KING STREET ECONOMICS

Use case: Analyzing the impact of interest rate changes on construction supply sales

Case:

A.B.C. Materials supplies wood, siding, and other construction materials. They want to understand how much interest rate shifts affect their business, to better capitalize on rate decreases and prepare for rate increases.

Approach without King Street Economics:

A.B.C. relies on general economic news. Leadership monitors headlines about rate hikes or cuts and looks at their sales reports to see if there's a noticeable change. Occasionally, they consult industry newsletters or trade associations for guidance. Strategic decisions are made based on experience and intuition.

Problems with this approach:

- This approach doesn't quantify the impact of interest rate changes on A.B.C. Materials' sales, making it difficult to forecast or budget with confidence
- By the time sales data shows a downturn, it's too late to adjust inventory or staffing
- Sales dips could be due to interest rates, weather, or seasonal patterns—they can't disentangle the causes
- Without knowing when rate cuts are likely to boost demand, they may underinvest in inventory or marketing.

How King Street Economics could help this firm:

- Estimate how interest rate changes affect A.B.C.'s sales over time using historical sales and macroeconomic data and controlling for seasonality and external factors
- Build a model that allows A.B.C. to simulate how upcoming rate changes might influence demand in the next 3–6 months
- Translate model results into recommendations to help A.B.C. time purchases, set sales targets, and align marketing or hiring strategies based on likely interest rate scenarios
- Present results in a clear, easy to digest report with an accompanying slide deck to help executives make informed decisions

Want to find ways you might be leaving money on the table?

Email contact@kingstreeteconomics.com to schedule a free consultation.