



Economic Forecast

First Quarter 2020

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Welcome, 2020! I hope that this new decade will be much like the last one when it comes to continual economic growth, low interest rates, low inflation, and strong financial markets.

Rates

Interest rates fell throughout 2019, hitting lows in late summer, before rebounding slowly as we approached year-end. Longer-term interest rates fell very dramatically and reached a point where they were lower than short-term rates for several months, which is also known as an inverted yield curve. Most market participants have seen inverted yield curves presage recession by about twelve to eighteen months. The Fed got caught up in the action and lowered short-term rates three times last year, by a total of .75%, which was a quick and appropriate response to an inverted yield curve and perceived economic weakness. Interest rates fell because the markets thought recession was coming; now, I believe rates won't be able to rise substantially until we enter and emerge from the inevitable recession someday. However, I don't believe it will happen this year.



In December, 2019, the Federal Reserve announced their intention to keep the Federal Funds rate unchanged at the range of 1.50% to 1.75% for all of 2020 and to “stay on the sidelines” for the 2020 Presidential election. The Fed will, however, conduct a mid-year review and check on the economy and inflation, the latter of which they are desperate to see rise. They will take action if needed. Many including myself believe that the Fed fended off recession until 2021 or 2022 with their rate cuts in 2019, which caused money supply growth to improve to a stronger +7.0% pace.

What happens if the economy slows too much, inflation falls, and we are at risk of recession? What tools does the Fed have to ease monetary policy if rates are already this low? They have the Fed Funds rate, quantitative easing, or “QE,” which is the buying of bonds, forward guidance, caps on short-term rates, lending programs and repo, and negative interest rates. OMG, negative rates? Yes, in theory, they seem okay, but in all practicality, there have been issues with them. Imagine paying someone to hold your money, but getting paid to borrow money. Let’s hope we do not get there.

GDP- Consumers, Businesses, and Government

I think 2020 will shape up to be a year where the economy continues to grow slowly, without recession; my estimate for real GDP growth is +2.1% for 2020 and this will be close to the average of the past ten years of +2.2%. Speaking of the past ten years, we are at month 127 of the longest economic expansion on record, which started in June, 2009. Most economists’ and the Federal Reserve’s 2020 GDP projections are between +1.8% and +2.0%. This follows growth of an estimated +2.3% in 2019 and +2.9% in 2018.

GDP is the sum of three main components of activity: consumer spending, business investment, and government spending. Consumer spending accounts for 68% of the economy and is

benefiting from 50-year lows in the unemployment rate of 3.5%. Job growth has been strong most of the time and wage gains have been steady, with most of 2019 above +3.0% on a year-over-year basis. Job openings of 6.80 million exceed the 5.75 million of unemployed persons, making it a job seeker’s market. While I think consumer spending will slow slightly during 2020, it will still come in at an estimated nominal rate of +3.1%, which is a strong pace. Stock markets had a tremendous year in 2019 and some of the spending came from the wealth effect. I wouldn’t expect outsized gains again in 2020, but I try to sidestep any projections for stocks.

Housing is showing signs of rebounding from a slow period in 2019. Housing starts and new and existing home sales are stronger as we enter 2020. Year-over-year national home price changes are still in the +2.0% to +5.0% range, while Bucks and Montgomery County rates are at +1.9% and +2.2%, respectively, in the fourth quarter of 2019. Actual sales of homes, both nationally and locally, are lower than the prior year, due to reduced inventories of homes on the market.

Business investment will benefit from the new trade deals with China and the easing of trade tensions with them and other countries, which is a boost to business confidence. There should be improvement in the trade deficit as the trade tensions and tariffs are eventually resolved. Some industries struggled during 2019, including automakers, retail stores, semiconductors and personal computers, and energy/fracking, but their fortunes should improve this year. Even Boeing is expected to improve its impact on durable goods orders in 2020. Capacity utilization and corporate profits are weak, which will limit business and capital expenditures. The business sector, accounting for 17% of GDP, should grow by a nominal rate of +3.0% in 2020, which is substantially higher than the pace of 2019, when business spending sank in response to the trade wars. In our local region, the Federal Reserve describes business activity as “modest” and the Philly Fed index has

strengthened as we enter 2020.

