Financial Markets & Economic Update by Dorothy Jaworski

Second Quarter 2021

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"The more things change, the more they remain the same."
- Jean-Baptiste Alphonse Karr

The past year can only be described as a rollercoaster ride during this pandemic. Rotating lockdowns had been the norm for most of 2020 and hit again in the first quarter of this year. And now, many countries around the world and many US states, including Pennsylvania, are removing restrictions, while others add restrictions. Are there any bets on when the next lockdown goes into effect? In terms of Covid-19, we see the tide turning and have reason for optimism, but it is like a cloud that hovers over our lives. The economy did great in recovering from the lockdowns, thanks to massive stimulus, or relief, monies approved by the federal government for payments to individuals and businesses. How can we not be optimistic when GDP rose +6.4% in the first quarter of 2021? It may be a temporary high, but we will take it for now.

The financial markets have been worrying about inflation since the beginning of 2021. Longer-term yields rose by .50% to .70% on five to ten year Treasuries and mortgages in a matter of months, as the obsession with inflation took center stage. The markets saw all the stimulus, the prospects for strong growth this year, and the accommodative Fed who might be forced to tighten and reduce their bond buying, which is currently

$120 billion per month. The Fed claims raising rates is years away and bond buying will continue at least through this year. There now seem to be two camps- runaway inflation that lasts and transitory inflation that fades. Who wins?

The Great Inflation Debate

The Federal Reserve learned an important lesson as they tightened policy and raised interest rates from 2016 to 2019. They were afraid inflation was going to take off, however, it never did. Why? There are structural issues underlying our economy that continue to hold back growth- high debt levels, technological change, and supply chain logistics, which all kept inflation in check. In 2020, the Fed changed their policy to raise rates to suppress inflation only when it actually appears and runs higher than their target for a long period of time and not based on projected inflation.

So, is there an inflation threat or not? The markets seem to think the threat is there as they raise long-term rates. They point to the recent government relief bill of $900 billion in December and another package of $1.9 trillion passed in March, not to mention last year's $2.2 trillion. That's a lot of "stimulus" for an economy that is recovering on its own and a classic recipe for inflation, which is too much money chasing too few goods.

Admittedly, there are supply chain issues and lower than normal inventories. Inventories are very low right now for semiconductor chips, steel, lumber, and cotton. Think back to last year's supply disruptions of meat, some food items, cleaning supplies, and toilet paper. An event in March, 2021, may change the way companies rely on international shipping. A large container ship bound from Asia became stuck in the Suez Canal, disrupting worldwide supplies for weeks, as 500 vessels had to wait for it to be moved or sail around Africa. The major costs of this event started many companies thinking about bringing production home or lining up several supply lines. Also, consider that many supply chain troubles originated from China and Taiwan and they lost market share during the height of the pandemic in 2020. Their goal is to reclaim that share and the way they will do it is lower prices. We've also seen a stronger US dollar in 2021, so that would also make imports cheaper and keep prices lower.

Just a word on "too much money chasing too few goods." The money supply, measured by M2, rose sharply in 2020, by +19.4%, compared to +5.1% in 2019. What is often overlooked is the velocity of money. Weakening velocity levels have been blamed for slow growth from 2010 to 2020. While M2 was charging ahead, velocity was plunging, down -16.8% in 2020 to 1.19, compared to 1.43 at the end of 2019. Velocity is now at the lowest level since 1946 and is too weak for inflation to become ingrained.

The 10 year Treasury minus the 10 year TIP bond, a proxy for expected inflation, is at 2.47% in May compared to 2.00% at the end of 2020 and 1.79% at the end of 2019. The spread has not been above 2.00% at the end of a year since 2013, when there were worries about inflation that never materialized. The yield curve has steepened, with the spread between the 10 year and 2 year Treasuries currently at 1.45%, which is the steepest since May of 2017 and the positive slope implies that rates will rise.

