



**NRFtech 2013**  
Technology Leadership Summit

JULY 28-30, 2013 | HILTON TORREY PINES, LA JOLLA, CA

# The Colossus

*Reindustrialization in the New World*

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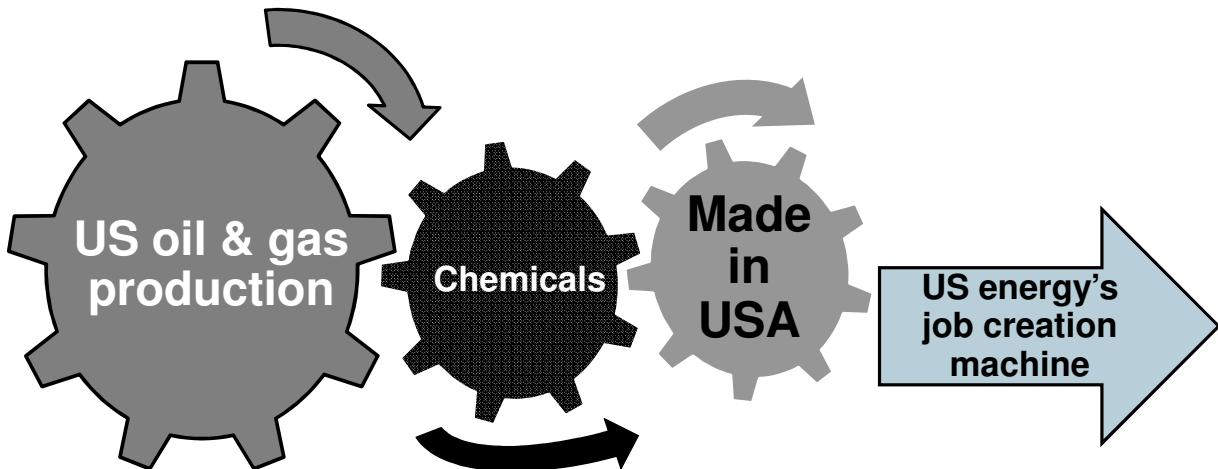


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# Reindustrialia





### Chemicals Industry Job Creation Projections, 2020\*

| Direct        | Indirect       | Payroll-<br>induced | <i>Total</i>          |
|---------------|----------------|---------------------|-----------------------|
| <b>46,359</b> | <b>264,111</b> | <b>226,272</b>      | <b><i>536,741</i></b> |

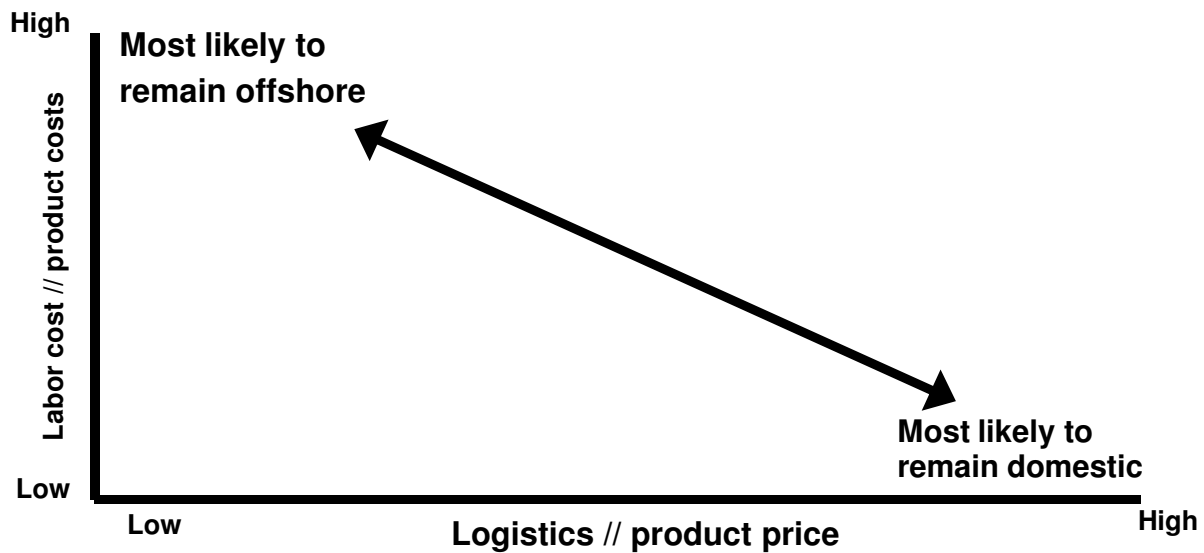
\*Source: American Chemistry Council, *Shale Gas, Competitiveness, and New US Chemical Industry Investment: An Analysis Based on Announced Projects*, May 2013



