

October 11, 2013

The Carlyle Group Releases Proprietary U.S. Economic Indicators Derived from Data of Portfolio of 200 Companies to Fill Gap Left by Government Shutdown

Data are Proxy for Retail Sales, CPI, New Residential Construction, Durable Goods Orders and GDP

Data Show: CPI up 1.5% YoY in September; GDP up 1.7% in Q3 2013

WASHINGTON--(BUSINESS WIRE)-- Global alternative asset manager [The Carlyle Group](#) (NASDAQ: CG) today released certain proprietary U.S. economic indicators derived from data gathered from its global portfolio of more than 200 companies that Carlyle believes serve as a reliable proxy for U.S. official data that are not currently reported due to the government shutdown.

Carlyle data are consistent with:

- Retail Sales: up 0.25% in September
- Consumer Price Index: up 1.5% YoY in September
- New Residential Construction: 913,000 housing starts annualized in September
- Durable Goods Orders: \$68.6 billion in September
- GDP: up 1.7% in Q3 2013

Carlyle Chief Economist Jason Thomas, PhD., said, "Our economic indicators identify trends and inflection points to help us make better investment decisions. However, several of our monthly data series are highly correlated with, and therefore may serve as reliable proxies for, U.S. official data that are not currently reported due to the government shutdown."

Over the past several years, Carlyle has developed its own proprietary economic indicators from its global portfolio of more than 200 companies. The firm gathers company data — orders, shipments, occupancy rates, etc. — most synchronized with macroeconomic series like GDP, retail sales and industrial production. Carlyle then formally calibrates these data to official series to estimate, for example, what a 1% increase in telecom equipment orders means for overall business spending.

Details on Each Category of Data:

September Retail Sales

If the Federal Government were open, on Friday, October 11, the Census Bureau would have reported September retail sales. Our data suggest that September retail sales increased at a 0.25% monthly rate in September. This estimate is based on appliance production data derived from a U.S.-based Carlyle portfolio company.

Durable goods spending explains much of the observed variation in total retail sales because the timing of these big ticket purchases is extremely sensitive to consumer confidence. Over the past 33 months, the correlation between the monthly variation in our portfolio company's data and official government retail sales data has been 77.5%. This 0.25% gain follows a 0.2% increase in August and a 0.4% gain in July. Overall, we estimate retail sales are expanding at a 2.6% annual growth rate in real terms.

September Consumer Price Index (CPI)

If the Federal Government is still closed on Wednesday, October 16 the Bureau of Labor Statistics will not report the September Consumer Price Index (CPI). Our data suggest that September CPI was 1.55% higher than in September 2012. This estimate is based on U.S. portfolio data on monthly changes in input prices and transportation costs. Over the last 33 months, the monthly variation in our index of input and transportation costs has explained 79.8% of the variation in the CPI.

September New Residential Construction

If the Federal Government is still closed on Thursday, October 17 the Census Bureau will not report September New

Residential Construction. Our data suggest that housing starts are running at a 913,000 annual rate. This estimate is based on demand for lumber used in housing construction taken from a U.S.-based Carlyle portfolio company. Over the last 57 months, Carlyle's proprietary indicator has been 94% correlated with official housing starts.

September Durable Goods Orders

If the Federal Government is still closed on Friday, October 25 the Census Bureau will not report September Durable Goods Orders. Our data suggest that core capital goods orders increased by 6.6% year/year to \$68.6 billion. This estimate is based on telecommunications orders received by a U.S.-based Carlyle portfolio company. Orders for telecommunications equipment and infrastructure are extremely sensitive to overall business confidence and capital spending trends. Over the past 57 months, the variation in enterprise sales has been 80.8% correlated with the variation in core capital spending by businesses.

Q3-2013 GDP

If the Federal Government is still closed on Wednesday, October 30 the Bureau of Economic Analysis will not report Q3-2013 GDP. Our data suggest that U.S. GDP expanded at a 1.7% annual rate in Q3-2013. This estimate is based on the total number of cargo containers "lifted" on or off rail cars at more than 50 facilities across the U.S. and Mexico. Cargo container volumes track gross domestic shipments and trade volumes and have been 80.2% correlated with U.S. real GDP over the past 93 months.

About The Carlyle Group

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with \$180 billion of assets under management across 118 funds and 81 fund of funds vehicles as of June 30, 2013. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments — Corporate Private Equity, Real Assets, Global Market Strategies and Global Solutions — in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,400 people in 34 offices across six continents.

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