Government spending will continue at the same frantic pace of +4.0% nominally in 2020. Government officials are planning similar high spending levels in 2020. Government spending is 17% of GDP, roughly equal to business' percentage of the economy, and the deficit for fiscal 2020 is expected to top \$1 trillion! OMG! All of these projections support a nominal GDP projection of +3.5% for 2020, with a real (after inflation) GDP estimate of +2.1%.

Inflation

By most measures, inflation is low and under control. Low inflation and weaker economic growth are the primary reasons that interest rates fell during 2019, coupled with volatile stock markets at the end of 2018 when the Federal Reserve learned hard lessons about raising rates too much. Some economists began to worry about a recession last year, due to the Fed tightening campaign, the trade war's negative effects, and the severe drop in business confidence. So, with a deteriorating outlook early in 2019, inflation and inflationary expectations fell. Core personal consumption expenditures, or "PCE," the Fed's preferred measure of inflation excluding food and energy prices, is projected at +1.7% to +1.9% in 2020. I think it could be even lower, as inflation struggles. It has gone nowhere in 2019 and probably will go nowhere again in 2020.

Forecast

Here's my forecast for 2020, but remember, it only takes one crazy thing to change everything. Current events like the Iran tensions, the impeachment proceedings, the 2020 presidential election, Brexit, China and trade wars, and Federal Reserve actions can quickly impact sentiment and confidence and change even the best forecasts. But for now, I'm going with this for 2020: GDP at +2.1%, core inflation under +2.0%, Fed Funds with no change, 10-year Treasury yield at or near 2.0%, no recession, low volatility, and high persistent debt levels. And it could be a happy year as Rod Stewart returns for a concert! But I am noticing the big-name concerts are all in Hershey this year; what is up with that, Philadelphia?

Thanks for reading! Here We Grow!



Here We Are. & Here We Grow.



Economic Projections of the Federal Reserve

December 11, 2019

Central Tendencies:

Real GDP 2019= 2.1% to 2.2; 2020= 2.0% to 2.2%; 2021= 1.8% to 2.0%;
2022= 1.8% to 2.0%

(Dec, 2018 was: 2019= 2.3% to 2.5%; 2020= 1.8% to 2.0%; 2021=
1.5% to 2.0%)

Unemployment Rate 2019= 3.5% to 3.6%; 2020= 3.5% to 3.7%; 2021= 3.5%
to 3.9%; 2022= 3.5% to 4.0%

(Dec, 2018 was: 2019= 3.5% to 3.7%; 2020= 3.5% to 3.8%; 2021=
3.6% to 3.9%)

PCE Inflation 2019= 1.4% to 1.5%; 2020= 1.8% to 1.9%; 2021= 2.0% to 2.1%;
2022= 2.0% to 2.2%

(Dec, 2018 was: 2019= 1.8% to 2.1%; 2020= 2.0% to 2.1%; 2021=
2.0% to 2.1%)

Core PCE Inflation (ex food & energy) 2019= 1.6% to 1.7%; 2020= 1.9% to
2.0%; 2021= 2.0% to 2.1%; 2022= 2.0% to 2.2%

(Dec, 2018 was: 2019= 2.0% to 2.1%; 2020= 2.0% to 2.1%; 2021=
2.0% to 2.1%)

Fed Funds Rate 2019= 1.6% to 1.6%; 2020= 1.6% to 1.9%; 2021= 1.6% to
2.1%; 2022= 1.9% to 2.6%

(Dec, 2018 was: 2019= 2.6% to 3.1%; 2020= 2.9% to 3.4%; 2021=
2.6% to 3.1%)

Medians:

Real GDP 2019= 2.2%; 2020= 2.0%; 2021= 1.9%; 2022= 1.8%

Unemployment Rate 2019= 3.6%; 2020= 3.5%; 2021= 3.6%; 2022= 3.7%

PCE Inflation 2019= 1.5%; 2020= 1.9%; 2021= 2.0%; 2022= 2.0%

Core PCE Inflation 2019= 1.6%; 2020= 1.9%; 2021= 2.0%; 2022= 2.0%

Fed Funds Rate 2019= 1.6%; 2020= 1.6%; 2021= 1.9%; 2022= 2.1%

Inflationary Expectations That Are Built into the Markets:

Treasury Inflation Expectations:	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
10-year Treasury Yield	1.73%	3.03%	2.18%	2.27%	2.44%	2.40%	2.68%	1.92%
10-year Treasury TIPS Yield	-0.78%	0.76%	0.47%	0.71%	0.50%	0.45%	0.97%	0.13%
Implied Inflationary Expectation	2.51%	2.27%	1.71%	1.56%	1.94%	1.95%	1.71%	1.79%

Following Are Our Clues as to Whether the Fed Will Ease or Keep Interest Rates Low:

	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Sep-19
1) moderating inflationary expectations/leading indicators	yes	yes	yes	yes	mixed	mixed	yes	yes
2) any meaningful rise in unemployment or loss of jobs	no	no	no	no	no	no	no	no
3) moderating labor costs	yes	yes	yes	yes	yes	mixed	no	yes
4) decent productivity growth	no	no	yes	no	no	no	no	no
5) economic growth that slips below 2%-2.5% potential	yes	yes	no	yes	yes	yes	no	no
6) a financial market crisis of some type	no	no	no	no	no	no	mixed	no
7) housing (existing homes) weak- inventory>6 mos	no-4.5mo	no-5.0mo	no-5.1mo	no-4.8mo	no-4.0mo	no-3.2mo	no-3.9mo	no-3.7mo
8) statements by the Fed promising easing	yes-U3+inflat	yes-U3+inflat	yes-U3+inflat	no-raised rts	no-raised rts	no-raised rts	no-raising rts	no-neutral

Housing Market Indices:

- CaseShiller 20 City Index Oct yoy +2.2%, Sep yoy +2.1%, Aug yoy +2.0%, July yoy +2.0%; index at new high vs Jul, 2006 peak; +62.9% from Mar, 2012 low
- FHFA Index Oct yoy +5.0%, Sep yoy +5.2%, Aug yoy +4.8%, July yoy +5.1%; index at new high vs Apr, 2007 peak; +57.2% from Mar, 2011 low
- CoreLogic Home Px Index Nov yoy +3.7%, Oct yoy +3.3%, Sep yoy +3.3%, Aug yoy +3.3%; index at new high vs Apr, 2006 peak; +62.9% from Mar, 2011 low

- Fed Z.1 HH NetWorth:

4Q13 \$82.5 trill; 4Q14 \$88.2 trill; 4Q15 \$91.1 trill; 4Q16 \$96.8 trill; 4Q17 \$105.5 trill; 4Q18 \$106.2 trill; 3Q19 \$113.8 trillion

Penn Community Bank Rate & Market History:

