

PPAI

The Mark of a Professional.®

1ST
QUARTER

MARKET OUTLOOK REPORT

2017

The full detailed
report is available
to study participants.
Learn more on pg. 3

 ITR ECONOMICS

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Market Outlook Report Executive Summary

PPAI Total Members' Association Summary

- General rise in the quarterly growth rate for the Total Members' Index signals that a cyclical low in the Total Members' Index is imminent.
- Rising macroeconomic leading indicators, including the ITR Leading Indicator™, suggest that the impending accelerating growth trend in the Total Members' Index is likely to extend through at least the end of 2017.
- The tick down the US Purchasing Managers Index monthly growth rate, a roughly one-year leading indicator, is a tentative signal in line with our expectations of slower macroeconomic growth in the majority of 2018. Plan for the first half of 2018 to be stronger than the second half of the year.

Index	Current	Phase
Total	1.0%	C
Suppliers	-0.1%	A
Distributors	1.6%	C

PPAI Suppliers Members' Association Summary

- The PPAI Suppliers' Index annual growth rate dipped below zero in the first quarter of 2017 as expected. Results are trending in line with our forecast, which is unchanged from the previous report.
- Small businesses are becoming more optimistic as the macroeconomy accelerates and US Corporate Profits rise. Firms will be more willing and able to undertake expenditures, including expenditures on products produced by PPAI suppliers, during 2017 compared to 2016.
- Budget for growth into late 2018, but avoid over expansion. We continue to believe that 2019 is likely to be a year of mild decline as inflationary pressures and higher interest rates take a bite out of the purchasing power of consumers and corporations alike.

Supplier Outlook

2017:	4.1%
2018:	3.8%
2019:	-1.1%

PPAI Distributors Members' Association Summary

- The Distributors' Index is up 1.6% on a year-over-year basis, but the pace of growth is slowing.
- First quarter results were consistent with our forecast expectations, which call for an imminent transition in the Distributors' Index to Phase B, Accelerating Growth.
- Our forecast for the Distributors' Index is unchanged from the previous report. Plan for 6.0% growth in 2017 and 4.6% growth in 2018. Expect mild decline in your 2019 sales.

Distributor Outlook

2017:	6.0%
2018:	4.6%
2019:	-0.9%

PPAI Member's Competitive Environment Summary

- Media Expenditures via the internet, cable TV, or outdoor signage are the most likely threats to PPAI members during 2017.
- The forecasts for Outdoor Expenditures, Radio Expenditures, and Internet Expenditures were revised since the last report.

Market Outlook Report



The PPAI Market Outlook Report is a quarterly snapshot of the promotional products industry. In order to best provide resources to members, this report was created by ITR Economics to provide information on macroeconomic, industry, and competitive landscape trends. The goal of the report is to provide members with insight into current business cycle trends that affect member companies. This will allow members to make better business decisions in order to increase profitability and mitigate risk.

The PPAI Member Market Index is derived from sales data submitted by PPAI supplier and distributor members. Growth rates are calculated based on the submitted data, and an index is created based on the typical (median) growth rates submitted by PPAI members in a given month. The purpose of the PPAI Member Market Index is to allow PPAI members to see how their company's performance compares to industry trends. Graphs are included throughout the report and there are explanations on how to calculate your own company's performance and compare it against the industry. Members can see whether they are performing in the top quarter, middle two quarters, or bottom quarter of the industry. Members can also compare their results against all members, distributors or suppliers only, and distributors/suppliers by company size.

To access the detailed report in full and to help better capture the state of the industry, become a valued participant in our quarterly Market Outlook Survey. Find out how by contacting:

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About PPAI

Promotional Products Association International (PPAI) has been the trusted authority in the promotional products industry since 1903. With over 14,000 member companies worldwide, PPAI represents manufacturers, suppliers, decorators and distributors who market to advertisers to help better promote their brand. Visit www.ppai.org for more information.



About ITR Economics

ITR Economics provides clear, comprehensive action plans for capitalizing on business cycle fluctuations and for outperforming your competition. More than just analysis and forecasts, ITR Economics provides management with actionable options. ITR Economics uses a knowledge base of over six decades that encompasses an uncommon understanding of long-term economic trends and how leaders should react to critical changes in market conditions. Our reputation for excellent, independent, and objective analysis is indisputable. Visit www.itreconomics.com for more information.