



# Financial Markets & Economic Update by Dorothy Jaworski

Third Quarter 2021

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### Economic Growth Slows

We were on a roll, until the boat started taking on water. GDP growth had been strong, above 6% annualized, in both the first and second quarters of 2021, with GDP recovering then exceeding pre-pandemic levels. Consumer spending spiked and business investment improved. Sales of physical goods were strong and services like restaurants and hotels were on the upswing. Then the cracks started to appear. Growth once thought to be on its way above 7% this year probably won't make it much above 5%. Next year, most expectations are for 3%.

First and foremost, supply chain issues, including slow production, low inventories, and long delivery times, began to accelerate. Companies were trying to increase capacity to meet increasing demand but had trouble receiving critical raw materials and parts and also had trouble finding workers with matching skills. Retailers are already predicting shortages of everything for the upcoming Christmas shopping season. Yes, Christmas will be here before you know it!

Some of the supply chain issues originate in China, where production is slow or halted due to bad weather and renewed covid-19 restrictions. The most publicized shortage was that of semiconductor chips for

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automobiles, where 1.2 million cars in production were delayed. Nearly every manufacturer had to shut down production lines and simply wait for chips. Computers and phones are suffering similar manufacturing shortages. Shipping has been severely affected with ports in China and in the US operating very slowly. Overreliance on China for so much of the supply chain is proving to be a major problem. There is also a shortage of truck drivers to deliver the goods to end destinations. Bad weather and fires are also adding to transportation troubles.

Compounding these issues is a mysterious lack of employees. Jobs still lost from the pandemic total 5.7 million. Job openings were 10.1 million in June, compared to 8.7 million unemployed, so many jobs will be hard to fill. Most companies are reporting difficulty in hiring employees, leading them to offer higher salaries or bonuses. The federal unemployment subsidy of \$300 per week has been cited as a culprit in keeping people from looking for work; the subsidy ends on September 6th. So we could see more workers soon. Hopefully, children return to school in-person this fall, helping alleviate some of the child care issues. Companies were all formulating back-to-the-office plans, but a spike in covid-19 cases changed all that, pushing back the timetable for months.

The supply chain issues, lack of workers, and continued fear of the virus will set back GDP growth. Throw in a few cyberattacks like the ones that temporarily shut down the Colonial Pipeline and JBS Meats, and you have a recipe for work stoppages and product shortages. These issues have all led to something we all hate- Inflation...

### **Inflation Returns**

We spent the past 12 years without any serious inflation. Then suddenly, all of the increased demand from consumers, supply chain product shortages, lack of workers, delivery delays, and too many dollars chasing too few goods led to an explosion of inflation. Prices for materials like lumber and building supplies spiked first, followed by oil and gas prices, food, toys, clothes, new and used cars, appliances and most other

commodity prices. Thankfully, the spike ended in April and May. Prices have remained stable or drifted downward since then, albeit at elevated levels from last year. It's a classic scenario- prices spike in response to supply/demand dynamics, and production and capacity changes, before settling down once issues are resolved. This is what the Federal Reserve means by "transitory."

In early August, I joined a group of friends from the Bank after their annual shopping spree at the outlets. They confirmed that, indeed, prices are higher this year and that the stores had fewer products to offer. Many stores at the outlets complex had closed. The supply chain issues and higher prices are real. Clothing was the big winner among the shoppers, most notably pajamas, which confirms the changes in consumer habits since the pandemic began. And as usual, they all had a great time shopping and being together!

One reason to think that prices could fall is that China has experienced such problems since 2020 and lost market share to the US and others. To reclaim that share, China would lower prices. Another technical factor that could keep inflation in check is that the velocity of money, or turnover of dollars through the economy, has fallen to a record low of 1.12. Despite high M2 money supply growth, velocity continues on its downward path.

Another area where prices have "gone wild" is housing. Year-over-year increases have been running in the double digits for months, driven by much lower than normal inventories of homes for sale and buyers' propensity to bid high to compete for the house. New home construction has also been lower than usual as building supplies, mainly lumber, shot up in price and worker shortages delayed construction.

Despite all of the inflation fear, which can become a self-fulfilling prophecy, the Fed expects its preferred inflation measure, core PCE, to be 3% in 2021 and 2.1% in 2022, which is hardly run-away inflation by any means.



## Rates and the Fed

Long-term rates went on a rollercoaster ride since the beginning of 2021, with the 10 year Treasury yield rising from .91% to 1.74% in April, before spending the next few months dropping back to 1.25%. The markets saw the inflation spike and rightly rose, but now may be seeing the cracks in the economy and perhaps have accepted the transitory narrative from the Fed and others.

There are only a few reasons for rates to rise- if we got another spike in inflation, long-lasting inflation, and a large increase in GDP, all of which do not seem very likely. There are a few reasons for rates to remain low or fall further, including slowing growth, as seen in the cracks and leaks in the economy, record low velocity of money, lack of loan growth across the banking industry, the continued spiral of new US government debt issuance, recently at 125% of GDP, which will serve to place a huge drag on growth going forward, and the relative value of positive US yields versus negative yields in Europe and Japan. Government debt provides a fleeting benefit to growth, but it is not long lasting.

