

PPAI

The Mark of a Professional.®

2ND
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

- The median PPAI Total Members' Index transitioned to Phase B, Accelerating Growth, since the last report.
- The positive business cycle momentum is evident among both suppliers and distributors. PPAI members are beginning to benefit from cyclical rising trends in US Real GDP, US Industrial Production, and US Total Retail Sales.
- However, leading indicator evidence suggests that 2018 is likely to be predominantly a year of slowing growth for PPAI member sales. Give your 2018 budget a careful eye for excess and consider introducing new products to help mitigate the impact of anticipated slowing growth in the US macroeconomy.

Index	Current	Phase
Total	2.1%	B
Suppliers	1.2%	B
Distributors	2.6%	B

PPAI Suppliers Members' Association Summary

- The Suppliers' Index is up 1.2% on a year-over-year basis. Internal trends in the Suppliers' Index and leading indicator evidence suggests that the nascent accelerating growth trend in the Index will persist into the first half of 2018.
- Results are tracking in line with our forecast, which is unchanged. Plan for growth in 2017 and 2018 as a whole, but expect a faster pace of growth this year than next year. Expect a mild recession in 2019.

Supplier Outlook

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

PPAI Distributors Members' Association Summary

- The Distributors' Index is accelerating. The average of the most recent 12 months of the Index is up 2.6% from the year-ago level.
- Results are within the forecast range for the second quarter. Our forecast is unchanged, as leading indicator evidence and rise in the Index quarterly growth rate suggest the existing outlook remains an accurate representation for the Distributors' Index.
- Plan for accelerating growth to persist into the first half of 2018 before the pace of growth slows in the second half of the year. The Distributors' Index is likely to decline mildly in 2019.

Distributor Outlook

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

PPAI Member's Competitive Environment Summary

- Many media expenditure indicators are seeing pullbacks in expenditures following the end of the presidential election cycle.
- Expenditures tied to online video streaming services and/or mobile platforms are likely to be the stiffest form of competition for PPAI members in at least the near term.

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.