									Change 2018	Change 2019	
Bond Market Yields:		31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	12/18 vs 12/17	12/19 vs 12/18
Treasuries:	3 month	0.03%	0.06%	0.04%	0.15%	0.50%	1.38%	2.45%	1.54%	1.07%	-0.91%
	6 month	0.10%	0.09%	0.11%	0.46%	0.61%	1.53%	2.55%	1.58%	1.02%	-0.97%
	1 year	0.14%	0.11%	0.20%	0.58%	0.81%	1.73%	2.62%	1.57%	0.89%	-1.05%
	2 year	0.25%	0.38%	0.67%	1.06%	1.19%	1.88%	2.49%	1.57%	0.61%	-0.92%
	3 year	0.35%	0.77%	1.09%	1.33%	1.45%	1.97%	2.46%	1.61%	0.49%	-0.85%
	5 year	0.72%	1.74%	1.67%	1.77%	1.93%	2.21%	2.51%	1.69%	0.30%	-0.82%
	10 year	1.73%	3.03%	2.18%	2.27%	2.44%	2.40%	2.68%	1.92%	0.28%	-0.76%
	30 year	2.91%	3.97%	2.76%	3.02%	3.06%	2.74%	3.01%	2.39%	0.27%	-0.62%
Fed Funds Target Rate (average):		0.13%	0.13%	0.13%	0.38%	0.63%	1.38%	2.38%	1.63%	1.00%	-0.75%
LIBOR Rates:	1 month	0.21%	0.17%	0.17%	0.43%	0.77%	1.57%	2.52%	1.78%	0.95%	-0.74%
	3 month	0.31%	0.25%	0.26%	0.61%	1.00%	1.69%	2.80%	1.91%	1.11%	-0.89%
	6 month	0.51%	0.35%	0.36%	0.84%	1.32%	1.84%	2.87%	1.91%	1.03%	-0.96%
	12 month	0.84%	0.58%	0.63%	1.17%	1.69%	2.11%	3.01%	2.00%	0.90%	-1.01%
FNMA Mortgage Posted Yields (30 day):											
	15 year	2.16%	3.10%	2.61%	2.77%	2.90%	2.92%	3.53%	2.66%	0.61%	-0.87%
	30 year	2.85%	4.15%	3.40%	3.58%	3.68%	3.51%	4.12%	3.29%	0.61%	-0.83%
Indicative Treasury yield curve spreads:											
	2 year minus 3 month	0.22%	0.32%	0.63%	0.91%	0.69%	0.50%	0.04%	0.03%	-0.46%	-0.01%
	5 year minus 2 year	0.47%	1.36%	1.00%	0.71%	0.74%	0.33%	0.02%	0.12%	-0.31%	0.10%
	10 year minus 3 month	1.70%	2.97%	2.14%	2.12%	1.94%	1.02%	0.23%	0.38%	-0.79%	0.15%
	10 year minus 2 year	1.48%	2.65%	1.51%	1.21%	1.25%	0.52%	0.19%	0.35%	-0.33%	0.16%
Indicative FNMA mortgage posted yield spreads:											
	15 year minus 5 year Treas	1.44%	1.36%	0.94%	1.00%	0.97%	0.71%	1.02%	0.97%	0.31%	-0.05%
	30 year minus 10 year Treas	1.12%	1.12%	1.22%	1.31%	1.24%	1.11%	1.44%	1.37%	0.33%	-0.07%
Stock Market Indices:											
	Dow Jones	13,104.14	16,576.70	17,823.07	17,425.03	19,762.60	24,719.22	23,327.46	28,538.44	-1,391.76	5,210.98
	S&P 500	1,402.43	1,848.36	2,058.90	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78	-166.76	723.93
	Nasdaq	3,019.51	4,176.59	4,736.05	5,007.41	5,383.12	6,903.39	6,635.28	8,972.604	-268.11	2,337.32



Selected Economic Data Releases

(in about the past month) which show:

Strength & Tendency Toward Higher Rates

- Unemployment Rate Dec 3.5%, Nov 3.5%, Oct 3.6%, Sep 3.5%, Aug 3.7%
- Bucks County Unemployment Rate Nov 3.7%, Oct 3.9%, Sep 3.5%, Aug 4.0%
- Montgomery County Unemployment Rate Nov 3.4%, Oct 3.6%, Sep 3.3%, Aug 3.7%
- ADP Payrolls Dec +202,000, Nov +124,000, Oct +121,000, Sep +93,000
- Payroll Employment Dec +145,000, Nov +256,000, Oct +152,000, Sep +193,000
- Private Co Payrolls Dec +139,000, Nov +243,000, Oct +164,000, Sep +183,000
- Household Employment Dec +267,000, Nov -8,000, Oct +246,000, Sep +403,000
- Civilian Labor Force Dec +209,000, Nov -54,000, Oct +350,000, Sep +157,000
- Unemployed Persons Dec -58,000, Nov -46,000, Oct +104,000, Sep -246,000
- Job Leavers Dec 14.5%, Nov 13.3%, Oct 14.4%, Sep 14.6%, Aug 13.0%
- Those Not in Labor Force Dec -48,000, Nov +229,000, Oct -143,000, Sep +49,000
- Labor Force Participation Rate Dec 63.2%, Nov 63.2%, Oct 63.3%, Sep 63.2%
- Average Hourly Earnings Dec \$28.32, Nov \$28.29, Oct \$28.20, Sep \$28.12; yoy +2.9%
- Job Openings JOLTs Oct 7.267mln, Sep 7.032mln, Aug 7.301mln, Jul 7.217mln
- Job Openings Rate Oct 4.6%, Sep 4.4%, Aug 4.6%, Jul 4.5%
- Quit Rate Oct 2.3%, Sep 2.3%, Aug 2.4%, Jul 2.4%
- HHNW 3Q19 \$113.8trill, 2Q19 \$113.3trill, 1Q19 \$111.4trill, 4Q18 \$106.2trillion
- Real Final Sales 3Q19 +2.1%, 2Q19 +3.0%, 1Q19 +2.6%, 4Q18 +1.0%, 3Q18 +.8%
- Retail Sales Nov +.2%, Oct +.4%, Sep -.4%, Aug +.6%, Jul +.7%
- Personal Income Nov +.5%, Oct +.1%, Sept +.3%, Aug +.5%, Jul +.1%
- Personal Spending Nov +.3%, Oct +.1%, Sep +.2%, Aug +.2%, Jul +.5%
- Personal Savings Rate Nov 7.9%, Oct 7.8%, Sep 8.1%, Aug 7.9%, Jul 7.8%
- Consumer Confidence Dec 126.5, Nov 126.8, Oct 126.1, Sep 126.3, Aug 134.2
- Bloomberg Consumer Comfort Index Dec 62.3, Nov 60.5, Oct 61.0, Sep 62.0
- NAHB/Wells Homebuilder Index Dec 76, Nov 71, Oct 71, Sep 68, Aug 67
- Case Shiller 10 City Oct yoy +1.7%, Sep yoy +1.5%, Aug yoy +1.5%
- Case Shiller 10 City Oct new high, +57.8% from low
- Case Shiller 20 City Oct yoy +2.2%, Sep yoy +2.1%, Aug yoy +2.0%
- Case Shiller 20 City Oct new high, +62.9% from low
- FHFA Home Px Oct yoy +5.0%, Sep yoy +5.2%; from low +57.2%
- CoreLogic Home Px Nov yoy +3.7%, Oct yoy +3.3%; +62.9% from low
- New Home Sales Nov +1.3%, Oct -2.7%, Sep +4.5%; annual 719,000
- Inventory Unsold New Homes Nov 5.4mos, Oct 5.5mos, Sep 5.3mos, Aug 5.5mos
- Median Sales Price New Homes Nov \$330,800; yoy +7.2%
- Pending Home Sales NAR Nov +1.2%, Oct -1.3%, Sep +1.4%, Aug +1.4%; yoy +5.6%
- Housing Starts Nov +3.2%, Oct +4.5%, Sep -7.9%, Aug +15.1%; annual 1,365,000
- Building Permits Nov +1.4%, Oct +5.0%, Sep -2.4%, Aug +8.2%; annual 1,482,000
- Median Sales Price Existing Homes Nov \$271,300; yoy +5.4%
- Inventory Unsold Existing Nov 3.7mos, Oct 3.9mos, Sep 4.1mos, Aug 4.0mos
- Construction Spending Nov +.6%, Oct +.1%, Sep +.7%, Aug +1.1%
- NFIB Small Business Optimism Nov 104.7, Oct 102.4, Sep 101.8, Aug 103.1
- Agriculture Prices Nov +4.6%, Oct -2.6%, Sep -3.9%, Aug +.8%; yoy +.2%
- Risk of Recession Nov 10%, Oct 9%, Sep 11%, Aug 13%, Jul 13%
- Industrial Production Nov +1.1%, Oct -.9%, Sep -.3%, Aug +.8%, Jul -.1%
- Manufacturing Production Nov +1.1%, Oct -.7%, Sep -.7%, Aug +.7%, Jul -.4%
- ISM Prices Paid Dec 51.7, Nov 46.7, Oct 45.5, Sep 49.7, Aug 46.0
- ISM NonManuf Index Dec 55.0, Nov 53.9, Oct 54.7, Sep 52.6, Aug 56.4
- ISM NonManuf Prices Pd Dec 58.5, Nov 58.5, Oct 56.6, Sep 60.0, Aug 58.2
- Philly Fed Prices Paid Dec 19.0, Nov 7.8, Oct 16.8, Sep 33.0, Aug 12.8
- Philly Fed Backlogs Dec 10.4, Nov 6.0, Oct 18.8, Sep 17.6, Aug 9.1
- Vehicle Sales Wards Dec 16.7mln, Nov 17.09mln, Oct 16.55mln, Sep 17.19mln
- Vehicle Sales 2019= 16.97mln, 2018= 17.21mln, 2017= 17.14mln, 2016= 18.29mln
- CRB Index 12/31/19=186.92, 12/31/18=169.80, 12/31/17=193.86, 12/31/16=192.51
- Gas AAA 12/31/19=\$2.58,12/31/18=\$2.29,12/31/17=\$2.49,12/31/16=\$2.20;yoy+13.7%
- Crude Oil 12/31/19=\$61.77, 12/31/18=\$45.41, 12/31/17=\$60.27, 12/31/16=\$53.72

