



NIRI LA Hosts Discussions on the Economy and NIRI's 2016 Strategy and the Introduction of the Investor Relations Charter

On January 12, 2016, the NIRI Los Angeles Chapter arranged an informative discussion led by Dr. Frank M. Hatheway, Chief Economist at Nasdaq. Following Dr. Hatheway's presentation focusing on the U.S. economy and job market, NIRI LA – in conjunction with NIRI's Fundamentals of Investor Relations conference – hosted dinner and an evening with Jim Cudahy, NIRI's president and CEO.

Nasdaq Presentation

Frank M. Hatheway, Ph.D. currently is Chief Economist of Nasdaq in Washington, D.C., where he leads the Economics & Statistical Research Department. His team is responsible for a variety of projects and initiatives in the U.S. and Europe to improve market structure, encourage capital formation, and enhance trading efficiency. Prior to joining Nasdaq, Dr. Hatheway was a finance professor at Penn State University and a researcher in market microstructure. He started his career as a short seller to pay for his doctorate.

The U.S. Economy

Moderate growth in the U.S. economy is expected to continue throughout 2016 and into 2017, according to Dr. Hatheway. In mid-December 2015, the Federal Reserve raised its key interest rate by 0.25 percent. Future increases are expected on a gradual basis. Dr. Hatheway does not expect the Fed to increase interest rates during the political primaries (February through May) because it would divert attention away from the candidates. However, he mentioned that very rarely does the Fed only raise rates one time as that could imply the initial rate hike was too soon.

Dr. Hatheway continued with an analysis of the job market and how it affects the economy. Job losses decrease consumer income and indicate either a weak job market or economic instability. There are two effects: slower income growth and slower spending growth.

Slower income growth – or the pace of a consumer's real disposable personal income – is a basic measure of a consumer's financial health. Before the 2008 recession, disposable personal income was growing at the rate of 2.8 percent per year. Since 2011, the growth rate has declined to 1.9 percent annually. This is an important driver of the economy as it is the primary determinant of consumers' spending growth.

Slower spending growth – or a consumer’s real personal consumption expenditures – is a measure of a consumer’s spending habits. While personal consumption has climbed to an all-time high, the trend has slowed from 3 percent before the recession to 2.1 percent since 2011. However, personal spending has grown as consumers pay off more debt.

State of the Job Market

The labor force population (workers age 24-54) has declined over the past 25 years. This is due to recessions, worker discouragement and early retirement, among other reasons.

Dr. Hatheway explained the Virtuous Cycle, a circular reference explaining what drives and supports economic growth. Ideally, higher wages drive increased spending which lead to profit growth which lead to higher wages and so on. However, this cycle has not taken hold as wage growth remains modest.

Finally, according to State Street, investor confidence based on trading decisions has trended up since its low in late 2012, reaching its highest level in June 2015. A fourth quarter 2015 survey of investors indicated that 51 percent identified as neutral, 25 percent were bullish and 24 % were bearish on the economy today.

NIRI CEO’s First Impressions

Jim Cudahy, president and CEO of NIRI, shared his first impressions of NIRI with the NIRI LA Chapter attendees, as well as some new members from the Fundamentals course, during a dinner at Loews Santa Monica Beach Hotel. Jim noted he is keenly aware that IR professionals:

- Are busy;
- Place a high value on networking; and
- Expect more from local chapters.

NIRI Strategy

Jim explained in detail how NIRI is applying the concept of “why” to the NIRI Strategy for 2016, focusing on **Community, Advocacy, Information and Professional Development**.

- **Community** – Why aren’t there more senior-level programs? Why can’t we grow membership more? Why do people engage with NIRI?
- **Advocacy** – Why can’t we get the SEC to change the antiquated 13F regulation? Why do proxy advisors have no oversight?
- **Information** – Why do members look to NIRI for information? Why don’t we do more with our research capability? Why isn’t the NIRI website better? (Note: The NIRI website – www.niri.org – was redesigned and launched last month.)
- **Professional Development** – Why can’t we do more at the senior level? Why don’t we draw on resident expertise?

Jim made it clear that he and the entire NIRI staff are engaged and excited about the goals and strategy for 2016.

Investor Relations Charter

In addition to his enthusiasm for the year ahead, attendees could feel the pride and jubilant anticipation when Jim presented an overview of NIRI's Investor Relations Charter (IRC) program. Defining the IR profession, establishing a benchmark of competence and creating a career path are three of the main benefits of the IRC. NIRI members and fellows created the *Body of Knowledge*, a reference book covering 10 disciplines within 11 chapters intended for use as a study guide for the IRC.

Already there are more than 60 individuals signed up to take the inaugural exam in March. The next testing window is in September 2016. For more information on IRC, including eligibility requirements and testing locations, please visit <https://www.niri.org/certification>. A list of southern California testing locations is included at the end of this article.

Next NIRI LA Event

If you missed this dual event, we hope to see you on February 16 at the California Club. Check www.nirila.org for full details on the February joint event with NACD and our full schedule of winter and spring program events.

NIRI LA Sponsors:



List of Testing Sites for NIRI Investor Relations Charter Examination

<http://online.goamp.com/CandidateHome/displayTCList.aspx?pExamID=21603>

Long Beach, California
Beach Business Center
5150 E. Pacific Coast Highway
Suite 200
Long Beach, CA 90804

Chino, California
H&R Block
3926 Grand Avenue
Suite H
Chino, CA 91710

Upland, California
H&R Block
817 W. Foothill Blvd.
Upland, CA 91786

Monrovia, California
H & R Block Office
510 W. Huntington Drive
Suite B
Monrovia, CA 91016

Los Angeles (Glendale), California
H&R Block Office
306 South Brand Blvd.
Glendale, CA 91204

Van Nuys, California
H & R Block Office
14519 Vanowen Street
Van Nuys, CA 91405

Santa Maria, California
H & R Block Office
1954 S. Broadway
Santa Maria, CA 93454