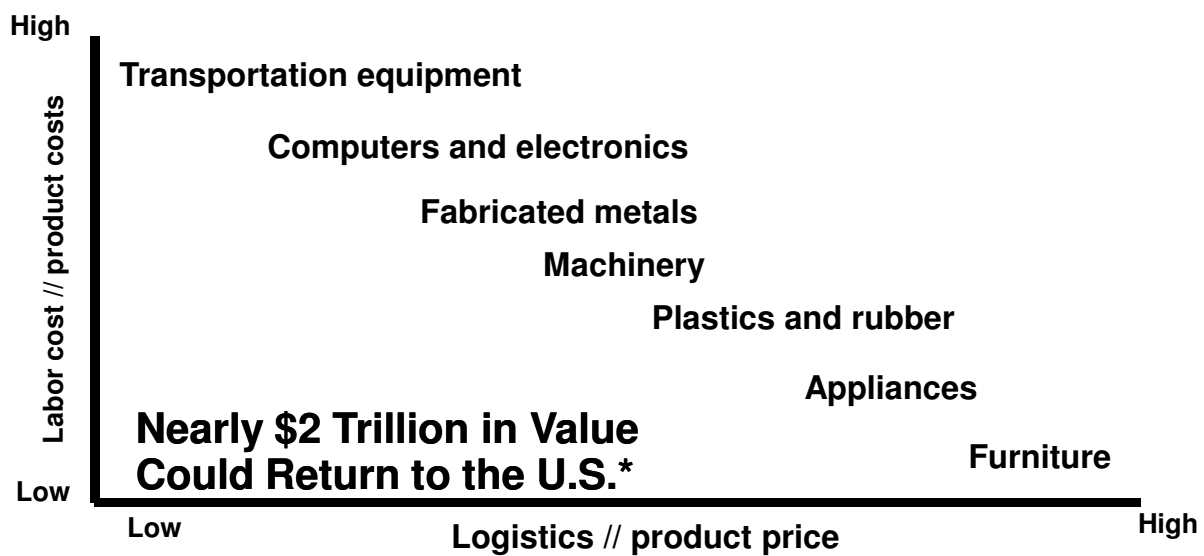
### Chemicals Industry Value Creation

|   |   |   |
|---|---|---|
| <b># Projects<sup>1</sup></b><br>(through March 2013) | <b>Investment into<br/>US chemicals<sup>1</sup></b> | <b>New output if<br/><i>Made in USA</i><br/>scenario occurs<sup>2</sup></b> |
| <b>97</b>   | <b>\$71.7 billion</b>                               | <b>\$200 billion</b>  |

Sources: <sup>1</sup>American Chemistry Council, *Shale Gas, Competitiveness, and New US Chemical Industry Investment: An Analysis Based on Announced Projects*, May 2013;  
<sup>2</sup>Boston Consulting Group, *U.S. Manufacturing Nears the Tipping Point*, March 2012

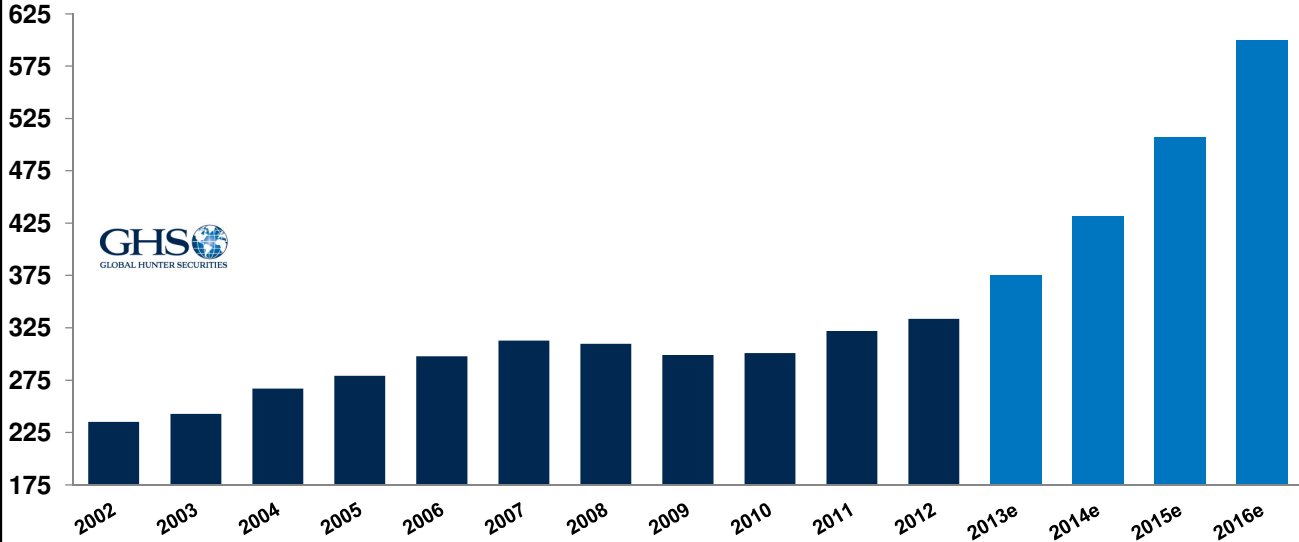


\*According to a study by the Boston Consulting Group, March 2012, *U.S. Manufacturing Nears the Tipping Point*



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### Tonnage Passing Through the Panama Canal, Annually, in millions



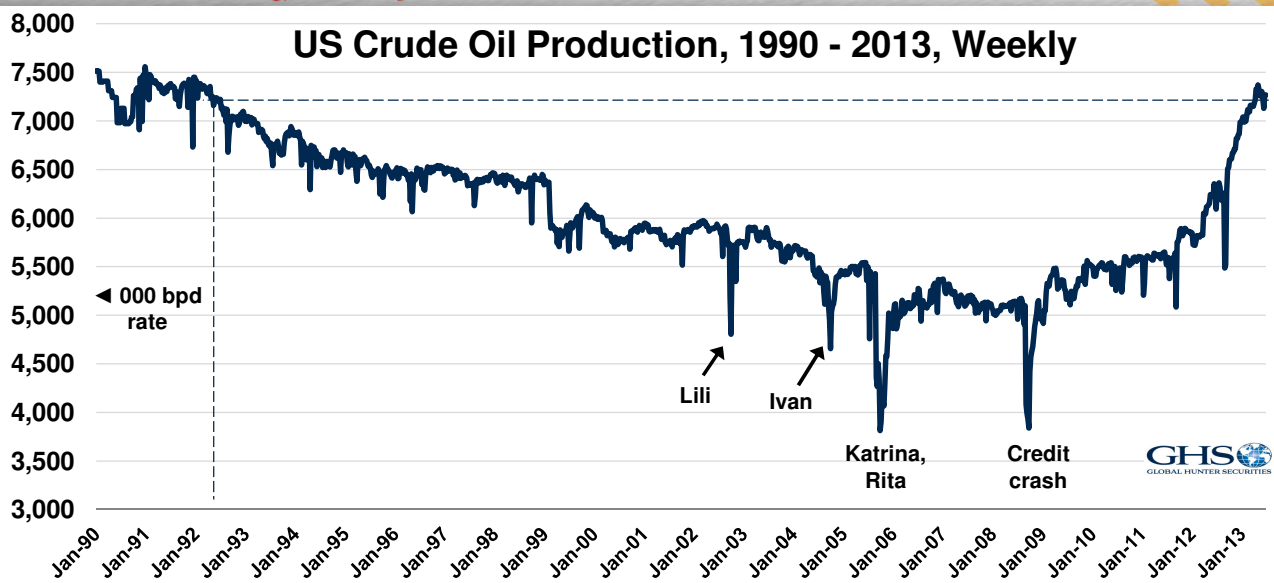
Data source: Panama Canal Authority; Interpretation and estimates to 2016, Global Hunter Securities

