

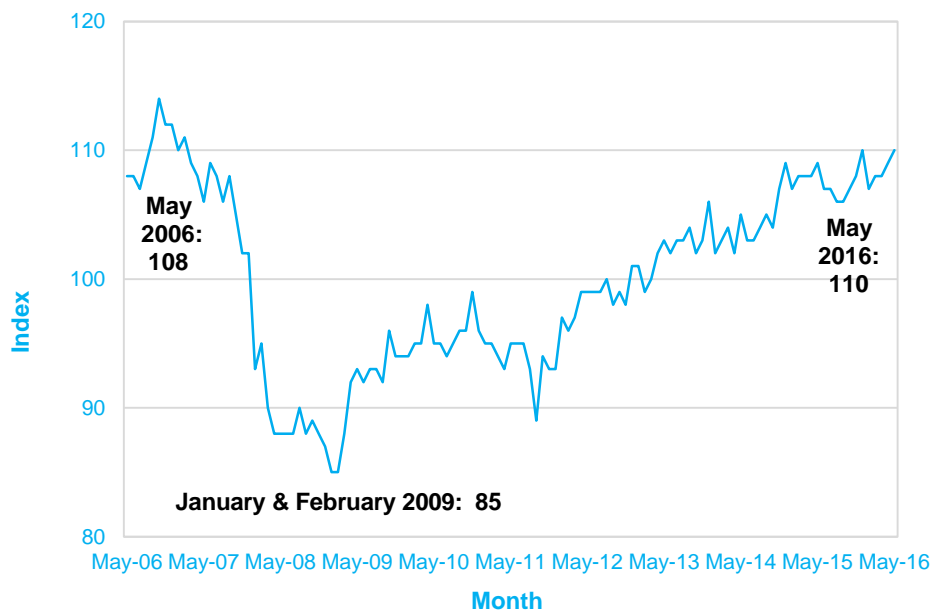
# Decision Analyst Economic Index

May 2016

## U.S. Economy Mired in Sluggish Growth, According to Decision Analyst's Economic Index

Arlington, Texas—The Decision Analyst U.S. Economic Index registered **110 in May 2016**, a 1-point increase from April 2016 and a 1-point increase from May a year ago. The relatively flat trend of the U.S. Economic Index signals that the U.S. economy is likely to remain flat and locked in a pattern of very slow economic growth. The risk of a recession is rising, because any significant shock to the U.S. economy would tip the U.S. into recession. The Economic Index tends to lead U.S. economic activity by 6 to 12 months. Below is the past-10-year history of the U.S. Economic Index.

### United States Economic Index May 2016



Past-12-Month Change  
(From May 2015 to  
May 2016)



















“The overall trend of the U.S. Economic Index over the past year suggests that 2016 will be a year of no or slow economic growth.” said Jerry W. Thomas, President/CEO. “This slow growth is taking place despite record low interest rates and stimulative fiscal policy by Washington, D.C. A number of structural factors are holding the U.S. economy in check: an aging population; a lower share of adults who work (compared to a few years ago); rising debt levels in government and business; overinvestment in technology, software, entertainment, and analytics companies—where returns are low; rising student debt; economic weakness in Canada, Latin America, Europe, and Asia; inadequate bank credit for smaller businesses; and the rising cost of healthcare. Also, the ultra-low interest rates of the Federal Reserve are increasingly creating bubbles that pose significant risks for the U.S. economy, including bubbles in technology investments, rural land, stocks and bonds, automobiles,

home prices, etc.). A U.S. recession beginning in 2016 or early 2017 remains a possibility, but the odds favor continued sluggish economic growth.”

## Global Indices

The following chart compares Decision Analyst’s U.S. Economic Index to its Economic Indices for other countries. Globally, more countries are showing declines in the past 12 months than are showing increases. In fact, outside the U.S., the only countries showing increases from a year ago are Mexico, Italy, and Spain.

