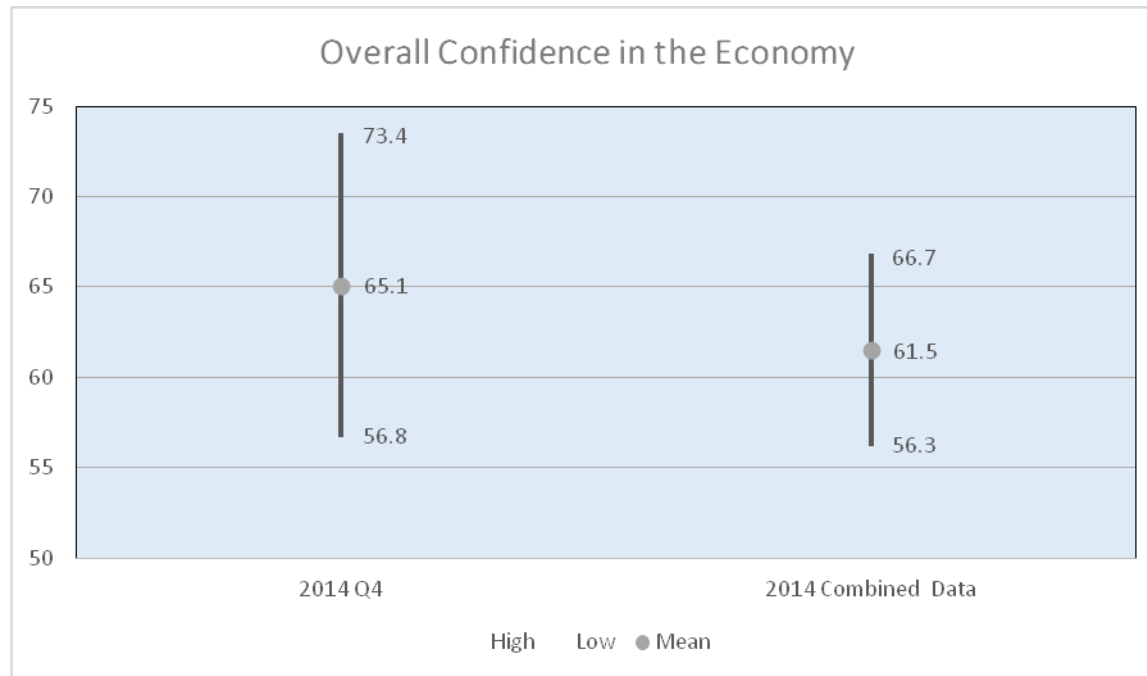
Descriptive Statistics		
Statistic	**2014 Q4**	**2014 Combined Data**
Mean	65.1	61.5
Std. Deviation	5.76	6.04
Kurtosis	1.32	.895

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Consumer Confidence Index
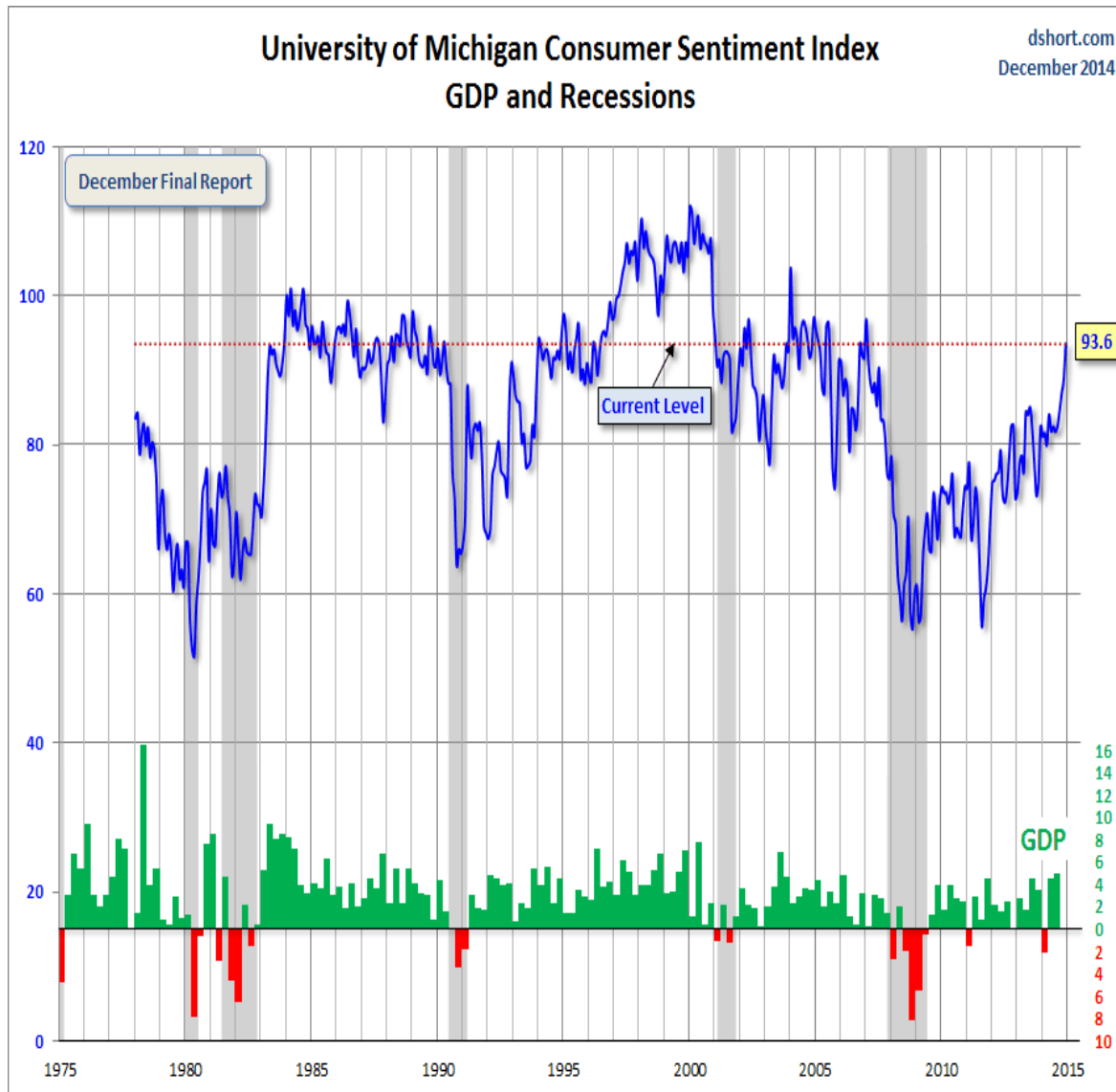
Consumer Confidence Index as of November 2014

93.6

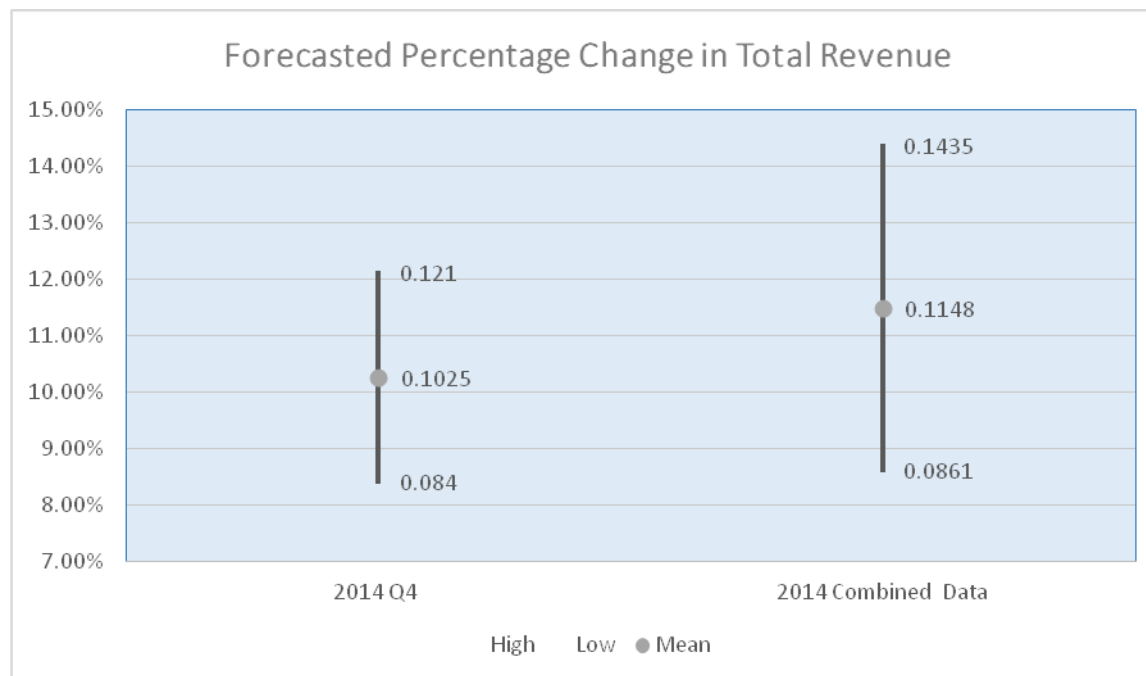# Forecasted Percentage Change in Total Revenue