Government debt has reached $28.1 trillion at the end of March, 2021 and stands at 128% of GDP. Levels over 90% have proven to have a negative impact on GDP, by the government "crowding out" effect on the private sector (where the productivity is) with its taxes, spending, and borrowing. One needs only to look back at the record 10 year recovery from 2010 to 2020 and wonder- why did we grow at only 2.2% on average and not our potential of 3.00% or better? I fear that once the stimulus induced spending is over, we may begin to sink back to +2% GDP growth due to the debt overhang. And remember, the ability of the government to continue to issue debt is not unlimited…

I think you can now tell that I am in the "inflation is transitory" camp, along with good company like the Federal Reserve and a hero I have mentioned many times, Dr. Lacy Hunt. By the way, the Fed is projecting core inflation at +2.0% to 2.2% for the next three years. We have excess capacity in our labor force, with the pool of available workers currently at 16.56 million and excess capacity in manufacturing, with total capacity at 74.4% in March, 2021.

I have to admit to higher inflation in two “Hs,” hiring and housing prices, as people are adjusting to the pandemic and moving from cities to suburbs, driving prices up when fewer homes are on the market. Housing, especially new home prices, is in its own bubble; the increased costs of materials have already added $24,000 to the cost of a new home and that’s if the contractor can find employees. This, too, shall pass. Companies are having a hard time hiring workers, even though many are unemployed and the pool of available workers is 6 million higher than it was pre-pandemic. Unemployment payments may be partially to blame as well as child care issues as students attend school remotely. There may also be lingering fears of covid-19 when returning to the workplace. The unemployment rate is 6.2% nationally and labor participation is still low at 61.5%. The Federal Reserve will be focusing on bringing employment back to full employment, especially for all segments- race, age, lower income, etc. Returning to full employment will take until the end of 2022 when we achieve 4.0% unemployment, according to the Fed’s March, 2021 projections.

GDP Growth

I talked about growth a little bit earlier. First quarter, 2021 GDP was +6.4% and this followed growth of +4.3% in the fourth quarter of 2020. We have now returned to pre-pandemic levels of GDP; however lost jobs during the pandemic have not returned to those levels and are still close to 9 million. The rollercoaster took GDP down by -31.4% in the second quarter of last year and it was quickly reversed by a massive gain of +33.4% in the third quarter as lockdowns ended. There was a large amount of spending on goods the past several quarters, but services spending has lagged behind and is still below 2019 levels.

There is pent-up demand for leisure activity, travel, vacations, eating out, and going to sporting and entertainment events. Consumers have increased savings rates to 13% to 20% on average through the pandemic, proving there is money on the sidelines. A lot of businesses suffered during the pandemic lockdowns and those costs may not be fully captured in GDP. Vaccinations continue, with an estimated one-half of adult Americans already vaccinated with the Moderna, Pfizer, or J&J shots. Vaccines were supposed to be the answer to complete reopening, but the goal posts keep getting moved. Pennsylvania is removing all restrictions except mask-wearing at the end of May. New York City announced complete reopening as of July 1st. This should get people out and about again.

Jamie Dimon (another one of my heroes) recently revived a term from the 1990s to describe his view of the economy through 2023- “Goldilocks-“ not too hot, not too cold. We will work out the supply chain issues and perhaps create jobs as we bring manufacturing home. I do believe that after we get through the next several quarters of higher growth from stimulus and pent-up demand, we will see growth revert back to its equilibrium level around 2.00% next year, mainly due to high debt levels weighing on growth. That would end inflation fears and keep the Federal Reserve on hold, keeping short-term rates near zero, until we reach full employment and inflation averages above 2.00% for an extended period of time. Speaking of the Fed, their projections from March, 2021 have GDP growing at +6.5% in 2021, +3.3% in 2022, and +2.2% in 2023. Starting next year, Goldilocks indeed.

There has been plenty of talk in Washington about raising corporate taxes to 28% and raising taxes on higher income individuals’ capital gains. Higher taxes are on the table at the state and federal level. Higher taxes will hurt economic growth, especially at the corporate level as jobs are cut, wages stay flat, and investments lag. Taxes have the same impact as government borrowing, which is a negative impact on growth. Weakening growth is not a recipe for high inflation.

Disney World

After a year of lockdowns, my family and I ventured out and traveled to Disney World in Florida in April. The airports were crowded but the parks at Disney were at about one-half capacity. We got on many more rides than usual and did so in beautiful weather most of the week. This was our own version of releasing pent-up demand and having a great time relaxing and having fun. France is calling, but that trip will have to wait a while. I hope that everyone begins to release their own pent-up demand and get out again in the world- at least the world we can still travel to right now. Enjoy!

Thanks for reading!