Weakness & Tendency Toward Lower Rates

- Augmented Unemployment Rate Dec 6.2%, Nov 6.3%, Oct 6.3%, Sep 6.3%, Aug 6.6%
- Average Workweek Dec 34.3, Nov 34.3, Oct 34.3, Sep 34.4, Aug 34.4
- Pool of Available Workers Dec 10.585mln, Nov 10.643mln, Oct 10.613mln, Sep 10.614mln
- Soc Sec Disability Nov 8,405,018, Oct 8,418,050, Sep 8,432,876, Aug 8,442,547
- FIBER Leading Inflation Index Nov 82.9, Oct 82.5, Sep 82.3, Aug 82.4
- FIBER Leading Inflation yoy chg Nov -2.1%, Oct -3.5%, Sep -3.2%, Aug -3.5%
- Employment Cost Index 2Q19 +.6%, 1Q19 +.7%, 4Q18 +.7%, 3Q18 +.8%, 2Q18 +.6%
- ECI Compensation yoy 2Q19 +2.7%, 1Q19 +2.8%, 4Q18 +2.9%, 3Q18 +2.8%, 2Q18 +2.8%
- Leading Economic Indics Nov no chg, Oct -.2%, Sep -.2%, Aug -.2%
- LEI 6 mos annualized Nov -.4%, Oct -.4%, Sep no chg, Aug +.5%
- Real GDP 3Q19 +2.1%, 2Q19 +2.0%, 1Q19 +3.1%, 4Q18 +1.1%, 3Q18 +2.9%
- Real GDP 2018 +2.9%, 2017 +2.2%, 2016 +1.6%, 2015 +2.9%, 2014 +2.5%
- GDP PxDeflator 3Q19 +1.7%, 2Q19 +2.6%, 1Q19 +.8%, 4Q18 +1.8%, 3Q18 +1.8%
- Core PCE 3Q19 +2.1%, 2Q19 +1.9%, 1Q19 +1.1%, 4Q18 +1.7%, 3Q18 +1.6%
- InvChgGDP 3Q19 +\$69.4bill, 2Q19 +\$69.4bill, 1Q19 +\$116.0bill, 4Q18 +\$93.0billion
- Corp Profits 3Q19 -.2%, 2Q19 +3.8%, 1Q19 -3.8%, 4Q18 -.9%, 3Q18 +2.3%
- Corp Profits 2018 +7.5%, 2017 +3.2%, 2016 -.1%, 2015 -3.0%
- Consumer Credit Nov +\$12.51bill, Oct +\$18.98bill, Sep +\$9.58bill, Aug +\$17.84billion
- PPI Nov no chg, core -.2%, yoy no chg, core +1.1%
- CPI Nov +.3%, core +.2%; yoy +2.1%, core +2.3%
- Trade Deficit Nov -\$43.1 bill, Oct -\$46.9 bill, Sep -\$51.1 bill, Aug -\$53.5 billion
- US Govt Budget Deficit Nov -\$208.8 bill, Oct -\$134.5 bill, Sep surp \$82.8 bill, Aug -\$200.3 billion
- US Govt Budget Deficit fiscal 2019= -\$984.0bill, 2018= -\$779.0bill, 2017= -\$666.0billion
- Nat'l Debt/GDP 3Q19 105.5%, 2Q19 103.2%, 1Q19 104.7%, 4Q18 105.3%, 3Q18 104.2%
- NonFarm Productivity 3Q19 -.2%, 2Q19 +2.5%, 1Q19 +3.5%, 4Q18 +1.1%
- Unit Labor Costs 3Q19 +2.5%, 2Q19 +.1%, 1Q19 +5.7%, 4Q18 +.6%
- Homeownership Rate 3Q19 64.8%, 2Q19 64.1%, 1Q19 64.2%, 4Q18 64.8%
- CoreLogic Negative Equity 2Q19 3.8% 2.1 mln homes; 1Q18 4.7% 2.5 mln homes