Forecasted Percentage Change in Total Revenue

Descriptive Statistics		
Statistic	**2014 Q4**	**2014 Combined Data**
Mean	10.25%	11.48%
Standard Deviation	21.47%	30.77%
Kurtosis	9.17	105.22

Forecasted Change in Total Costs
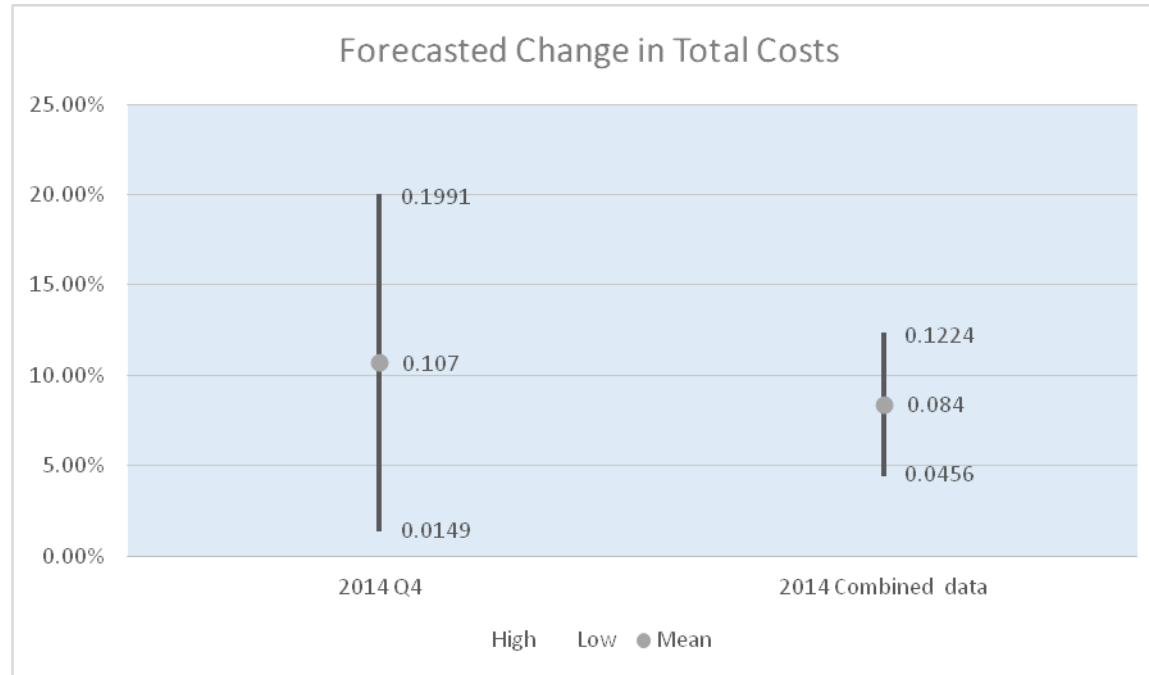
Descriptive Statistics		
Statistic	**2014 Q4**	**2014 Combined Data**
Mean	10.7%	8.4%
Standard Deviation	60.75%	41.89%
Kurtosis	12.49	221.38

Forecasted Change in Avg. Prices or Fees

Forecasted Change in Average Prices
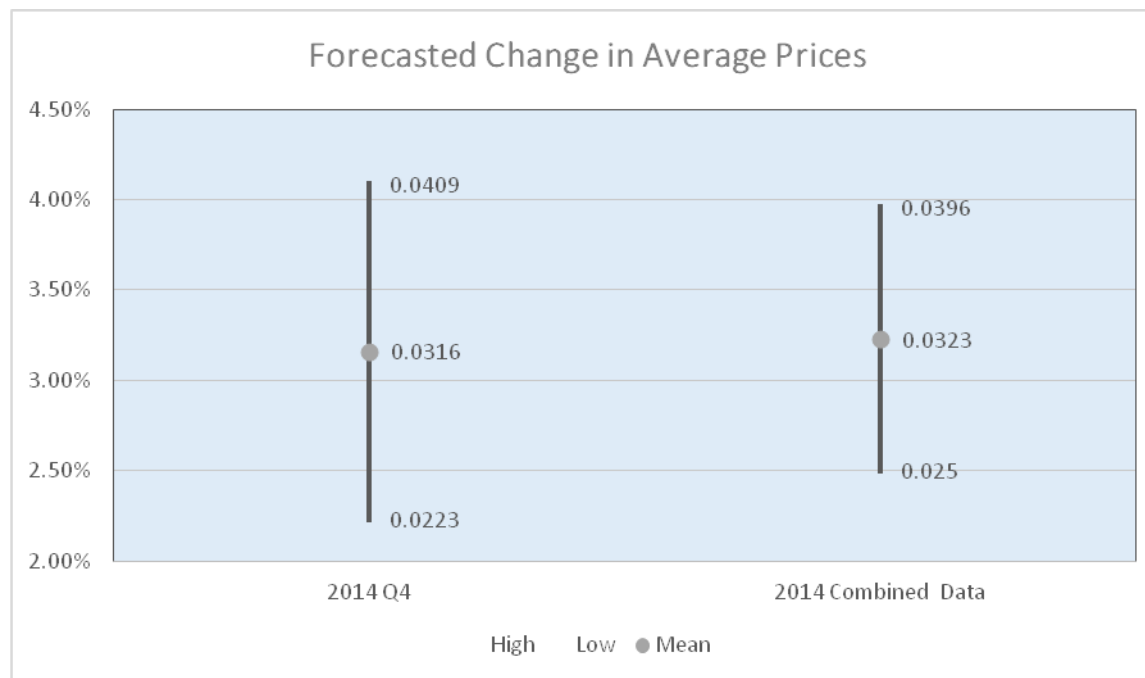
Descriptive Statistics		
Statistic	**2014 Q4**	**2014 Combined Data**
Mean	3.16%	3.23%
Standard Deviation	6.19%	7.97%
Kurtosis	12.36	76.51

Forecasted Change in Total Capital Expenditures

Forecasted Change in Total Capital Expenditures
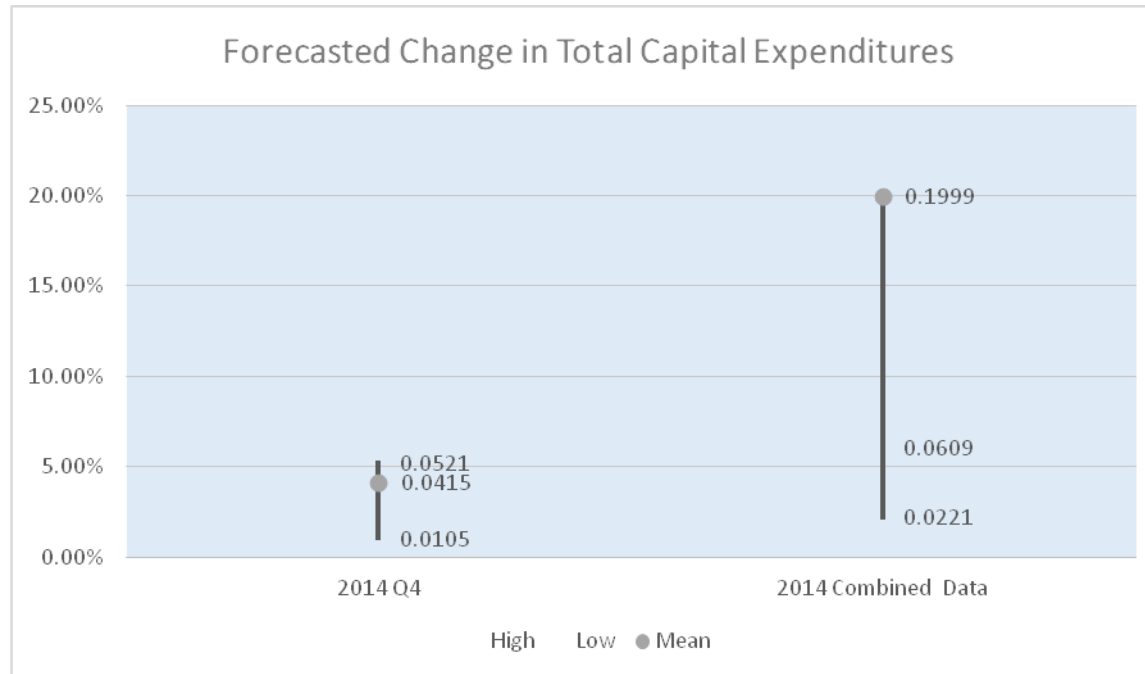
Descriptive Statistics		
Statistic	**2014 Q4**	**2014 Combined Data**
Mean	3.13%	4.15%
Standard Deviation	13.22%	19.99%
Kurtosis	3.77	47.71