Inflationary Expectations That Are Built into the Markets:

Treasury Inflation Expectations:	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Mar-21
10-year Treasury Yield	2.18%	2.27%	2.44%	2.40%	2.68%	1.92%	0.91%	1.72%
10-year Treasury TIPS Yield	0.47%	0.71%	0.50%	0.45%	0.97%	0.13%	-1.09%	-0.65%
Implied Inflationary Expectation	1.71%	1.56%	1.94%	1.95%	1.71%	1.79%	2.00%	2.37%

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

	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Mar-21
1) moderating inflationary expectations/leading indicators	yes	yes	mixed	mixed	yes	yes	mixed	no
2) any meaningful rise in unemployment or loss of jobs	no	no	no	no	no	no	yes	no
3) moderating labor costs	yes	yes	yes	mixed	no	yes	yes	no
4) decent productivity growth	yes	no	no	no	no	no	no	no
5) economic growth that slips below 2%-2.5% potential	no	yes	yes	yes	no	no	yes	no
6) a financial market crisis of some type	no	no	no	no	mixed	no	yes-virus	yes-virus
7) housing (existing homes) weak- inventory>6 mos	no-5.1mo	no-4.8mo	no-4.0mo	no-3.2mo	no-3.9mo	no-3.7mo	no-1.9mo	no-2.1mo
8) statements by the Fed promising easing/low rts	yes-U3+inflat	no-raised rts	no-raised rts	no-raised rts	no-raising rts	no-neutral	yes	yes

Housing Market Indices:

- CaseShiller 20 City Index Feb yoy +11.9%, Jan yoy +11.1%, Dec yoy +10.1%, Nov yoy +9.2%; index at new high vs Jul, 2006 peak; +83.5% from Mar, 2012 low
- FHFA Index Feb yoy +12.0%, Jan yoy +12.0%, Dec yoy + 11.4%, Nov yoy +11.1%; index at new high vs Apr, 2007 peak; +79.9% from Mar, 2011 low
- CoreLogic Home Px Index Jan yoy +10.0%, Dec yoy +9.2%, Nov yoy +8.2%, Oct yoy +7.4%; index at new high vs Apr, 2006 peak; +78.0% from Mar, 2011 low

Fed Z.1 HH NetWorth:

- 1Q09 (low) $56.0 trill; 4Q15 $80.6 trill; 4Q16 $96.0 trill; 4Q17 $104.9 trill; 4Q18 $105.5 trill; 4Q19 $118.2 trill; 4Q20 $130.2 trillion

Penn Community Bank Rate & Market History:

										Change 2020	Change 2021
Bond Market Yields:		31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Mar-21	12/20 vs 12/19	03/21 vs 12/20
Treasuries:	3 month	0.04%	0.15%	0.50%	1.38%	2.45%	1.54%	0.06%	0.01%	-1.48%	-0.05%
	6 month	0.11%	0.46%	0.61%	1.53%	2.55%	1.58%	0.08%	0.03%	-1.50%	-0.05%
	1 year	0.20%	0.58%	0.81%	1.73%	2.62%	1.57%	0.10%	0.06%	-1.47%	-0.04%
	2 year	0.67%	1.06%	1.19%	1.88%	2.49%	1.57%	0.12%	0.15%	-1.45%	0.03%
	3 year	1.09%	1.33%	1.45%	1.97%	2.46%	1.61%	0.17%	0.33%	-1.44%	0.16%
	5 year	1.67%	1.77%	1.93%	2.21%	2.51%	1.69%	0.36%	0.91%	-1.33%	0.55%
	10 year	2.18%	2.27%	2.44%	2.40%	2.68%	1.92%	0.91%	1.72%	-1.01%	0.81%
	30 year	2.76%	3.02%	3.06%	2.74%	3.01%	2.39%	1.65%	2.37%	-0.74%	0.72%
Fed Funds Target Rate (average):		0.13%	0.38%	0.63%	1.38%	2.38%	1.63%	0.13%	0.13%	-1.50%	0.00%
LIBOR Rates:	1 month	0.17%	0.43%	0.77%	1.57%	2.52%	1.78%	0.14%	0.12%	-1.64%	-0.02%
	3 month	0.26%	0.61%	1.00%	1.69%	2.80%	1.91%	0.24%	0.20%	-1.67%	-0.04%
	6 month	0.36%	0.84%	1.32%	1.84%	2.87%	1.91%	0.26%	0.21%	-1.65%	-0.05%
	12 month	0.63%	1.17%	1.69%	2.11%	3.01%	2.00%	0.34%	0.29%	-1.66%	-0.05%
FNMA Mortgage Posted Yields (30 day):											
	15 year	2.61%	2.77%	2.90%	2.92%	3.53%	2.66%	1.34%	1.81%	-1.32%	0.47%
	30 year	3.40%	3.58%	3.68%	3.51%	4.12%	3.29%	1.91%	2.57%	-1.38%	0.66%
Indicative Treasury yield curve spreads:											
	2 year minus 3 month	0.63%	0.91%	0.69%	0.50%	0.04%	0.03%	0.06%	0.14%	0.03%	0.08%
	5 year minus 2 year	1.00%	0.71%	0.74%	0.33%	0.02%	0.12%	0.24%	0.76%	0.12%	0.52%
	10 year minus 3 month	2.14%	2.12%	1.94%	1.02%	0.23%	0.38%	0.85%	1.71%	0.47%	0.86%
	10 year minus 2 year	1.51%	1.21%	1.25%	0.52%	0.19%	0.35%	0.79%	1.57%	0.44%	0.78%
Indicative FNMA mortgage posted yield spreads:											
	15 year minus 5 year Treas	0.94%	1.00%	0.97%	0.71%	1.02%	0.97%	0.98%	0.90%	0.01%	-0.08%
	30 year minus 10 year Treas	1.22%	1.31%	1.24%	1.11%	1.44%	1.37%	1.00%	0.85%	-0.37%	-0.15%
Stock Market Indices:											
	Dow Jones	17,823.07	17,425.03	19,762.60	24,719.22	23,327.46	28,538.44	30,606.48	32,981.55	2,068.04	2,375.07
	S&P 500	2,058.90	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07	3,972.89	525.29	216.82
	Nasdaq	4,736.05	5,007.41	5,383.12	6,903.39	6,635.28	8,972.60	12,888.28	13,246.87	3,915.68	358.59

Selected Economic Data Releases
(in about the past month) which show:

Strength & Tendency Toward Higher Rates

- Payroll Employment Mar +916,000, Feb +468,000, Jan +233,000, Dec -306,000
- Private Co Payrolls Mar +780,000, Feb +558,000, Jan +122,000, Dec -274,000
- Household Employment Mar +609,000, Feb +208,000, Jan +201,000, Dec +21,000
- ADP Payrolls Mar +517,000, Feb +176,000, Jan +196,000, Dec -75,000
- Unemployed Persons Mar -262,000, Feb -158,000, Jan -606,000, Dec +8,000
- Civilian Labor Force Mar +347,000, Feb +50,000, Jan -406,000, Dec +31,000
- Those Not in Labor Force Mar -263,000, Feb +18,000, Jan +27,000, Dec +115,000
- Job Leavers Mar 8.0%, Feb 7.0%, Jan 6.4%, Dec 6.9%, Nov 6.5%
- Average Workweek Mar 34.9, Feb 34.6, Jan 35.0, Dec 34.7, Nov 34.8 hrs
- Ave Hourly Earnings Mar $29.96, Feb $30.00, Jan $29.92, Dec $29.91; yoy +4.2%
- Employees Working-at-Home 1Q21 20.9%, 4Q20 21.8%, 2Q20 28.0%
- Challenger Report Layoffs Mar 30,603, Feb 34,531, Jan 79,552, Dec 77,030
- Job Openings JOLTs Feb 7.367mln, Jan 7.099mln, Dec 6.752mln, Nov 6.766mln
- Job Openings Rate Feb 4.9%, Jan 4.7%, Dec 4.5%, Nov 4.5%, Oct 4.5%
- Quit Rate Feb 2.3%, Jan 2.3%, Dec 2.4%, Nov 2.3% Oct 2.2%
- HHNW 4Q20 $130.2trill, 3Q20 $123.2trill, 2Q20 $119.6trill, 1Q20 $111.4 trillion
- Real GDP 1Q21 +6.4%, 4Q20 +4.3%, 3Q20 +33.4%, 2Q20 -31.4%, 1Q20 -5.0%
- Real GDP 2020 -3.5%, 2019 +2.2%, 2018 +3.0%, 2017 +2.3%, 2016 +1.7%
- Nominal GDP 1Q21 +10.7%, 4Q20 +6.2%, 3Q20 +37.1%, 2Q20 -33.5%, 1Q20 -3.3%
- Real Final Sales 1Q21 +9.2%, 4Q20 +2.9%, 3Q20 +25.9%, 2Q20 -28.1%, 1Q20 -3.6%
- GDP PxDeflator 1Q21 +4.1%, 4Q20 +1.9%, 3Q20 +3.7%, 2Q20 -2.1%, 1Q20 +1.7%
- Core PCE 4Q20 +1.3%, 3Q20 +3.4%, 2Q20 -.8%, 1Q20 +1.6%, 4Q19 +1.3%
- Corp Profits 4Q20 +1.4%, 3Q20 +27.4%, 2Q20 -10.3%, 1Q20 -12.0%, 4Q19+ 2.9%
- Corp Profits 2019 +2.2%, 2018 +7.5%, 2017 +3.2%, 2016 -.1%, 2015 -3.0%
- Personal Income Mar +21.1%, Feb -7.0%, Jan +10.3%, Dec +.6%, Nov -1.3%
- Personal Spending Mar +4.2%, Feb -1.0%, Jan +3.4%, Dec -.6%, Nov -.7%
- PPI Mar +1.0%, core +.7%, yoy +4.2%, core +3.1%
- CPI Mar +.6%, core +.3%; yoy +2.6%, core +1.6%
- FIBER Leading Inflation Index Mar 89.5, Feb 89.4, Jan 88.8, Dec 87.2, Nov 85.1
- FIBER Leading Inflation yoy Mar +12.0%, Feb +6.8%, Jan +5.3%, Dec +4.2%, Nov +2.3%
- Leading Economic Indics Mar +1.3%, Feb -.1%, Jan +.5%, Dec +.5%, Nov +.9%
- LEI 6 mos annualized Mar +7.8%, Feb +7.1%, Jan +10.6%, Dec +13.9%, Nov +19.7%
- Retail Sales Mar +9.8%, Feb -2.7%, Jan +7.7%, Dec -.7%, Nov -1.4%, Oct -.2%
- Risk of Recession Dec 28%, Nov 24%, Oct 28%, Sep 31%, Aug 37%, Jul 41%
- Consumer Confidence Apr 121.7, Mar 109.0, Feb 90.4, Jan 88.9, Dec 87.1
- Consumer Credit Feb +$27.58bill, Jan +$.09bill, Dec +$9.7bill, Nov +$15.3billion
- NFIB Small Business Optimism Mar 98.2, Feb 95.8, Jan 95.0, Dec 95.9, Nov 101.4
- Langer Consumer Comfort Index Apr 55.0, Mar 50.0, Feb 48.9, Jan 44.6, Dec 44.6
- CoreLogic Home Px Jan yoy +10.0%, Dec yoy +9.2%; +78.0% from low
- FHFA Home Px Feb yoy +12.0%, Jan yoy +12.0%; from low +79.9%
- Case Shiller 10 City Feb yoy +11.7%, Jan yoy +10.9%, Dec yoy +9.9%