The Federal Reserve has pledged to keep short-term rates near zero until the unemployment rate drops substantially (already down to 5.4% in July) and inflation averages above its 2% target for an extended period of time (in process). We do expect them to reduce, or "taper," their current \$120 billion per month bond purchase program later this year. In my mind, this will correct some of the excess liquidity in the economy; they eased too much while the government was pumping in too much stimulus. They say they will end the bond buying before raising rates in late 2022 or 2023. But I point you back to 2009 to 2015, which is the last time the economy was recovering from such a painful drop in employment. The Fed did not tighten until December, 2015, when all of the lost jobs from the Great Recession had been recovered and the economy had added 4 million new jobs. With this latter example, we are long way from tightening, as there are still 5.7 million lost jobs from the Lockdown Recession plus at least 4 million more. I would say, look at 2023 or beyond.

## End of Summer

We are approaching the end of a long, hot summer. I hope everyone got to enjoy some vacation time with family and friends. I always cherish these opportunities. And I hope it helps the tourism industry, which suffered a \$4 trillion decline in 2020 and \$1.7 trillion so far in 2021. I won't miss the heat and humidity and the eleven tornadoes in our area since the end of July, not to mention the periods of horrible flooding. I am so proud to be part of Penn Community Bank who quickly joined forces with United Way and helped people recover from these devastating situations. I will miss those days on the beach and time spent plotting my return to France, next summer, God willing.

And I think this Ernest Hemingway quote bears repeating in our uncertain times:

**"But you knew there would always be the spring, as you knew the river would flow again after it was frozen."**

Thanks for reading!

A handwritten signature in black ink, appearing to read "Andy Z." with a stylized flourish at the end.

## Inflationary Expectations That Are Built into the Markets:

Treasury Inflation Expectations:	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Mar-21	30-Jun-21
10-year Treasury Yield	2.27%	2.44%	2.40%	2.68%	1.92%	0.91%	1.72%	1.44%
10-year Treasury TIPS Yield	0.71%	0.50%	0.45%	0.97%	0.13%	-1.09%	-0.65%	-0.89%
Implied Inflationary Expectation	1.56%	1.94%	1.95%	1.71%	1.79%	2.00%	2.37%	2.33%

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

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

## Housing Market Indices:

- CaseShiller 20 City Index May yoy +17.0%, Apr yoy +15.0%, Mar yoy +13.4%, Feb yoy +11.9%; index at new high vs Jul, 2006 peak; +95.9% from Mar, 2012 low
- FHFA Index May yoy +18.1%, Apr yoy +15.8%, Mar yoy +14.0%, Feb yoy +12.0%; index at new high vs Apr, 2007 peak; +89.9% from Mar, 2011 low
- CoreLogic Home Px Index Jun yoy +17.2%, May yoy +15.4%, Apr yoy +13.0%, Mar yoy +11.3%; index at new high vs Apr, 2006 peak; +98.0% from Mar, 2011 low

## Fed Z.1 HH NetWorth:

- 1Q09 (low) \$56.0 trill; 4Q16 \$95.8 trill; 4Q17 \$104.6 trill; 4Q18 \$105.4 trill; 4Q19 \$117.9 trill; 4Q20 \$131.9 trill; 1Q21 \$136.9 trillion