Linear Descriminant Analysis

Discriminant Analysis Standardized Canonical Discriminant Function	
Variable	**Function**
Over the next 12 months, what percentage change do you forecast for the average price or fee you charge for the products or services your company produces?	0.673
Over the next 12 months, what percentage change do you forecast for your company's total capital expenditures?	0.386
Canonical Correlation	.356
By what percentage do you expect total costs to change over the next 12 months?	.074
By what percentage do you expect your company's total employment to change in the next 12 months?	-.118
By what percentage do you forecast your total revenue will change in the next 12 months when compared to the previous 12 months?	-0.202
As of December 31, 2014, what was your company's total employment in Full Time Employees?	-.251

HR HEBERT RESEARCH, INC.
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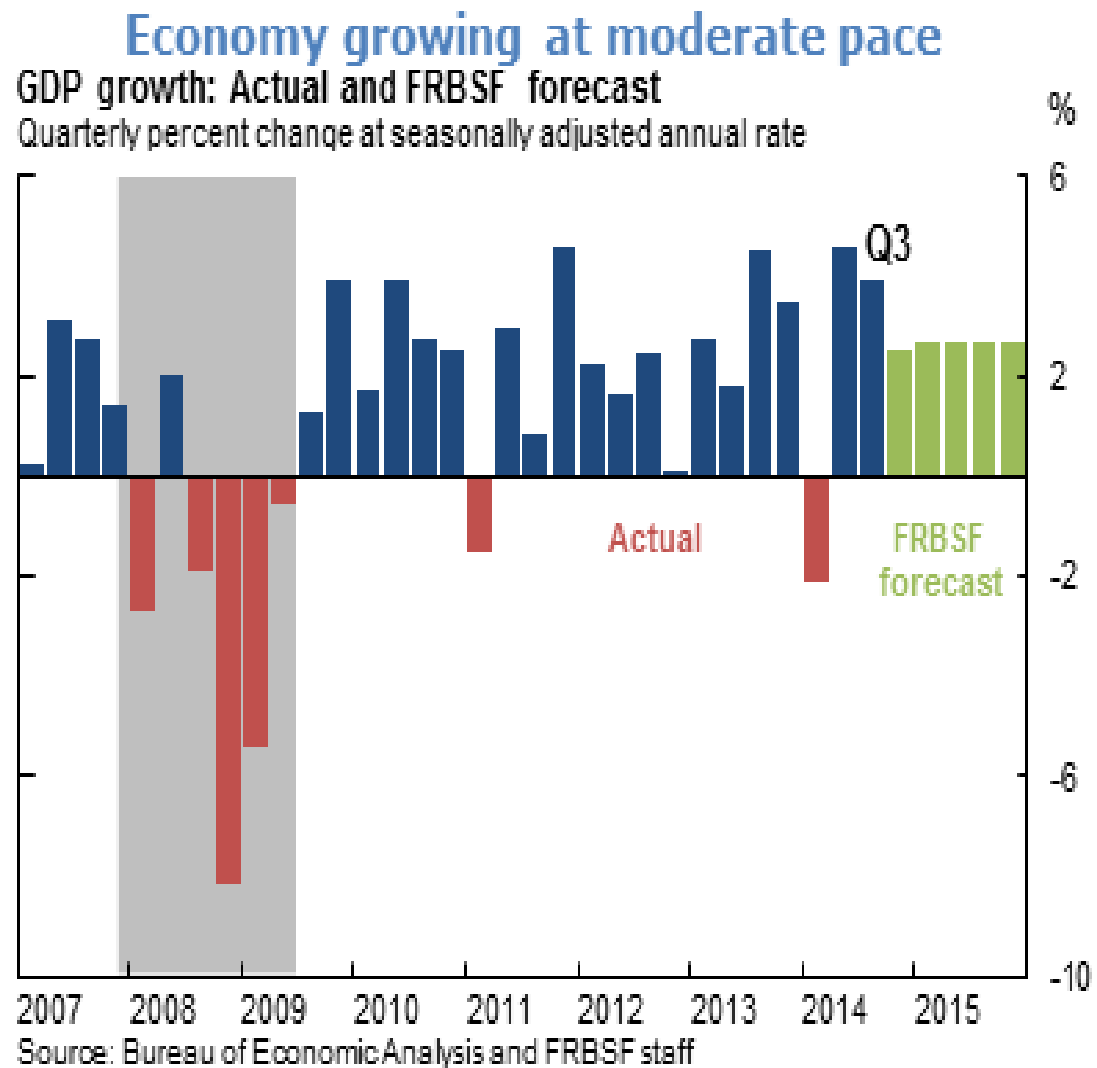
WA Population & Age Distribution
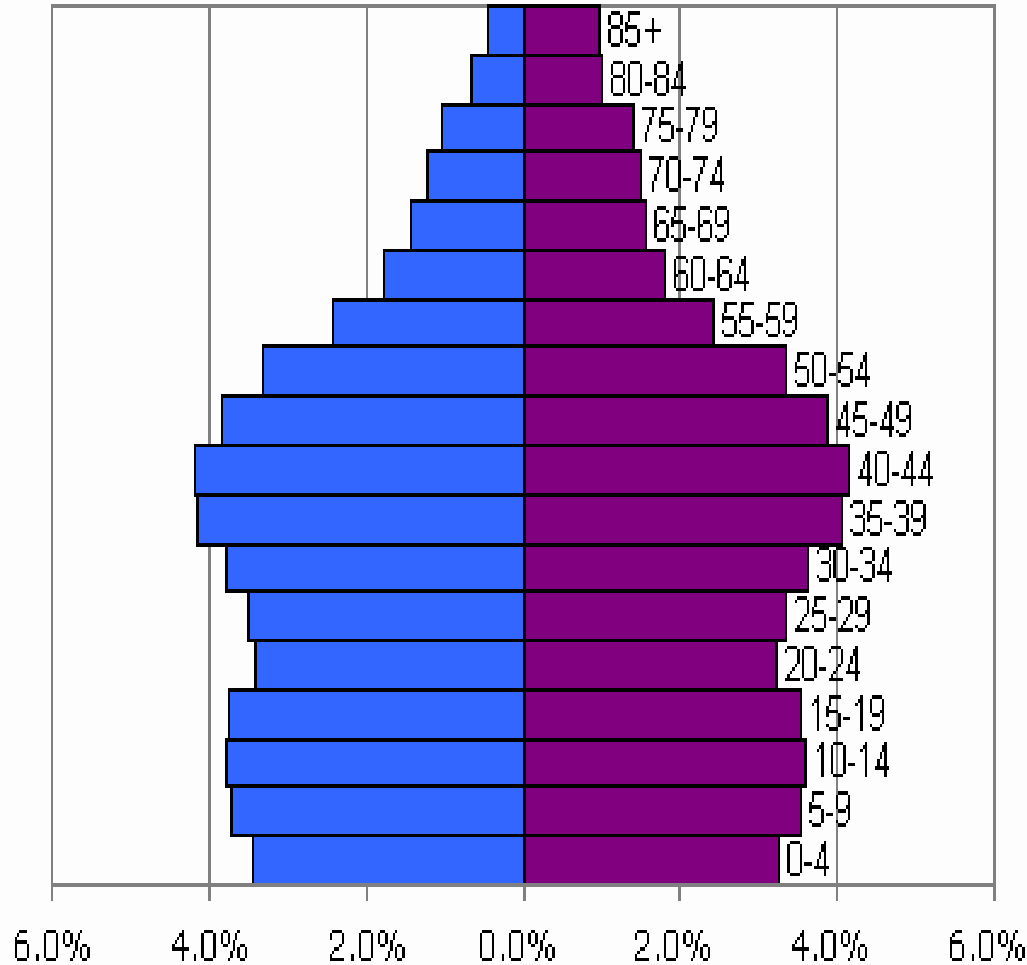
Estimated 2015 Total Population