- Case Shiller 10 City Feb new high, +77.2% from low
- Case Shiller 20 City Feb yoy +11.9%, Jan yoy +11.1%, Dec yoy +10.1%
- Case Shiller 20 City Feb new high, +83.5% from low
- Median Sales Price Existing Homes Mar $329,100; yoy +17.0%
- Inventory Unsold Existing Mar 2.1mos, Feb 2.0mos, Jan 1.9mos, Dec 1.9mos
- Median Sales Price New Homes Mar $330,800; yoy +.8%
- Inventory Unsold New Homes Mar 3.6mos, Feb 4.8mos, Jan 3.8mos, Dec 3.9mos
- NAHB/Wells Homebuilder Index Apr 83, Mar 82, Feb 84, Jan 83, Dec 86, Nov 90
- Housing Starts Mar +19.4%, Feb -11.3%, Jan -1.7%, Dec +7.5%; annual 1,739,000
- Building Permits Mar +2.7%, Feb -8.8%, Jan +10.7%, Dec +4.2%; annual 1,766,000
- Pending Home Sales NAR Mar +1.9%, Feb -11.5%, Jan -2.4%, Dec +.5%, Nov -.9%%
- Moody's Beige Book Index Apr 104.2, Mar 75.0, Jan 77.8, Dec 97.3
- Moody's CNN Back-to-Normal Index Apr 88.4, Mar 86.1, Feb 81.8, Jan 81.2, Dec 75.3
- Agriculture Prices Feb +6.3%, Jan -1.4%, Dec -1.8%, Nov +4.1%, Oct +.5%
- Durable Goods Orders Mar +.5%, Feb -.9%, Jan +3.6%, Dec +1.2%, Nov +1.3%
- Industrial Production Mar +1.4%, Feb -2.6%, Jan +.9%, Dec +1.0%, Nov +.5%
- Manufacturing Production Mar +2.7%, Feb -3.7%, Jan +1.3%, Dec +.7%, Nov +.8%
- Import Prices Mar +.9%, Feb +1.3%, Jan +1.4%, Dec +.9%, Nov +.2%, Oct -.1%
- Philly Fed Index Apr 50.2, Mar 44.5, Feb 28.7, Jan 30.1, Dec 9.1
- Philly Fed Prices Pd Apr 69.1, Mar 72.6, Feb 55.2, Jan 47.4, Dec 25.0
- Philly Fed Backlogs Apr 27.2, Mar 19.3, Feb 13.9, Jan 22.4, Dec 0.0
- Philly Fed Services Index Apr 21.5, Mar 26.6, Feb 7.5, Jan -17.5, Dec 5.6
- Philly Fed Services Prices Pd Apr 32.9, Mar 27.9, Feb 31.0, Jan 23.3, Dec 15.3
- ISM Index Mar 64.7, Feb 60.8, Jan 58.7, Dec 60.5, Nov 57.7
- ISM Prices Pd Mar 85.6, Feb 86.0, Jan 82.1, Dec 77.6, Nov 65.4
- ISM Backlogs Mar 67.5, Feb 64.0, Jan 59.7, Dec 59.1, Nov 56.9
- ISM NY Mar 37.2, Feb 35.5, Jan 51.2, Dec 61.3, Nov 44.2
- ISM Services Index Mar 63.7, Feb 55.3, Jan 58.7, Dec 57.7, Nov 56.8
- ISM Services Prices Pd Mar 74.0, Feb 71.8, Jan 64.2, Dec 64.4, Nov 63.9
- ISM Services Backlogs Mar 50.2, Feb 55.2, Jan 50.9, Dec 48.7, Nov 50.7
- Empire St NY Fed Index Apr 26.3, Mar 17.4, Feb 12.1, Jan 3.5, Dec 4.9, Nov 6.3
- Unit Labor Costs 4Q20 +6.0%, 3Q20 -9.6%, 2Q20 +11.9%, 1Q20 +9.8%; 2020 +3.8%
- Factory Backlogs Feb +.8%, Jan +.2%, Dec -.2%, Nov no chg, Oct -.2%
- Cass Trucking Shipments Mar +5.8%, Feb +1.8%, Jan -1.1%, Dec -2.8%; yoy +10.0%
- Bankruptcy Filings yoy 4Q20 -38.6%, 3Q20 -26.6%, 2Q20 -40.5%, 1Q20 -5.9%
- Vehicle Sales Wards Mar 17.75mln, Feb 15.67mln, Jan 16.63mln, Dec 16.27mln
- Vehicle Sales 2020= 16.30mln, 2019= 16.97mln, 2018= 17.21mln, 2017= 17.14mln
- DXY Dollar Index 04/22/21= 91.26, 12/31/20= 89.94, 12/31/19=96.39, 12/31/18=96.17
- Gas AAA 04/21/21= $2.88, 12/31/20= $2.56, 12/31/19=$2.58,12/31/18=$2.29
- Crude Oil 04/22/21= $61.53, 12/31/20= $48.52, 12/31/19=$61.77, 12/31/18=$45.41
- CRB Index 04/22/21= 194.75, 12/31/20= 178.12, 12/31/19=186.92, 12/31/18=169.80