# Oil and Gas:

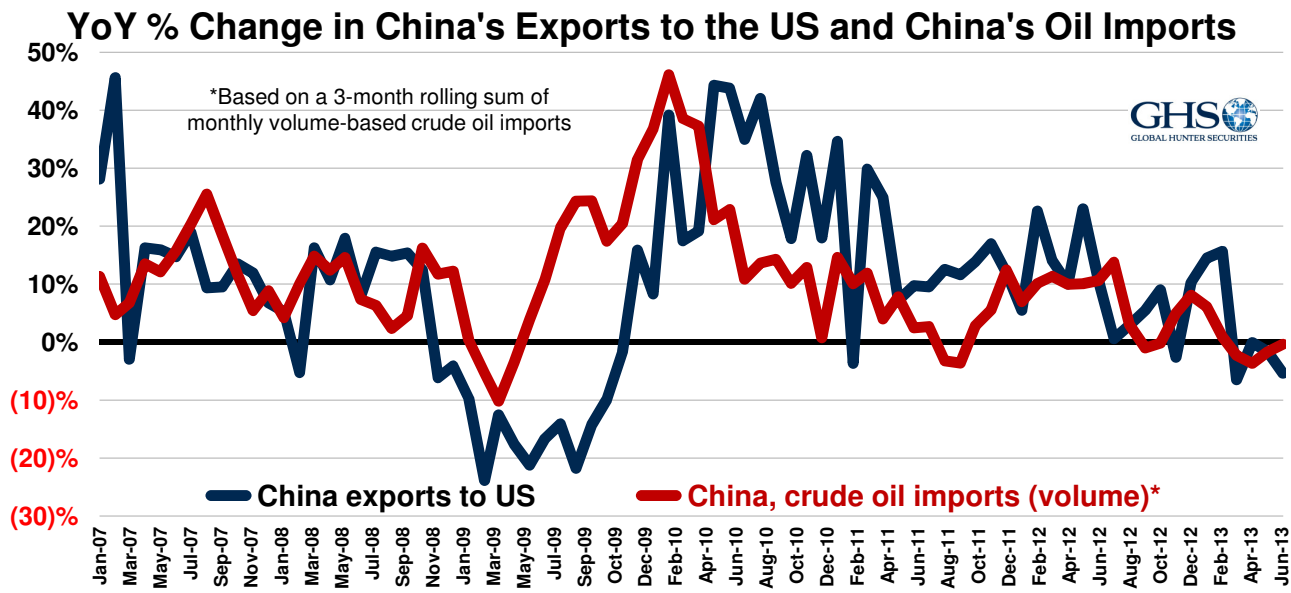
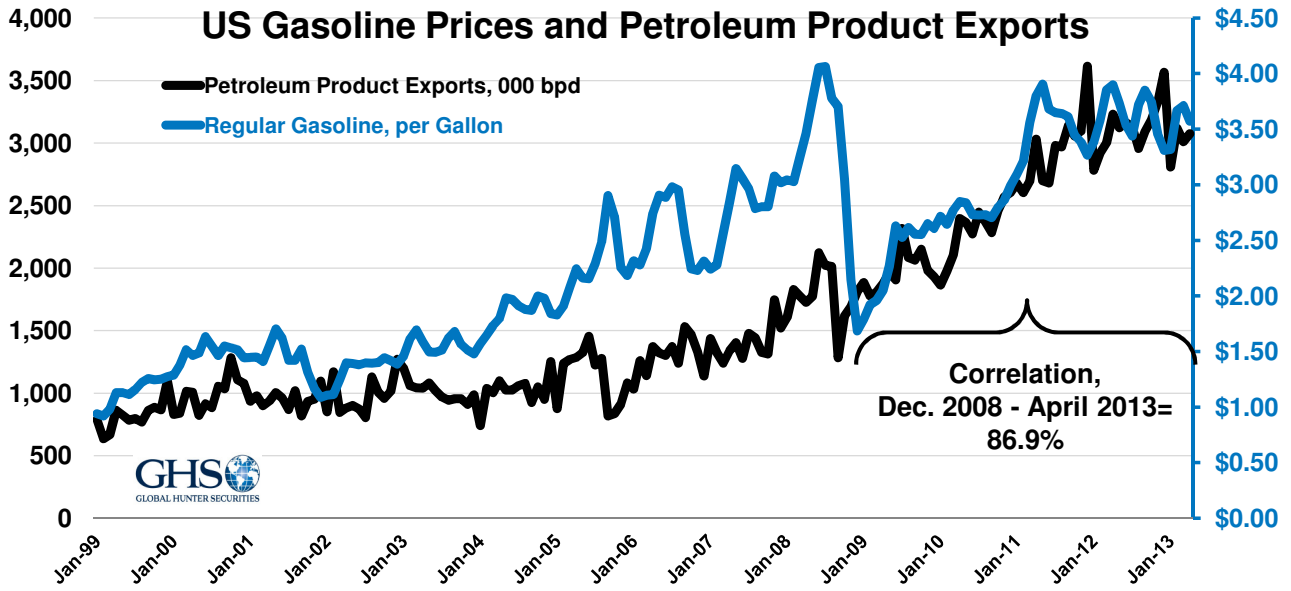
*So near, yet so different*