7.2 Million

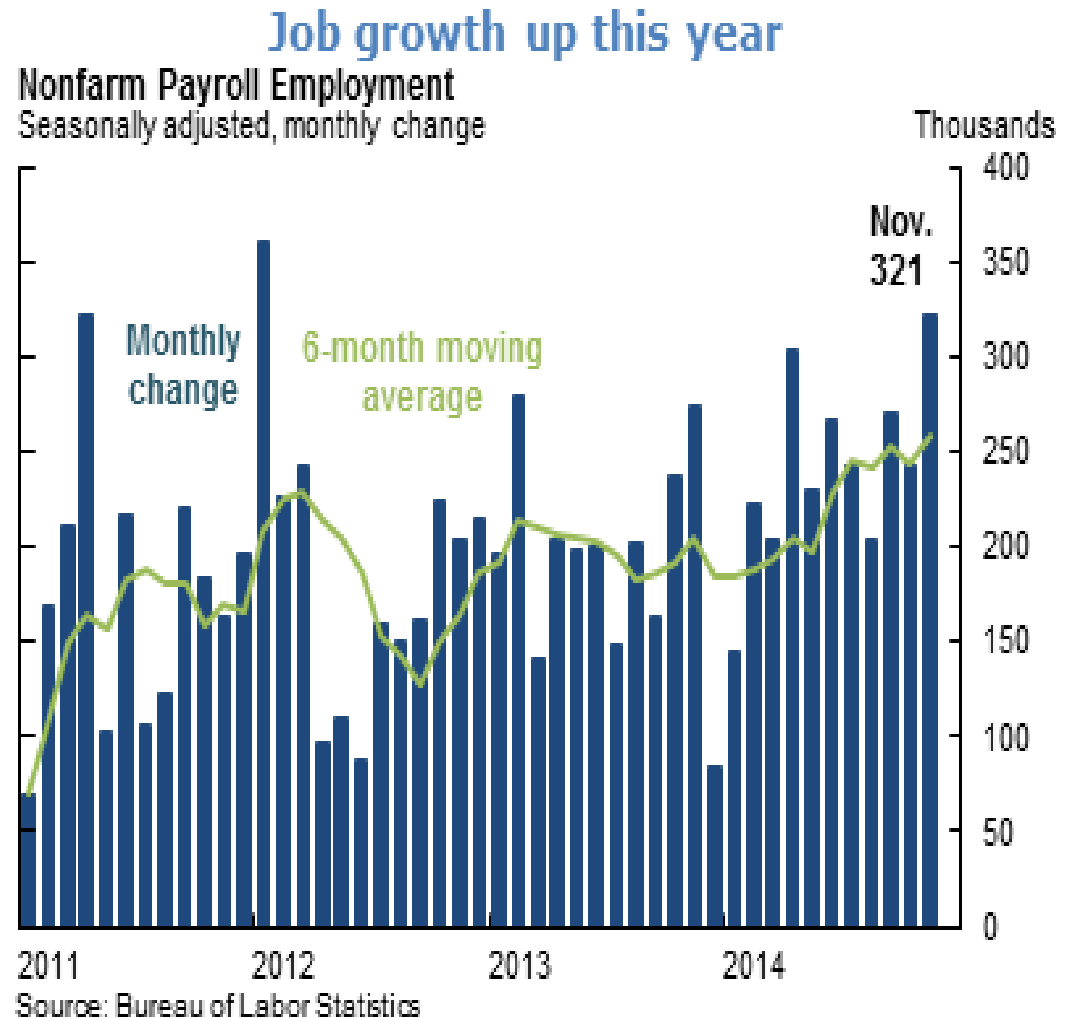# Global & State Economy Trends

1. Population is aging, but will not affect US stocks

2. GDP should be 2.5 - 3.0%

Economy growing at moderate pace

GDP growth: Actual and FRBSF forecast
Quarterly percent change at seasonally adjusted annual rate

Source: Bureau of Economic Analysis and FRBSF staff

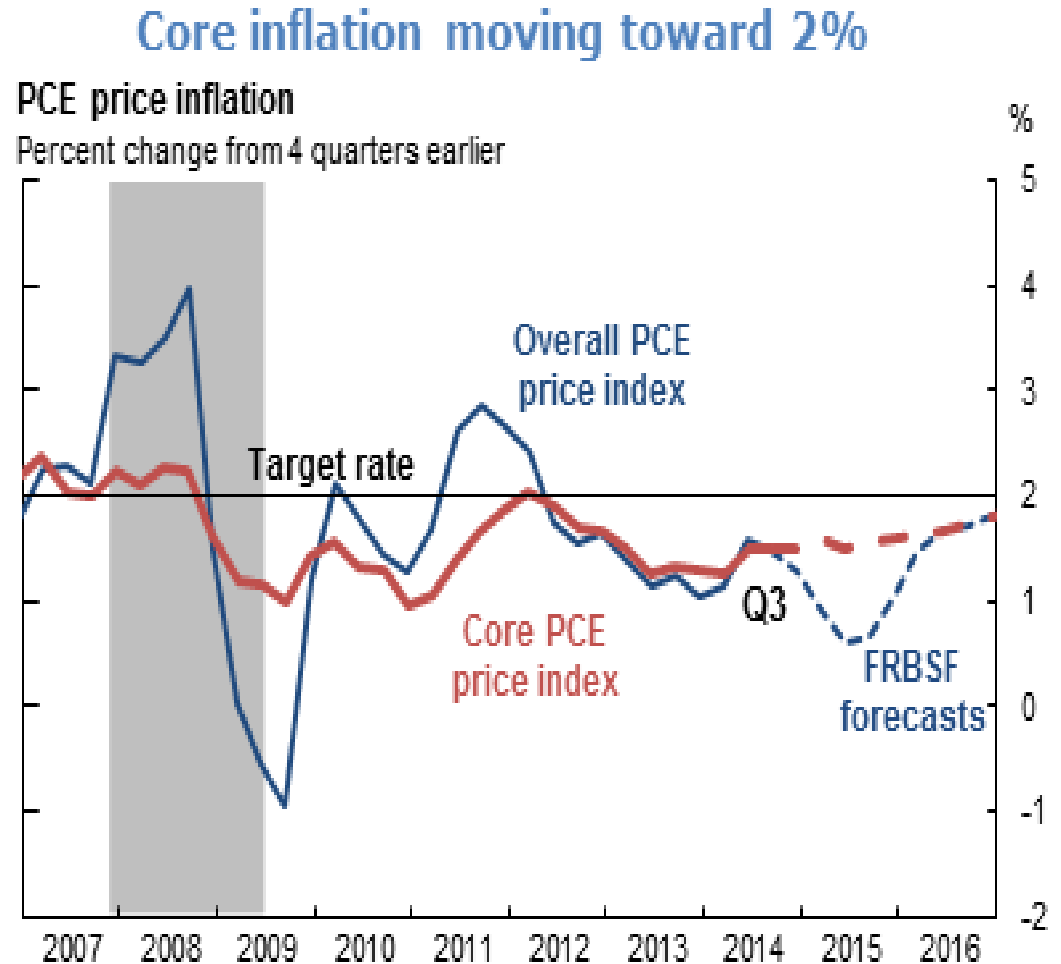HEBERT RESEARCH, INC.
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Global & State Economy Trends