Weakness & Tendency Toward Lower Rates

- Unemployment Rate Mar 6.0%, Feb 6.2%, Jan 6.3%, Dec 6.7%
- Augmented Unemployment Rate Mar 9.9%, Feb 10.1%, Jan 10.2%, Dec 10.8%, Nov 10.6%
- Bucks Co Unemployment Rate Feb 6.7%, Jan 6.5%, Dec 5.7%, Nov 5.5%, Oct 6.3%
- Montgomery Co Unemployment Rate Feb 6.2%, Jan 6.2%, Dec 5.4%, Nov 5.3%, Oct 5.3%
- Labor Force Participation Rate Mar 61.5%, Feb 61.4%, Jan 61.4%, Dec 61.5%
- Pool of Available Workers Mar 16.560mln, Feb 16.905mln, Jan 17.087mln, Dec 18.067mln
- Personal Savings Rate Mar 27.6%, Feb 13.9%, Jan 20.0%, Dec 13.7%, Nov 12.9%
- Employment Cost Index 1Q21 +.9%, 4Q20 +.7%, 3Q20 +.5%, 2Q20 +.6%, 1Q20 +.8%
- InvChgGDP 1Q21 -$85.5bill, 4Q20 +$62.1bill, 3Q20 -$3.7bill. 2Q20 -$287.0bill, 1Q20 -$80.9billion
- US Govt Budget Deficit Mar -$659.6bill, Feb -$310.9bill, Jan -$162.8bill, Dec -$143.6billion
- US Govt Budget Deficit fiscal 2020= -$3.1 trill, 2019= -$984.0 bill, 2018= -$779.0 billion
- Nat'l Debt/GDP 1Q21 128.0%, 4Q20 127.0%, 3Q20 127.6%, 2Q20 123.0%, 1Q20 110.0%
- Trade Deficit Feb -$71.1 bill, Jan -$67.8 bill, Dec -$66.6 bill, Nov -$69.0 billion
- NonFarm Productivity 4Q20 -4.2%, 3Q20 +4.2%, 2Q20 +11.1%, 1Q20 -.8%; 2020 -.8%
- St. Louis Fin'l Stress Index Mar -.92, Feb -.60, Jan -.45, Dec -.70, Nov -.28
- Moody's CMBS Delinq 60+days Mar 6.98%, Feb 7.31%, Jan 7.59%, Dec 7.54%, Nov 7.59%
- Capacity Utilization % Mar 74.4, Feb 73.4, Jan 75.3, Dec 74.7, Nov 73.4
- Business Sales Feb -1.9%, Jan +4.5%; Inventories Feb +.5%, Jan +.4%
- Philly Fed Services Backlogs Apr 1.2, Mar 1.9, Feb 11.0, Jan -.1, Dec .8
- Construction Spending Feb -.8%, Jan +1.2%, Dec +1.1%, Nov +1.1%, Oct +1.6%
- Existing Home Sales Mar -3.7%, Feb -6.3%, Jan +.2%, Dec +.9%; annual 6.01 million
- New Home Sales Feb -18.2%, Jan +3.2%, Dec +7.2%; annual 775,000
- CoreLogic Negative Equity 4Q20 2.8% 1.5 mln homes; 3Q20 3.3% 1.6 mln homes
- Homeownership Rate 1Q21 65.6%, 4Q20 65.8%, 3Q20 67.4%, 2Q20 67.9%, 1Q20 65.3%
- MBA 90+ Delinq 4Q20 6.73%, 3Q20 7.30%, 2Q20 8.22%, 1Q20 4.36%, 4Q19 3.77%
- Factory Orders Feb -.8%, Jan +2.7%, Dec +1.6%, Nov +1.3%, Oct +1.3%
- CoStar Com'l Prop GC Feb -1.3%, Jan -.3%, Dec +1.4%, Nov +1.2%, Oct +1.4%
- CoStar Com'l Prop GC yoy Feb +3.9%, Jan +6.9%, Dec +8.4%, Nov +6.2%, Oct +2.6%
- FDIC Problem Banks 4Q20= 56, 3Q20= 56, 2Q20= 52, 1Q20= 54, 4Q19= 51

Our Mission

Penn Community Bank is committed to helping local residents, businesses and nonprofits achieve their financial goals, and to taking an active role in contributing to the overall prosperity of our communities.

Guided by our core values of integrity, transparency, service, and independence, we work to:

- Help businesses grow and prosper,
- Provide financial resources that meet the needs of individuals and families throughout their lifetimes,
- Strengthen our local economy.
- Partner with local organizations to improve quality of life,
- Operate for long-term success to ensure the continued strength and stability of our financial organization.

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