Monetary, logistics, geopolitical, Gulf of Mexico hurricanes, Arab Spring, long-term supply deals, Nigerian and Somali piracy, petrodollars, eurodollars, other situations

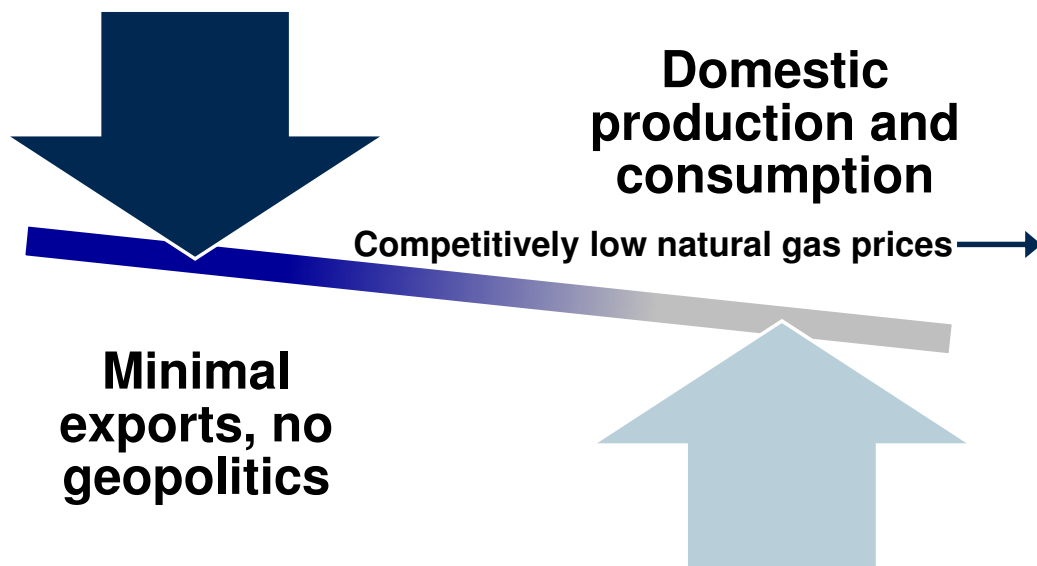


Data source: EIA. Interpretation: Global Hunter Securities

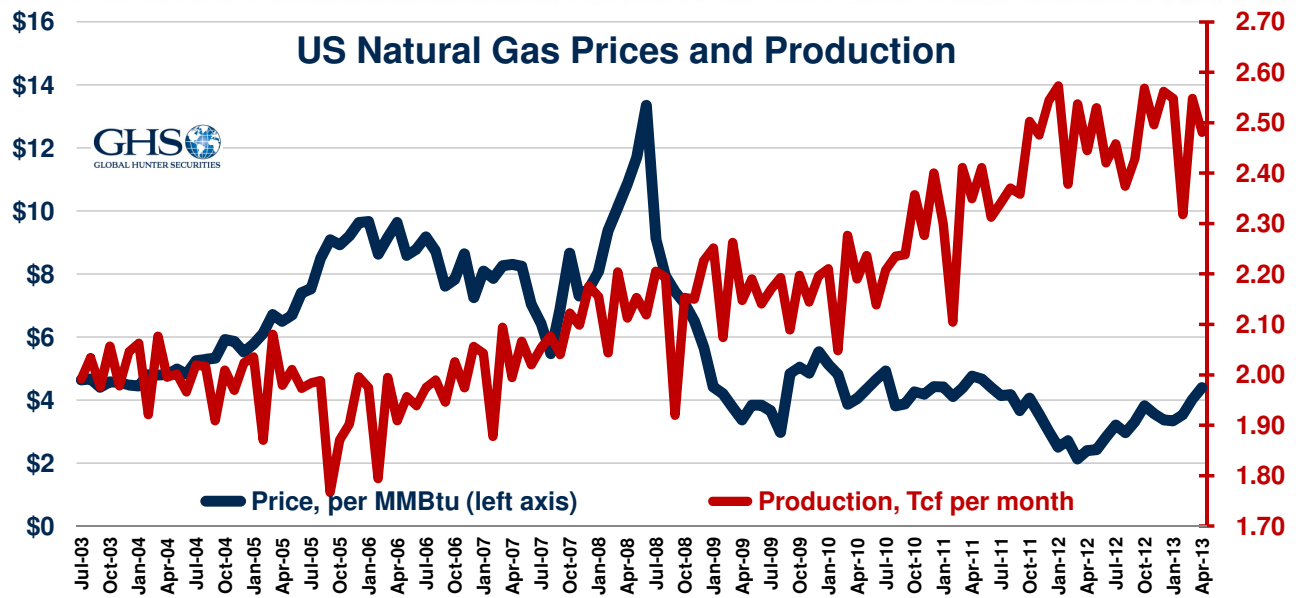
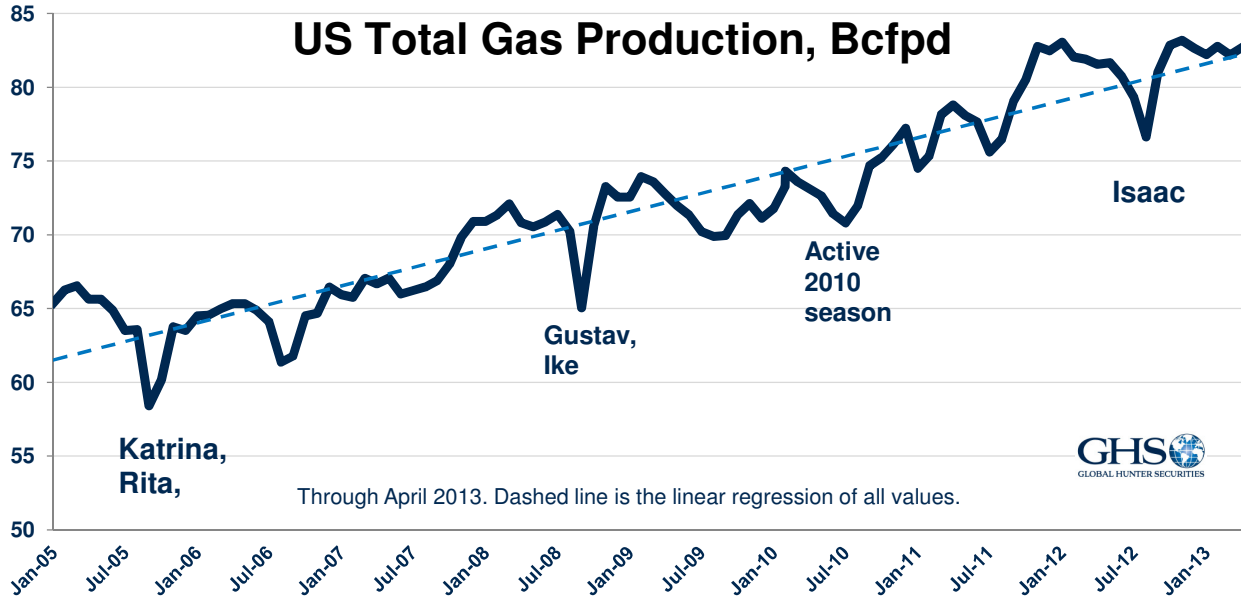