3. Growth and rising incomes

4. Stronger household balance sheets

5. Continued low interest rates

6. Decline in fuel prices

7. Continued growth in 6-month moving average employment rate

Job growth up this year

Nonfarm Payroll Employment
Seasonally adjusted, monthly change

Thousands

Monthly change

6-month moving average

Nov. 321

Source: Bureau of Labor Statistics

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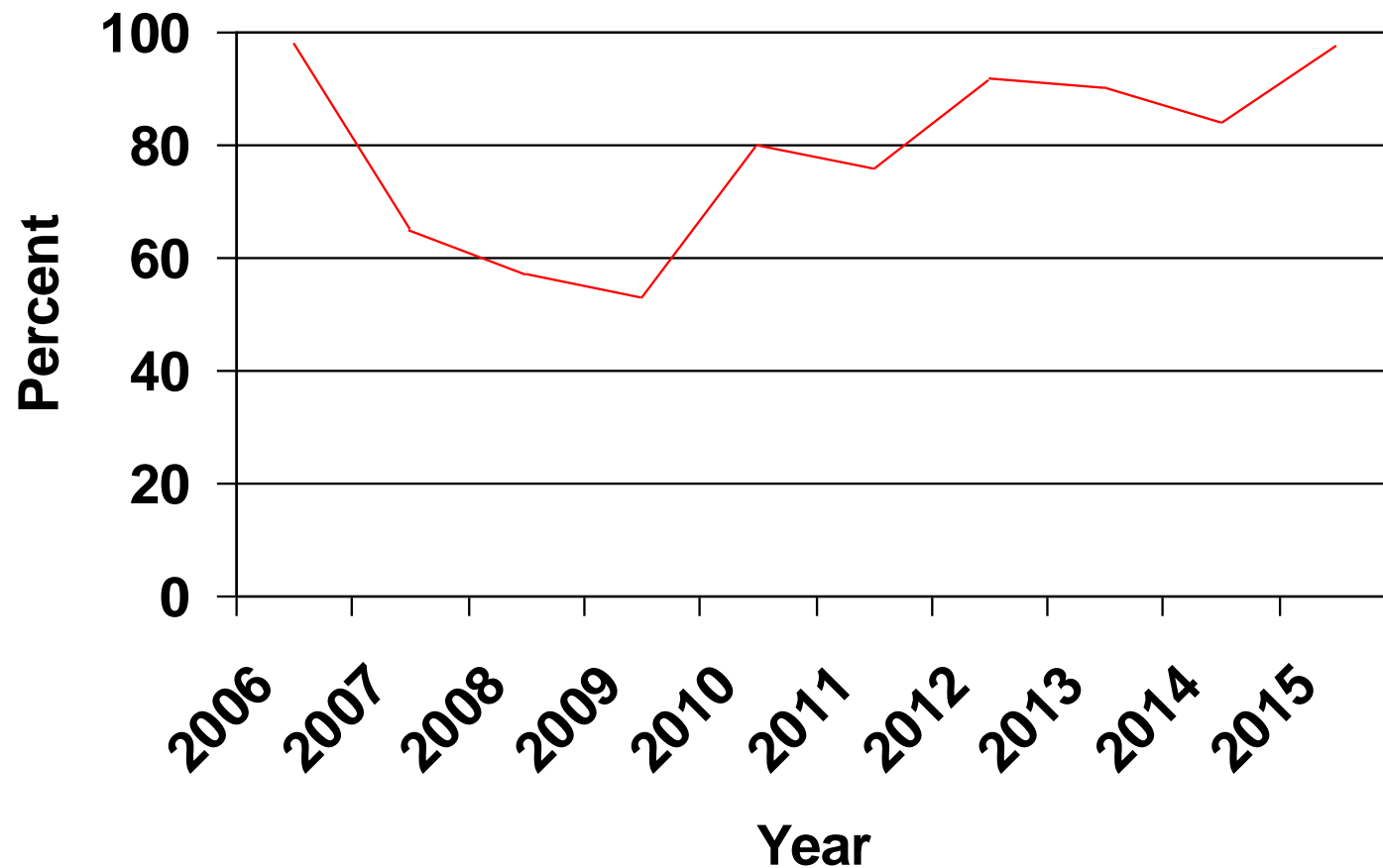
Global & State Economy Trends

8. Core inflation should increase at 2%, excluding food and energy

9. Federal deficit share of GDP has declined from 10% in 2009 to 2.5% forecasted for 2015

Core inflation moving toward 2%

PCE price inflation
Percent change from 4 quarters earlier

Overall PCE price index

Target rate

Core PCE price index

Q3

FRBSF forecasts

Source: Bureau of Economic Analysis and FRBSF staff

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King County Supply Side

Sales Trend

Total Boat Sales Trend in $

| Year	Value
2003	247,798,318
2004	309,113,723
2005	322,518,560
2006	361,670,508
2007	377,708,355
2008	244,947,610
2009	187,081,227
2010	124,389,304
2011	0
2012	106,602,326
2013	123,078,299
2014	136,790,468
2015	163,448,659
	$178,812,833
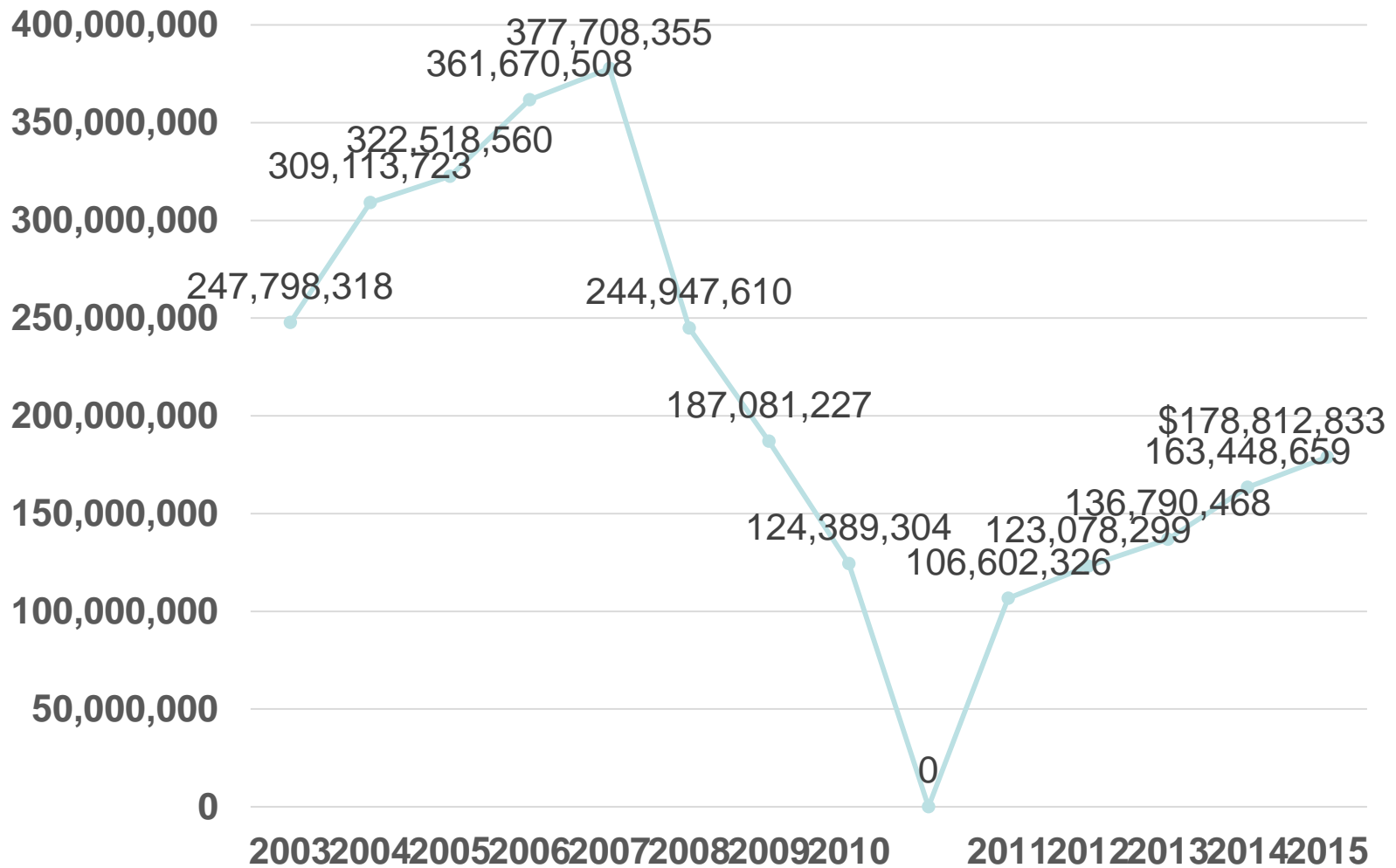
New Apartment Supply

