

ECONOMIC OUTLOOK WEEKLY

HOW TO READ THE ECONOMIC
OUTLOOK WEEKLY REPORT

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Welcome to your Prevedere Predictive Indicators Dashboard

Prevedere offers intelligent forecasting services. One of our most popular is the new Economic Outlook Weekly reports that track leading indicators having to do with the COVID-19 pandemic or one of our [Economic Outlook Weekly reports that track industry-specific indicators](#).

In times of elevated uncertainty and broken forecasts, we understand that planning for the future will be challenging for the remainder of 2020 and beyond. The US is moving through an economic recession as a result of the COVID-19 global outbreak. With relentless news cycles and thousands of data points one could follow to capture this unprecedented event, it can be challenging to know what to focus on. To answer this problem, our Economist team has handpicked a set of indicators that we feel are critical leading signals for the economic recovery following this economic downturn.

The intention is to provide businesses with the key “leading indicators” that typically turn early in the business cycle, and therefore provide clues to a coming change in the economic environment. The selection of indicators is based on a combination of factors, including leading historical reliability, relevance to the current crisis, and frequency and timeliness of release date for the data. Judging by these three criteria, specific indicators become much more valuable for a business to watch than others.

Historical leading reliability

Some indicators have value because of their consistent ability to signal economic downturns and recoveries throughout past business cycles. There may not have been many economic signals for this recent downturn, because of the sudden-health related nature of the event. But this does not mean there will not be early

clues of recovery from economic indicators that have traditionally signaled recovery months ahead of others. For example, Average Hours Worked is an excellent leading indicator and can signal future potential changes in the unemployment rate, as hours tend to be cut before people are laid-off. Similarly, Hours Worked of existing employees rise before hiring begins. Therefore, Hours Worked may be a better indicator to watch than the unemployment rate depending on our needs.

Relevance to the current crisis

Every recession is different, and this economic crisis is particularly unique because it originated through a global health pandemic, unlike anything we have seen in our lifetimes. We have selected some indicators based on their unique relevance to this crisis, such as historical data on Google Trends searches for “Travel Cancellations” due to the shelter-in-place policies. We are also watching *Restaurant and Bar Sales*, due to closures or restricted operation as non-essential businesses. We may see leading indications from a dataset surveying *Vacation Plans in Next Six Months*, as a leading clue to when consumers will return to traveling, long before they arrive at the hotel and spend the money.

Frequency and Timeliness of Data

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Many traditional government data sources publish data on a monthly basis or even less frequently. And while some of these monthly datasets are still valuable to watch for economic reasons, we try to pair them with other, more frequently released datasets that will help signal current conditions faster. A good example is that we find value in looking at the *VIX Volatility Index* for a measure of uncertainty amongst investors, and therefore uncertainty in their expectations about future economic conditions. We also look at the NFIB Small Business Sentiment Index. The VIX has the benefit of being a real-time daily metric, compared to the Small Business survey, which is a monthly survey. Both are worth watching for the future recovery, but the VIX will be helpful for early signals in the days before the NFIB survey data is released for consumption.

Anatomy of the Economic Outlook Weekly Charts

Data Grouped by Logical Categories

We have organized our leading indicators into four. These categories are meant to be a logical grouping that an economist would look for when studying an industry or an entire economy.

See the Data how our Economists See It

Our economists have determined for the reader what the best frequency and calculation the data should be viewed at if you are looking for real signals of economic change. If you look at data too granularly (such as by the hour, or day) the signal can get lost in the volatility. So we utilize moving averages and growth rates to help isolate sustained trends.

Historical Context

We want to show enough data history, when available, to compare to the "Global Financial Crisis" in 2008-10. This should help a reader visually compare the recent negative movements to prior cases where the indicator showed recessionary or weaker conditions.

The Reason for the Indicator

Under each indicator you there is a one sentence description of why that indicator was chosen by the Economist team as a top indicator to watch.

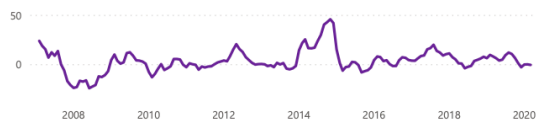
Coronavirus: Predictive Indicators for Economic Impact

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Transportation & Tourism: A big part of this pandemic is keeping people from moving and spreading the disease. Look to these indicators for the impact.