# The Natgas Pivot







**World LNG Estimated July 2013 Landed Prices**



Image source: Federal Energy Regulatory Commission, *Natural Gas Markets Overview*. Data in \$US/MMBtu

**CHANGE IN THE GLOBAL COST CURVE FOR ETHYLENE AND RENEWED US COMPETITIVENESS**

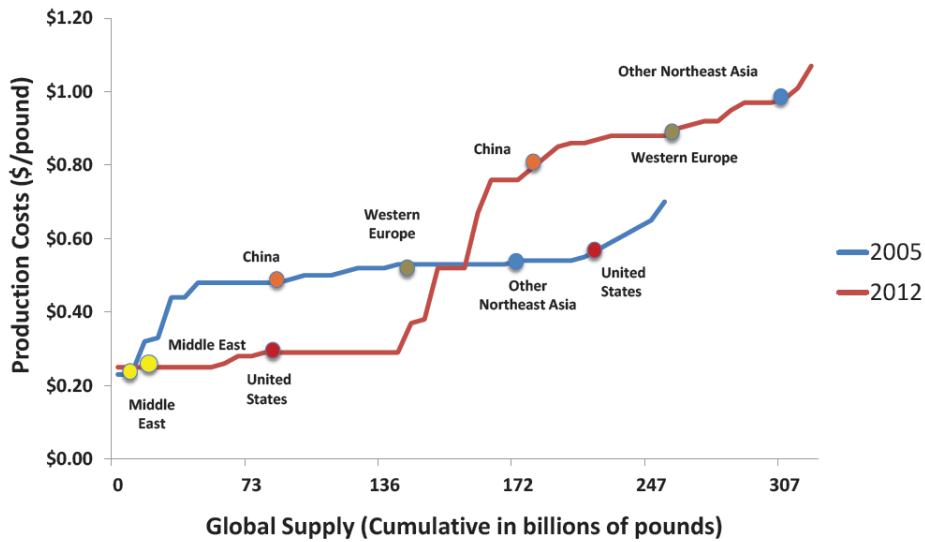
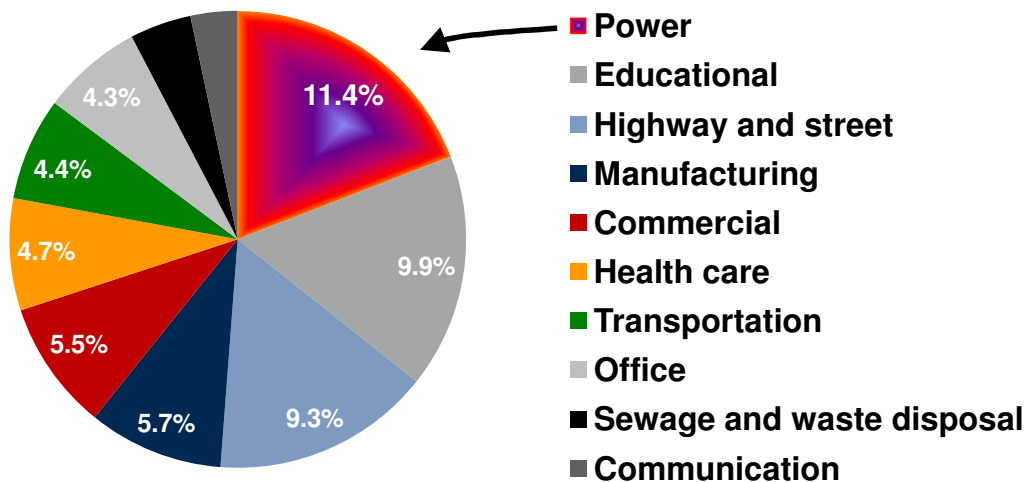
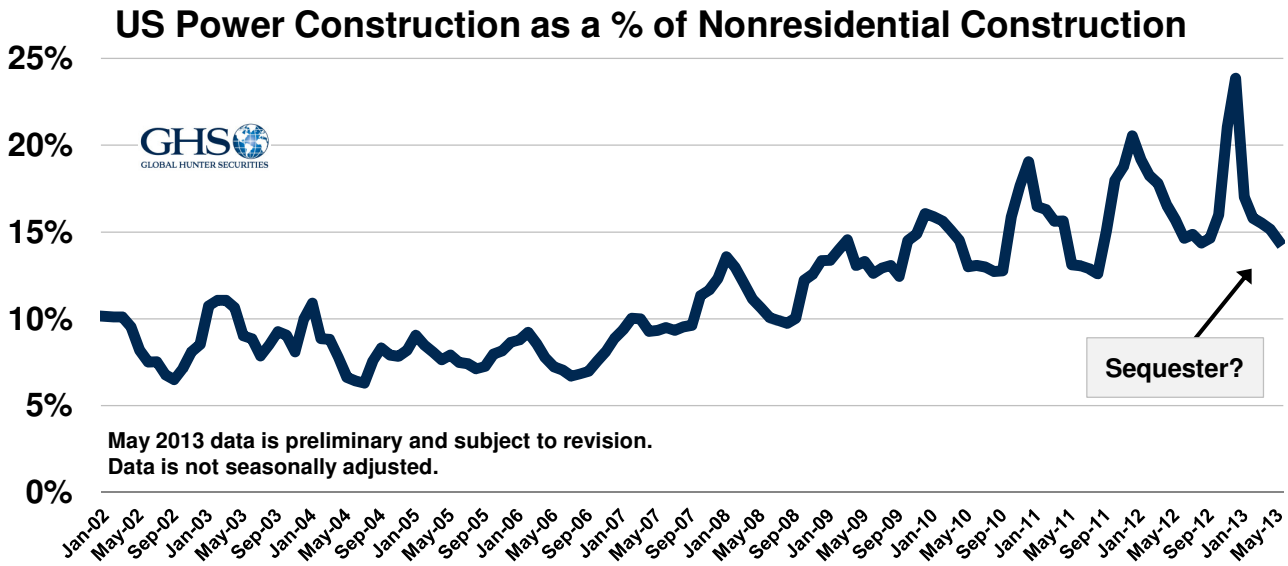