20+ unit market rate properties; King, Pierce, Snohomish counties
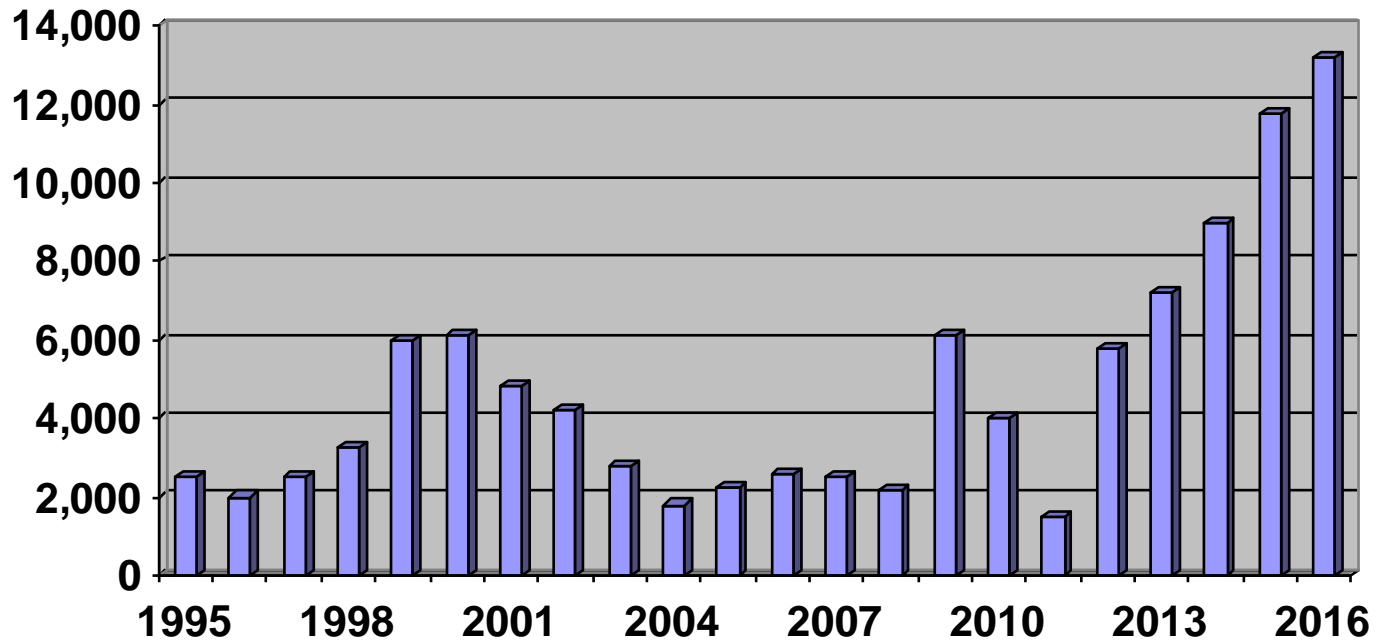
Apartment Vacancy Rate Trend

20+ unit properties; Puget Sound Region

Year recorded in the Month of September
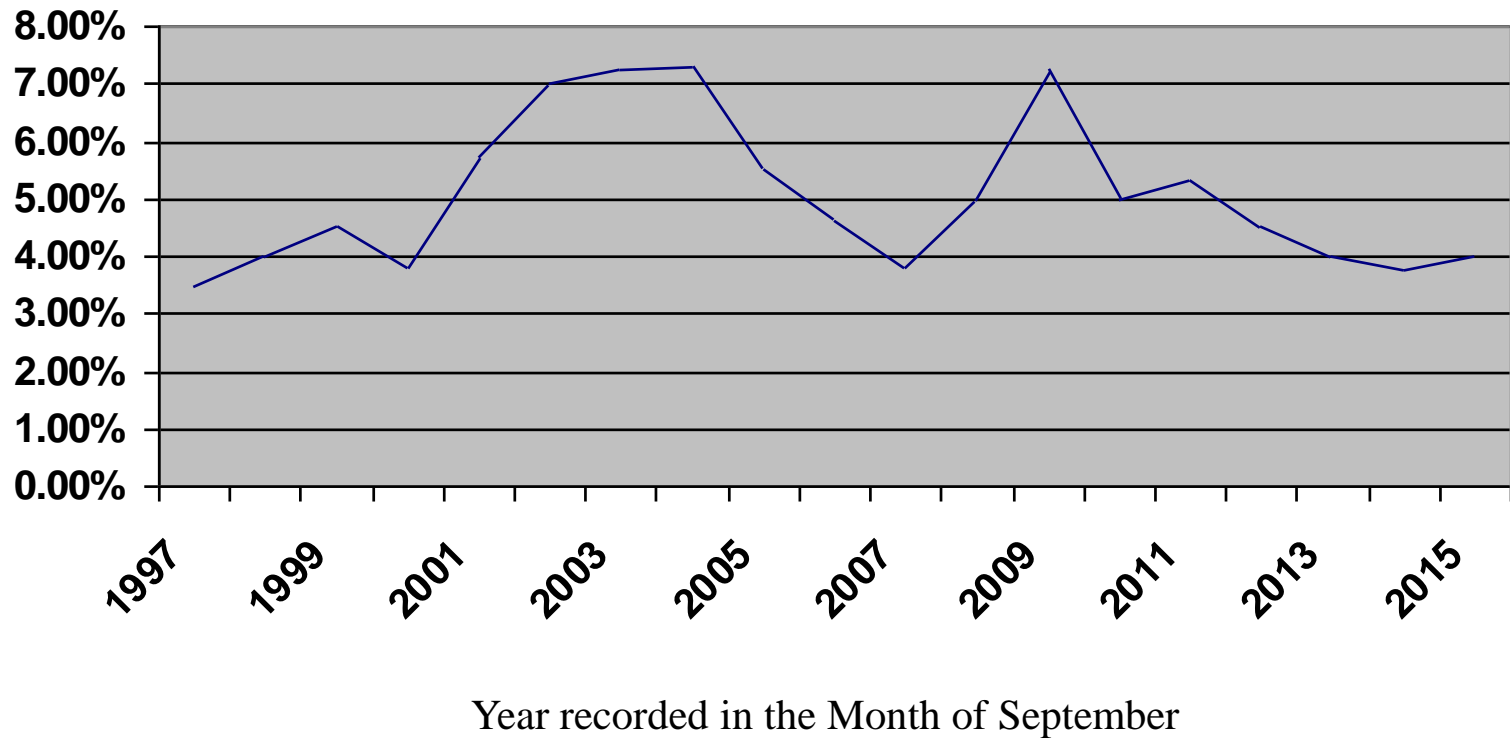
Apartment rent: Annual change

Seattle; properties built before 2000
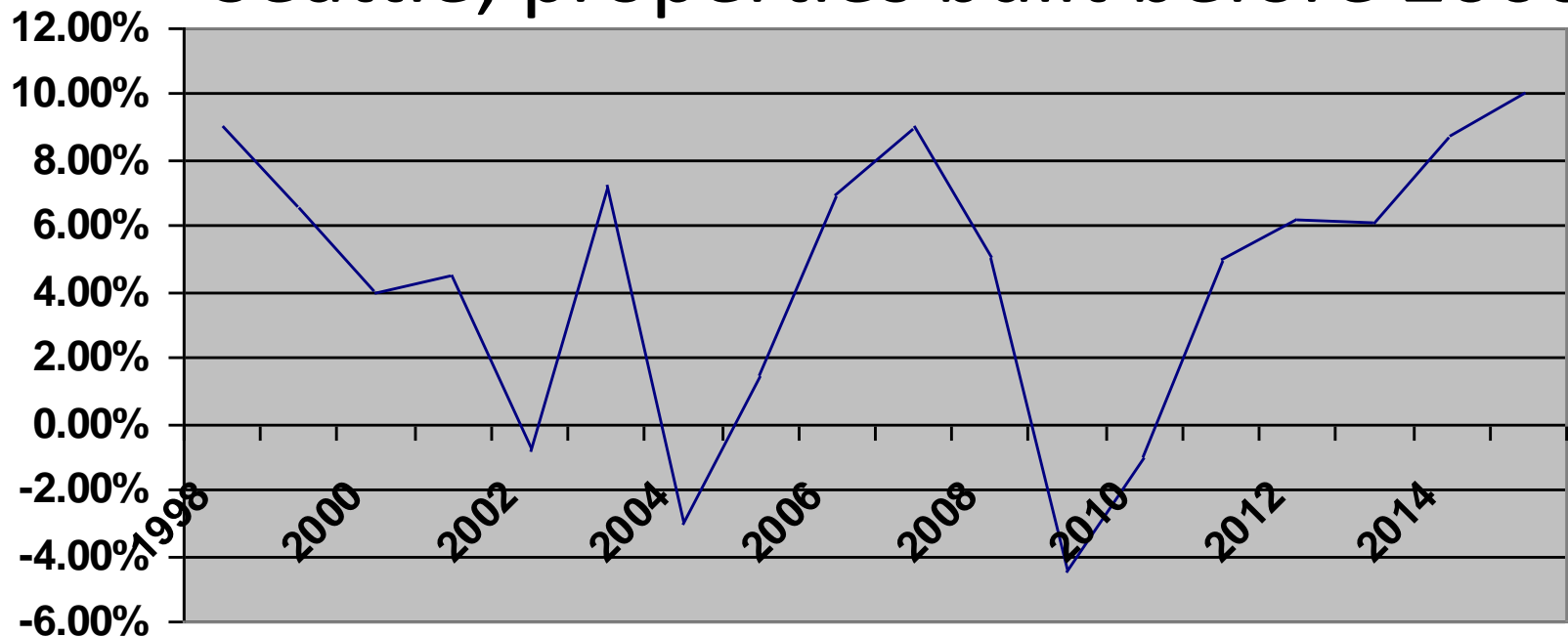
Behavior Investment Model