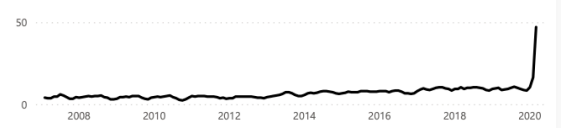
Sentiment: Vacation Travel Next 6 Months

3 Period Year over Year



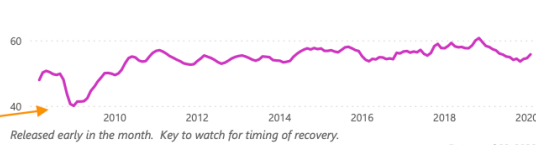
Google Search "Travel Cancellation"

3 Period Moving



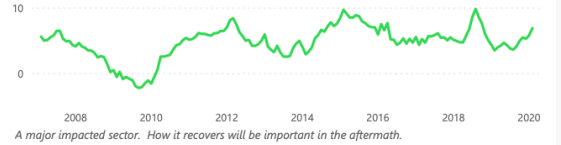
ISM Services Index

3 Period Moving



Restaurant and Bar Sales

3 Period Year over Year



MONTHLY TRENDS

How have these indicators changed up or down in the past 4 months.

Indicator	Relationship	Dec 2019	Jan 2020	Feb 2020	Mar 2020
Google Search "Travel Cancellation"	Countercyclic	↑	↓	↓	↓
ISM Services Index	Procyclic	↑	↑	↑	↓
Restaurant and Bar Sales	Procyclic	↓	↑	↑	↓
Sentiment: Vacation Travel Next 6 Months	Procyclic	↓	↑	↑	↓

↑ Upward pressure on economy
↓ Downward pressure on economy

Simple Signal Summary

To simplify the interpretation of the indicators, a table is provided that highlights the data rolled up to monthly and compared to the previous month. If the indicator is signaling improvement from the previous month, then it gets a green arrow.

The Cycle

The Economists know that some indicators may rise, and that signals negative pressure on the economy or industry. We call that a counter-cyclic relationship and account for it appropriately in the summary table.

Subscribing to the Economic Outlook Weekly

Economic Outlook Weekly Subscription Services

Subscription 1 – Complimentary COVID-19 Economic Report

- Macro view of COVID-19 global economic indicators
- Regular economist presentations offered as information becomes available
- Updated weekly to your inbox

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Subscription 2 – Industry-Specific Economic Intelligence

- Industry-specific leading indicators updated weekly
- Access to Prevedere workbench and indicators
- 30-minute 1:1 on-boarding call with Prevedere economist
- Bi-Weekly live Q&A presentation with an economist

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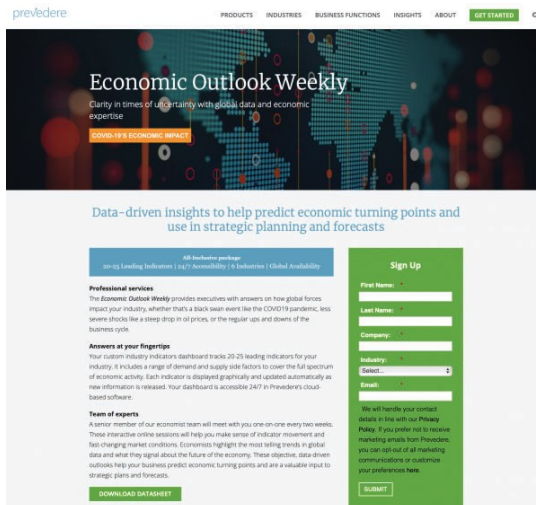
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- Industry-specific leading indicators tailored to your company use case
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Complimentary COVID-19 Economic Outlook Weekly



In the wake of the COVID-19 pandemic, it is now more important than ever to have access to trusted data and expert economic analysis to help guide strategic decision making and business planning. To meet this need, Prevedere is unveiling its Economic Outlook Weekly report, with a complimentary package focused on COVID-19.

There is no charge for access to leading indicators as they matter updated weekly.

Complimentary COVID-19 Economic Outlook Weekly includes:

- Macro view of COVID-19 global economic impact
- Key leading indicators to watch
- Regular economist presentations offered as information becomes available
- Weekly updates sent to your inbox

[Click here to gain access to the COVID-19 Economic Outlook Weekly >>](#)

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