- MBA 90+ Delinq 3Q19 3.97%, 2Q19 4.53%, 1Q19 4.42%, 4Q18 4.06%, 3Q18 4.47%
- Existing Home Sales Nov -1.7%, Oct +1.5%, Sep -2.5%; annual 5.35 million
- St. Louis Fin'l Stress Index Dec -1.40, Nov -1.38, Oct -1.29, Sep -1.27, Aug -1.27
- Moody's CMBS Delinq 60+days Nov 2.93%, Oct 3.10%, Sep 3.12%, Aug 3.30%
- Business Sales Oct -.1%, Sep -.4%; Inventories Oct +.2%, Sep -.1%
- Empire St NY Fed Index Dec 3.5, Nov 2.9, Oct 4.0, Sep 2.0, Aug 4.8
- Philly Fed Index Dec .3, Nov 10.4, Oct 5.6, Sep 12.0, Aug 16.8
- Durable Goods Orders Nov -2.1%, Oct +.2%, Sep -1.5%, Aug +.2%
- Capacity Utilization Nov 77.3, Oct 76.6, Sep 77.4, Aug 77.9, Jul 77.5
- Cass Trucking Shipments Nov -2.4%, Oct -3.9%, Sep +.8%, Aug +1.6%; yoy -3.3%
- ISM Index Dec 47.2, Nov 48.1, Oct 48.3, Sep 47.8, Aug 49.1
- ISM Backlogs Dec 43.3, Nov 43.0, Oct 44.1, Sep 45.1, Aug 46.3
- ISM Non Manuf Backlogs Dec 47.5, Nov 48.5, Oct 48.5, Sep 54.0, Aug 49.0
- ISM NY Dec 39.1, Nov 50.4, Oct 47.7, Sep 42.8, Aug 42.8, Aug 50.3
- Factory Orders Nov -.7%, Oct +.2%, Sep -.8%, Aug -.1%, Jul +1.4%
- Factory Backlogs Nov -.4%, Oct no chg, Sep no chg, Aug +.1%, Jul +.1%
- Moody's Beige Book Index Nov 69.4, Oct 72.2, Sep 86.1, Jul 94.4, Jun 88.9
- Import Prices Nov +.2%, Oct -.5%, Sep Sep +.1%, Aug -.5%; yoy -1.3%
- Bankruptcy Filings yoy 3Q19 +1.6%, 2Q19 +.2%, 1Q19 -.2%, 4Q18 +.1%
- CoStar Com'l Prop GC Nov -.4%, Oct +1.1%, Sep +.13%, Aug +1.3%, Jul no chg
- CoStar Com'l Prop GC yoy Nov +6.0%, Oct +8.1%, Sep +7.3%, Aug +4.7%, Jul +3.2%
- FDIC Problem Banks 3Q19= 55, 2Q19= 56, 1Q19= 59, 4Q18= 60, 3Q18= 71
- DXY Dollar Index 12/31/19=96.70, 12/31/18=96.17, 12/31/17=92.12, 12/31/16=102.21



Our Mission and Values

Penn Community Bank is committed to being a trusted financial services provider while maintaining our core values of integrity, transparency, service, and putting the community first. We work to:

- Help businesses grow and prosper
- Support individuals and families throughout their lifetimes
- Strengthen our local economy
- Partner with local organizations to improve quality of life



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