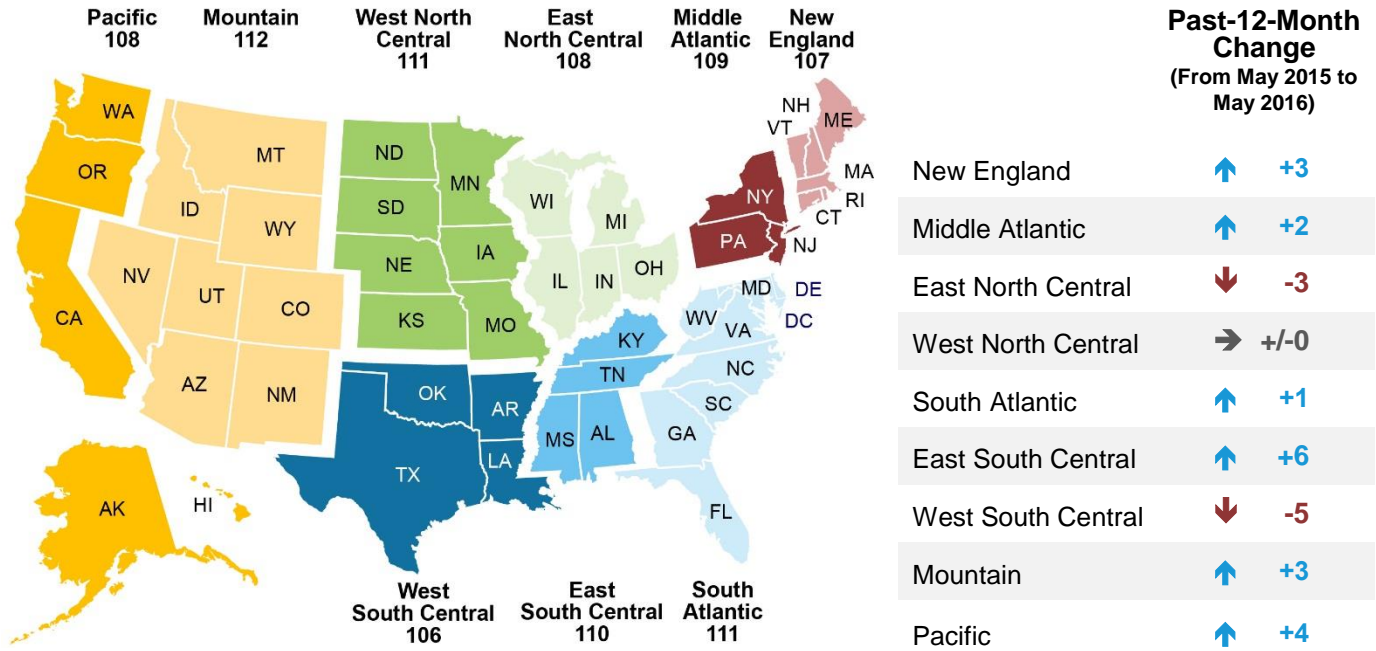
Decision Analyst Global Economic Indices May 2016			Past-12-Month Change (From May 2015 to May 2016)
North America	May 2016 Index		
 United States	110	↑	+1
 Canada	90	↓	-3
 Mexico*	96	↑	+5
South America			
 Argentina*	79	↓	-12
 Brazil*	84	↓	-6
 Chile*	91	↓	-5
 Colombia*	100	↓	-4
 Peru*	104	↓	-2
Europe			
 France	86	↓	-5
 Germany	105	↓	-1
 Italy	94	↑	+4
 Russian Federation*	88	↓	-7
 Spain*	98	↑	+5
 United Kingdom	105	↓	-5
Australia/Asia			
 Australia*	93	↓	-2
 India*	127	↓	-1

\* The Index numbers for Argentina, Australia, Brazil, Chile, Colombia, India, Mexico, Peru, the Russian Federation, and Spain are 3-month moving averages to smooth out month-to-month fluctuations. The reported Index number averages the current month with the previous 2 months.

## U.S. Census Divisions

The U.S. Census Divisions are not all moving in the same direction. In the past 12 months, the East South Central Census Division increased 6 points, from 104 in May 2015 to **110 in May 2016**. The West South Central Census Division decreased from 111 in May 2015 to **106 in May 2016**, and the East North Central Census Division decreased from 111 in May 2015 to **108 in May 2016**.

### United States Census Divisions Economic Indices May 2016\*



\* The Index numbers for the Census Divisions are 3-month moving averages to smooth out fluctuations due to smaller sample sizes. The reported Index number averages the current month with the previous 2 months.

## Methodology

The Decision Analyst Economic Index is based on a monthly online survey of several thousand households balanced by gender, age, and geography. The scientific survey is conducted in the last 10 days of each month. The Economic Index is calculated from 9 different economic measurements using a sophisticated econometric model. The result is a snapshot of coming economic activity in each country surveyed, as seen through the eyes of representative consumers living in the respective countries.

Decision Analyst conducts its concurrent economic surveys each month in Argentina, Australia, Brazil, Canada, Chile, Colombia, France, Germany, India, Italy, Mexico, Peru, the Russian Federation, Spain, United Kingdom, and the United States. Whenever the Decision Analyst Economic Index is greater than 110, it tends to signal an expanding economy. An Index value of 90 to 110 suggests a no-growth or slow-growth economy, and near or below 90 generally indicates economic contraction. These guidelines vary by country, however.

## About Decision Analyst

Decision Analyst ([www.decisionanalyst.com](http://www.decisionanalyst.com)) is a global research and analytical consulting firm specializing in strategy research, new product development, advertising testing, and advanced modeling for marketing decision optimization. For more than 35 years the firm has delivered competitive advantage to clients throughout the world in consumer packaged goods, high technology, retail, medical, automotive, and other industries.