Image source: American Chemistry Council

# Powering Construction

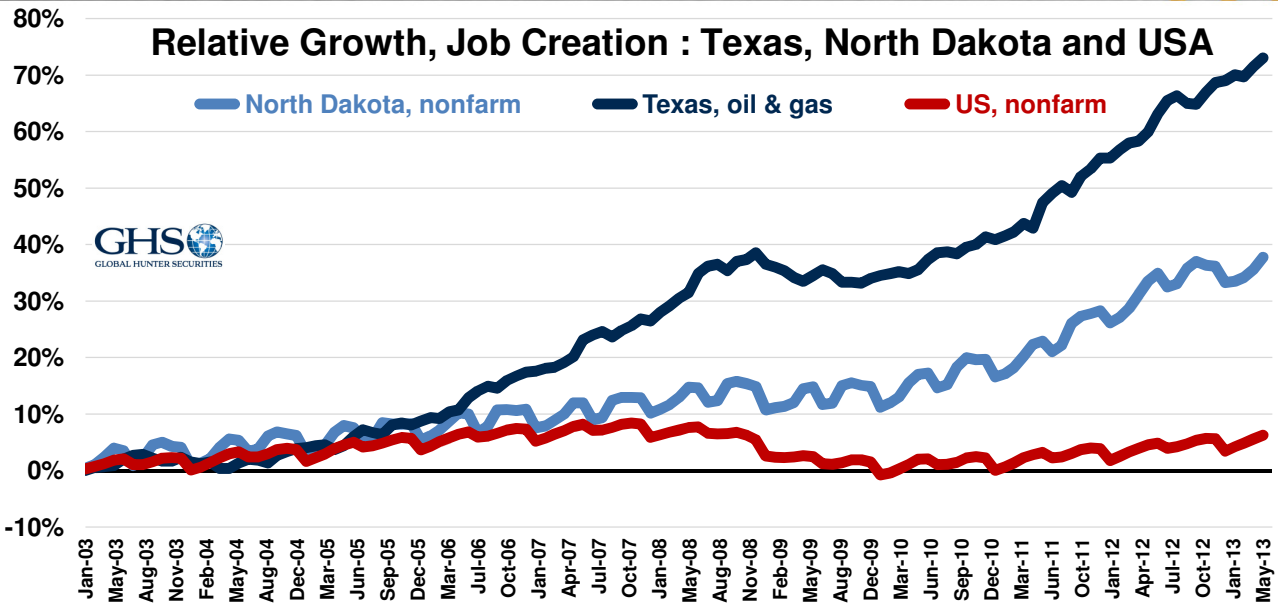
## 2012 Top 10 Categories of Construction,





Data source: Census Bureau. Interpretation: Global Hunter Securities

# Recently: Jobs



**June 2013 Highlights for Employment Trends**

Natural resources emphasis. All data not seasonally adjusted

| <i>Employed, 000's</i>                          | Jun-13    | YoY %  | Jun-08    | ▼5-yr. % |
|---|-----------|--------|-----------|----------|
| Unemployed, seek full-time work                 | 10,361.0  | -8.02% | 7,432.0   | 39.4%    |
| Support activities for oil and gas <sup>1</sup> | 293.9     | 4.52%  | 213.9     | 37.4%    |
| Oil and gas pipeline construction <sup>1</sup>  | 137.5     | 9.91%  | 105.9     | 29.8%    |
| North Dakota, private sector <sup>1</sup>       | 363.7     | 3.74%  | 292.4     | 24.4%    |
| Support activities for mining                   | 401.3     | 1.54%  | 323.4     | 24.1%    |
| Oil and gas extraction                          | 194.5     | 2.58%  | 161.8     | 20.2%    |
| Mining  | 825.6     | 1.51%  | 718.9     | 14.8%    |
| Employed part-time                              | 27,442.0  | 0.97%  | 24,804.0  | 10.6%    |
| Natural gas distribution <sup>1</sup>           | 112.6     | 3.21%  | 107.3     | 4.9%     |
| Total private sector                            | 114,998.0 | 2.03%  | 115,799.0 | -0.7%    |
| Total nonfarm                                   | 136,805.0 | 1.67%  | 138,296.0 | -1.1%    |

<sup>1</sup> Unadjusted data lags by one month and is rendered for the prior month's comparisons.