Month	+Gain/-Loss
Oct-14	+1.50%
Nov-14	+1.30%
Dec-14	+3.88%
Jan-15 through Jan-14	+4.27%

Past Performance is not an indicator of future performance.

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US 2014 Economy Indicators

GDP

+ 2.7 Q3 *(latest)*
+ 5.0 *(% change on previous quarter, annual rate)*
+ 2.3% (2014, *The Economist* Poll or Economist Intelligence Unit forecast)

CPI

+ 1.3 Nov
+ 1.7 (2014, *The Economist* Poll or Economist Intelligence Unit forecast)

Industrial Production

+ 5.2 Nov

Fuel Price Index

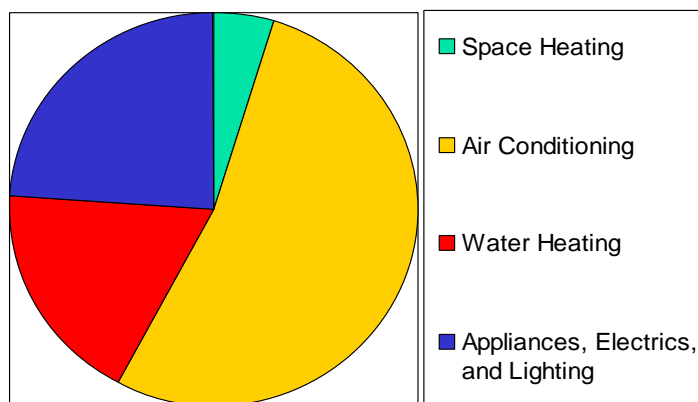56.0 *(Dec 16th)*
57.0 *(Dec 23rd)*
- 22.8 *(% change one month)*
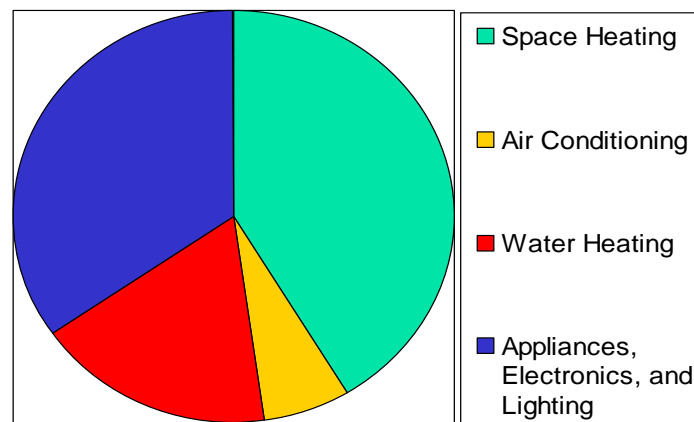- 42.3 *(% change one year)*

] in $ per Barrel

Interest Rates, %

2.21 *(10-year government bonds, latest)*

Heating and cooling is no longer a majority of home energy use

1993

Current

Legend (both charts):
- Space Heating
- Air Conditioning
- Water Heating
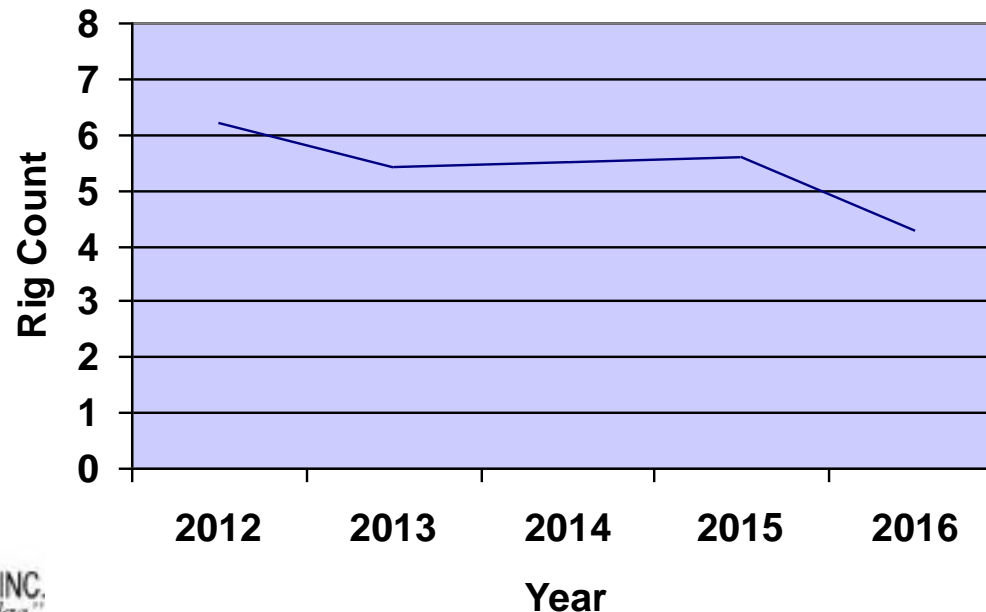- Appliances, Electronics, and Lighting

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Monthly oil production outlook and rig count in the lower 48 states

- Energy efficiency is off set by Larger and more homes
- Shale gas and oil are produced in only four countries; U.S., Argentina, Canada, and China

Supply Side

Region	New-well oil production per rig barrels/day			New-well gas production per rig thousand cubic feet/day		
	Feb '15	March '15	Change	Feb '15	March '15	Change
Bakken	563	575	12	573	582	9
Eagle Ford	651	660	9	1,697	1,711	14
Haynesville	24	24	-	5,744	5,844	100
Marcellus	35	36	1	8,044	8,085	41
Niobrara	425	432	7	1,858	1,881	23
Permian	198	202	4	396	402	6
Utica	217	225	8	4,484	4,603	123
Rig weight avg.	348	352	4	1,766	1,844	78

Supply Side Cont.

| Region	Oil production thousand barrels/day			Gas production million cubic feet/day		
	Feb '15	March '15	Change	Feb '15	March '15	Change
Bakken	1,303	1,316	13	1,541	1,555	14
Eagle Ford	1,716	1,733	17	7,450	7,536	86
Haynesville	58	58	-	6,972	7,058	86
Marcellus	56	57	1	16,550	16,721	171
Niobrara	395	395	3	4,736	4,759	23
Permian	1,932	1,932	30	6,332	6,385	53
Utica	55	59	4	1,856	1,926	70
Total	5,515	5,583	68	45,437	45,940	503