Data source: BLS.gov. Interpretation, Global Hunter Securities



### June 2013 Highlights for Hourly Earnings Trends

Selected occupations and industries. All data not seasonally adjusted

| <i>Employed, 000's</i>              | <b>Jun-13 ▼</b> | <b>YoY %</b>  | <b>Jun-08</b> | <b>5-yr. %</b> |
|-------------------------------------|-----------------|---------------|---------------|----------------|
| Legal services <sup>1</sup>         | \$36.93         | <b>-0.43%</b> | \$34.08       | 8.4%           |
| Oil and gas extraction              | \$34.15         | 0.71%         | \$31.86       | 7.2%           |
| Telecommunications <sup>1</sup>     | \$30.26         | 0.40%         | \$28.23       | 7.2%           |
| Chemicals                           | \$28.32         | 1.40%         | \$27.93       | 1.4%           |
| Lending, all forms <sup>1</sup>     | \$26.84         | 0.71%         | \$23.87       | 12.4%          |
| Health Care <sup>1</sup>            | \$26.40         | 2.01%         | \$23.04       | 14.6%          |
| Manufacturing                       | \$24.36         | 2.40%         | \$22.11       | 10.2%          |
| Total private sector                | \$23.94         | 2.75%         | \$21.53       | 11.2%          |
| Health, personal care stores        | \$21.53         | 1.41%         | \$20.77       | 3.7%           |
| Truck transportation <sup>1</sup>   | \$21.19         | <b>-3.73%</b> | \$20.16       | 5.1%           |
| Home health care services           | \$18.93         | <b>-1.41%</b> | \$17.38       | 8.9%           |
| Clothing and accessories stores     | \$14.90         | 1.29%         | \$14.75       | 1.0%           |
| Grocery stores (incl. supermarkets) | \$13.20         | <b>-0.08%</b> | \$12.44       | 6.1%           |

<sup>1</sup> Unadjusted data lags by one month and is rendered for the prior month's comparisons.

Data source: BLS.gov, Interpretation, Global Hunter Securities

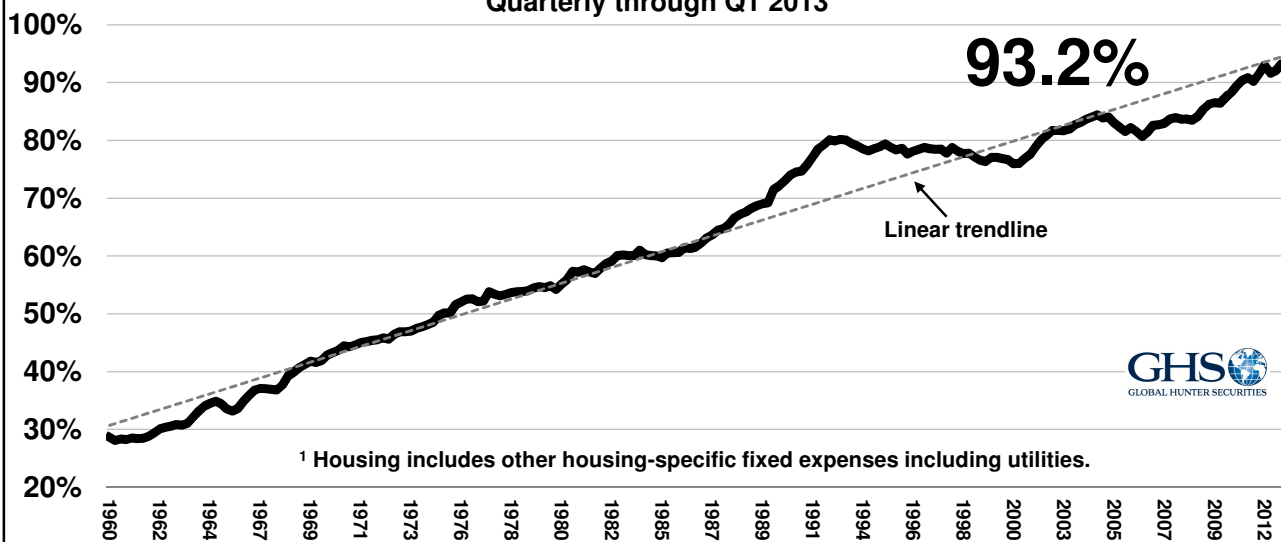


# Headwinds Go Away

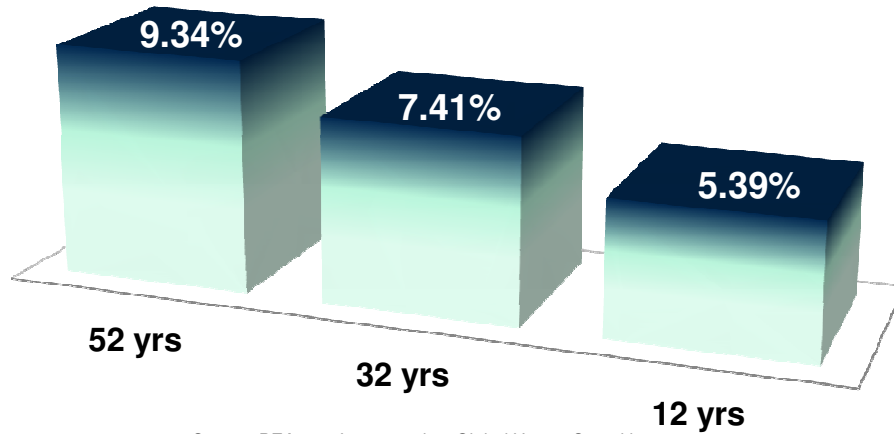
## Headwinds losing their persistence and strength

1. Inland production of oil and natural gas reduce exposure to Gulf of Mexico hurricanes and disruptions to the flow of oil and gas from other realms. The availability of oil and gas assure a bright future for reindustrialization in the U.S.
2. Decelerating healthcare costs. Software and analytics are discovering redundancies and market options despite structural deficiencies in the entire healthcare system.
3. Gasoline costs are effectively declining due to rising fuel efficiency. The apparent price is not a transparent indication of gasoline costs to the consumer.
4. The Federal Reserve's debt purchasing program has restored stability to the property markets and the circular flow from net worth to consumer confidence and the stock market.

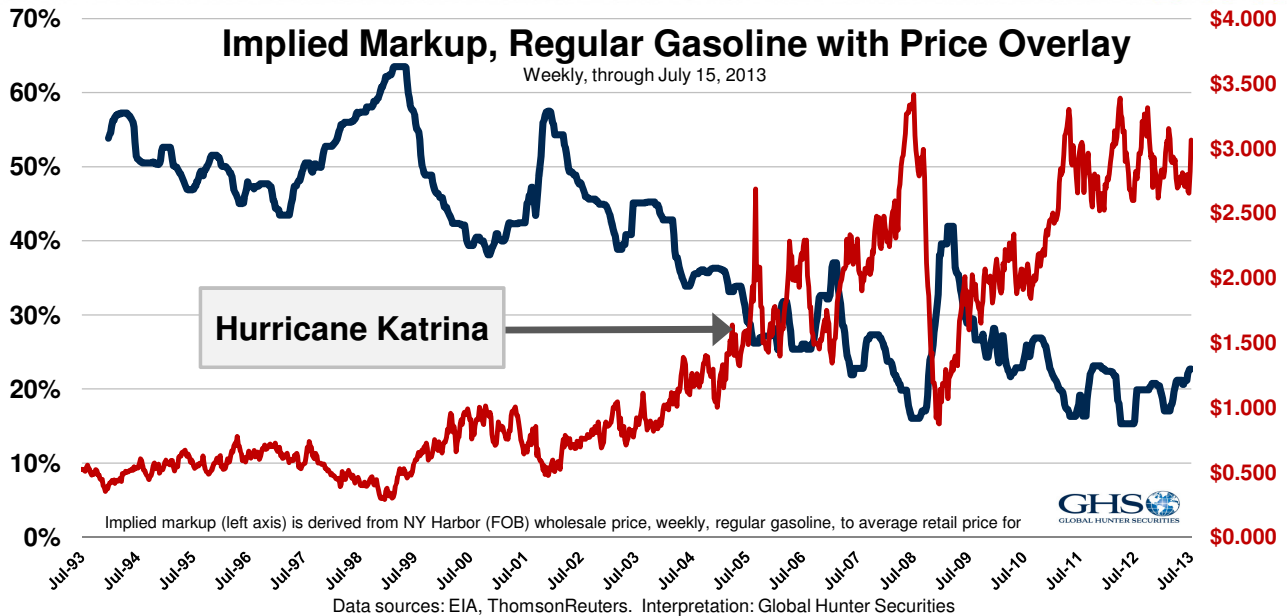
## Household Spending on Healthcare as % of Spending on Housing<sup>1</sup> Quarterly through Q1 2013



**Compound Annual Growth Rates,  
Household Healthcare Spend, Selected Periods, to 2012**



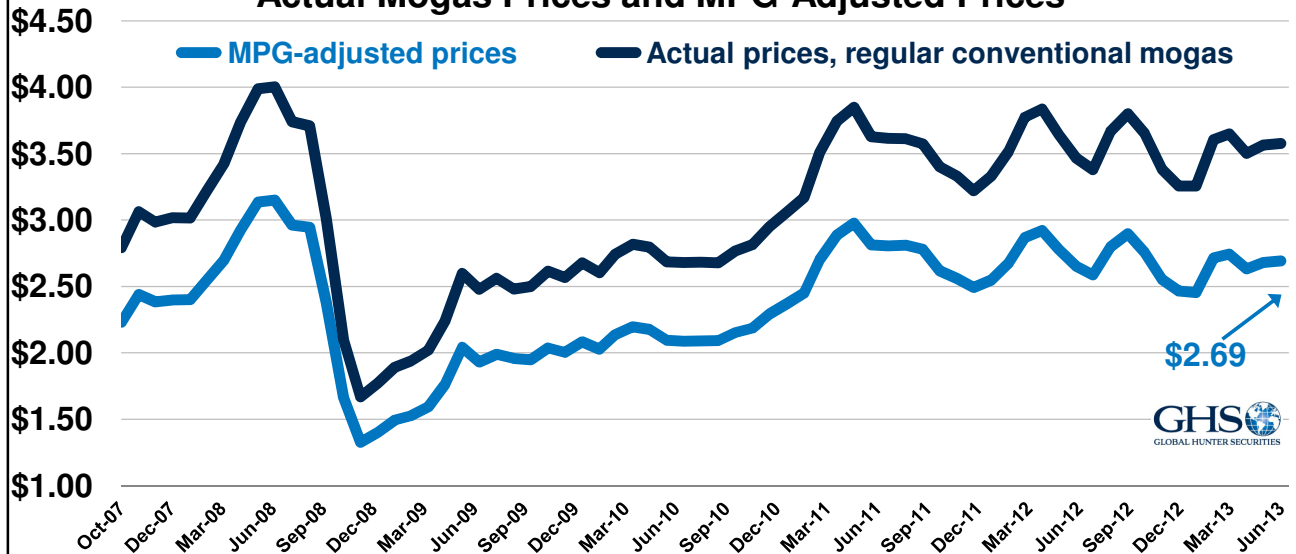
Source: BEA.gov. Interpretation: Global Hunter Securities







### Actual Mogas Prices and MPG-Adjusted Prices



Data source: University of Michigan Transportation Research Institute; EIA.gov. Interpretation: Global Hunter Securities



# How Big is the Picture?

## The Age of Synchronization

- **Connections:** Ubiquitous networked sensors and computers, the Internet of Things. Everything becomes more networked, with vast implications.
- **The Data Layer:** Across the world, there is a layer of data that is growing thicker and more dense by the day. It is fed by our online behavior, by sensor networks, by the Internet of Things (IoT).
- **Alternative means of production:** The rise of rapid prototyping, 3D printing & open-source hardware.
- **External, global factors:** Economic and environmental woes & aging populations in industrialized countries increase the pressure to change, adapt and innovate. Stagnation and preserving the status quo isn't a viable option.

*From "A Glimpse into the Near Future" at [hplusmagazine.com](http://hplusmagazine.com), Nov. 19, 2012*