Spud-to-completion time for wells drilled in the Bakken-Three Forks Formation
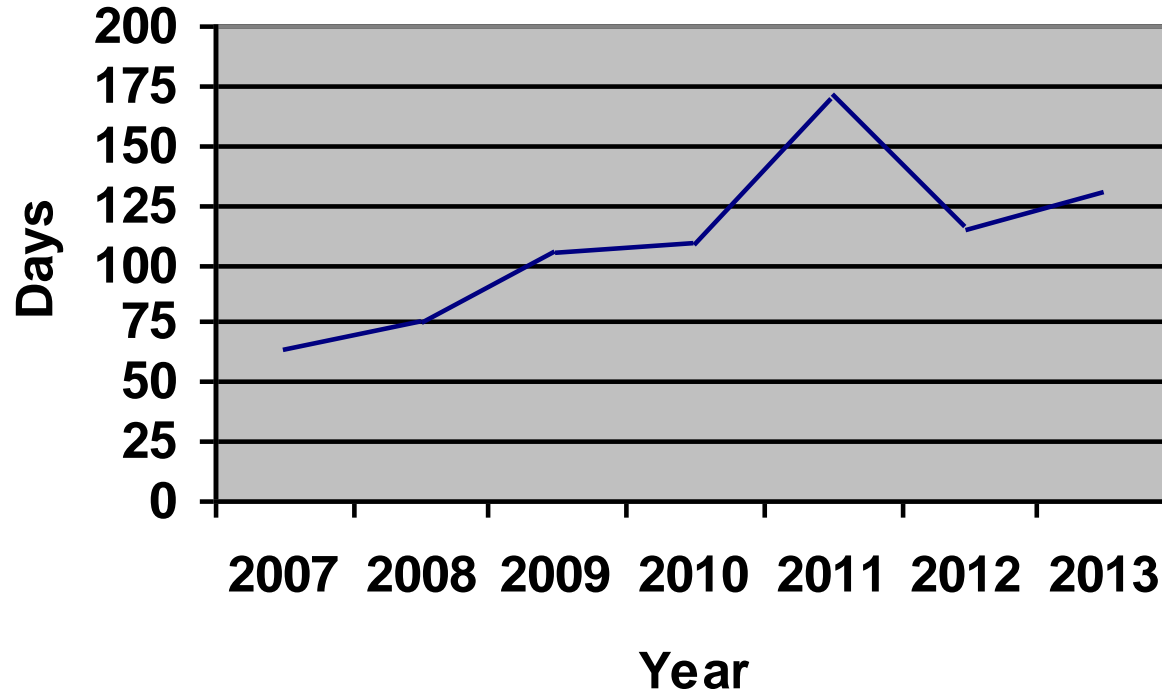
U.S. Avg. Retail Price of Gasoline Regular Grade Including Taxes

Years measured in January and July

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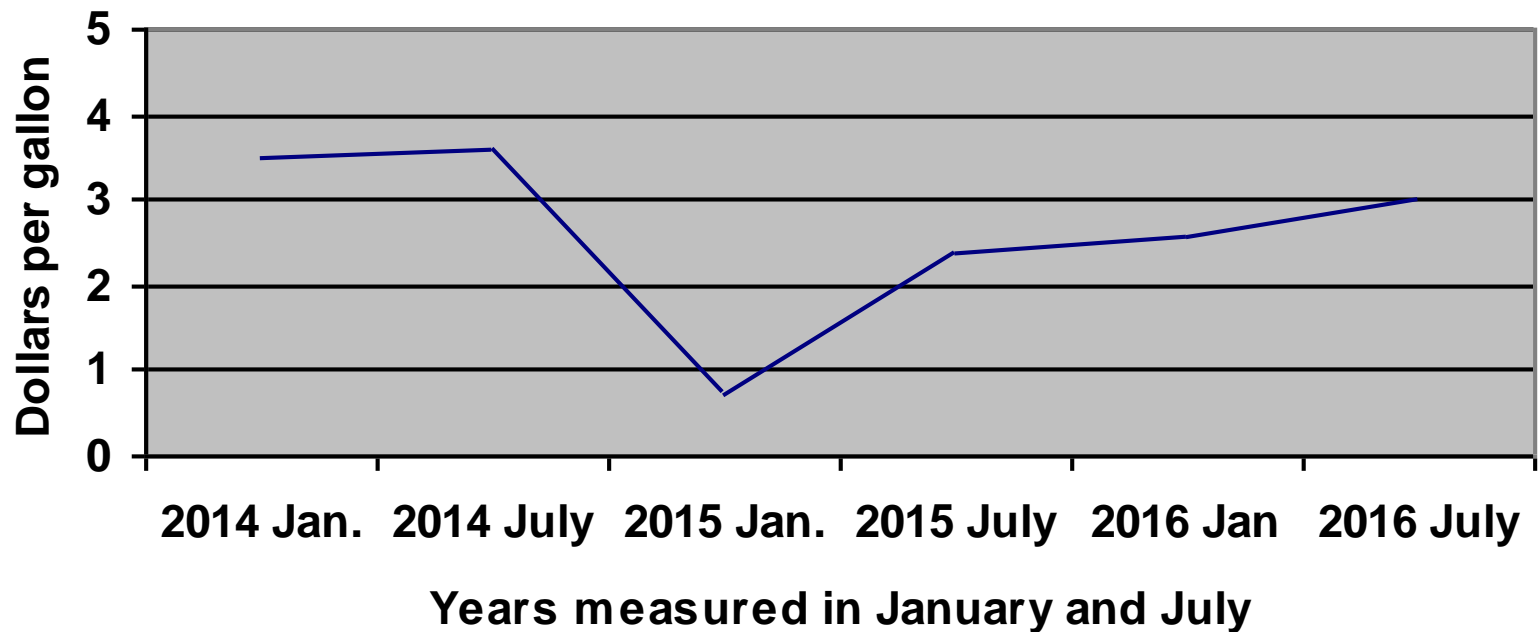
U.S. Avg. Price of Electricity Residential Sector
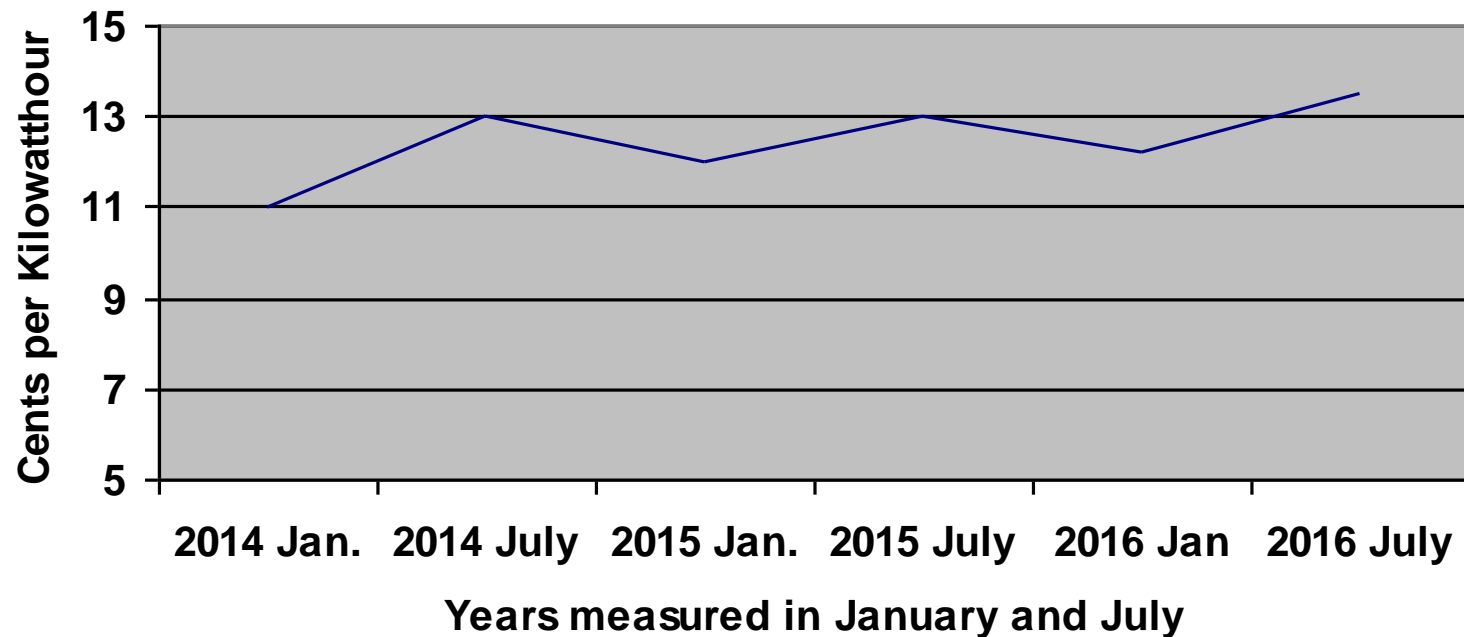
Conclusions

Good Economic Policy
- Just
- Fair
- Right