## Penn Community Bank Rate & Market History:

									Change 2020	Change 2021
Bond Market Yields:									12/20 vs 12/19	06/21 vs 12/20
	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Mar-21	30-Jun-21		
Treasuries: 3 month	0.15%	0.50%	1.38%	2.45%	1.54%	0.06%	0.01%	0.04%	-1.48%	-0.02%
6 month	0.46%	0.61%	1.53%	2.55%	1.58%	0.08%	0.03%	0.05%	-1.50%	-0.03%
1 year	0.58%	0.81%	1.73%	2.62%	1.57%	0.10%	0.06%	0.07%	-1.47%	-0.03%
2 year	1.06%	1.19%	1.88%	2.49%	1.57%	0.12%	0.15%	0.25%	-1.45%	0.13%
3 year	1.33%	1.45%	1.97%	2.46%	1.61%	0.17%	0.33%	0.46%	-1.44%	0.29%
5 year	1.77%	1.93%	2.21%	2.51%	1.69%	0.36%	0.91%	0.88%	-1.33%	0.52%
10 year	2.27%	2.44%	2.40%	2.68%	1.92%	0.91%	1.72%	1.44%	-1.01%	0.53%
30 year	3.02%	3.06%	2.74%	3.01%	2.39%	1.65%	2.37%	2.06%	-0.74%	0.41%
Fed Funds Target Rate (average):	0.38%	0.63%	1.38%	2.38%	1.63%	0.13%	0.13%	0.13%	-1.50%	0.00%
LIBOR Rates: 1 month	0.43%	0.77%	1.57%	2.52%	1.78%	0.14%	0.12%	0.10%	-1.64%	-0.04%
3 month	0.61%	1.00%	1.69%	2.80%	1.91%	0.24%	0.20%	0.14%	-1.67%	-0.10%
6 month	0.84%	1.32%	1.84%	2.87%	1.91%	0.26%	0.21%	0.16%	-1.65%	-0.10%
12 month	1.17%	1.69%	2.11%	3.01%	2.00%	0.34%	0.29%	0.25%	-1.66%	-0.09%
FNMA Mortgage Posted Yields (30 day):										
15 year	2.77%	2.90%	2.92%	3.53%	2.66%	1.34%	1.81%	1.68%	-1.32%	0.34%
30 year	3.58%	3.68%	3.51%	4.12%	3.29%	1.91%	2.57%	2.40%	-1.38%	0.49%
Indicative Treasury yield curve spreads:										
2 year minus 3 month	0.91%	0.69%	0.50%	0.04%	0.03%	0.06%	0.14%	0.21%	0.03%	0.15%
5 year minus 2 year	0.71%	0.74%	0.33%	0.02%	0.12%	0.24%	0.76%	0.63%	0.12%	0.39%
10 year minus 3 month	2.12%	1.94%	1.02%	0.23%	0.38%	0.85%	1.71%	1.40%	0.47%	0.55%
10 year minus 2 year	1.21%	1.25%	0.52%	0.19%	0.35%	0.79%	1.57%	1.19%	0.44%	0.40%
Indicative FNMA mortgage posted yield spreads:										
15 year minus 5 year Treas	1.00%	0.97%	0.71%	1.02%	0.97%	0.98%	0.90%	0.80%	0.01%	-0.18%
30 year minus 10 year Treas	1.31%	1.24%	1.11%	1.44%	1.37%	1.00%	0.85%	0.96%	-0.37%	-0.04%
Stock Market Indices:										
Dow Jones	17,425.03	19,762.60	24,719.22	23,327.46	28,538.44	30,606.48	32,981.55	34,502.51	2,068.04	3,896.03
S&P 500	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07	3,972.89	4,297.50	525.29	541.43
Nasdaq	5,007.41	5,383.12	6,903.39	6,635.28	8,972.60	12,888.28	13,246.87	14,503.95	3,915.68	1,615.67

# Selected Economic Data Releases

(in about the past month) which show:

## Strength & Tendency Toward Higher Rates

- Unemployment Rate Jul 5.4%, Jun 5.9%, May 5.8%, Apr 6.1%, Mar 6.0%
- Bucks Co Unemployment Rate Jun 5.3%, May 4.8%, Apr 5.2%, Mar 6.0%, Feb 6.7%
- Montgomery Co Unemployment Rate Jun 5.0%, May 4.5%, Apr 4.9%, Mar 5.6%, Feb 6.1%
- Payroll Employment Jul +943,000, Jun +938,000, May +614,000, Apr +269,000
- Private Co Payrolls Jul +703,000, Jun +769,000, May +555,000, Apr +226,000
- Household Employment Jul +1,043,000, Jun -18,000, May +444,000, Apr +328,000
- ADP Payrolls Jul +329,900, Jun +680,000, May +886,000, Apr +654,000
- Unemployed Persons Jul -782,000, Jun +168,000, May -496,000, Apr +102,000
- Civilian Labor Force Jul +261,000, Jun +151,000, May -53,000, Apr +430,000
- Those Not in Labor Force Jul -103,000, Jun -22,000, May +160,000, Apr -330,000
- Job Leavers Jul 10.8%, Jun 9.9%, May 8.4%, Apr 8.0%, Mar 8.0%
- Average Workweek Jul 34.8, Jun 34.8, May 34.8, Apr 34.9, Mar 34.9 hrs
- Ave Hourly Earnings Mar \$29.96, Feb \$30.00, Jan \$29.92, Dec \$29.91; yoy +4.2%
- Employees Working-at-Home 2Q21 21.0%, 1Q21 20.9%, 4Q20 21.8%, 2Q20 28.0%
- Job Openings JOLTs Jun 10.073mIn, May 9.483mIn, Apr 9.193mIn, Mar 8.288mIn
- Job Openings Rate Jun 6.5%, May 6.1%, Apr 6.0%, Mar 5.4%, Feb 4.9%
- Quit Rate Jun 2.7%, May 2.5%, Apr 2.8%, Mar 2.5%, Feb 2.3%
- Challenger Report Layoffs Jul 18,942, Jun 20,476, May 24,586, Apr 22,913
- NonFarm Productivity 2Q21 +2.3%, 1Q21 +4.3%, 4Q20 -3.4%, 3Q20 +4.6%;2020-.8%
- Velocity of M2 2Q21 1.12, 1Q21 1.12, 4Q20 1.13, 2Q20 1.10, 1Q20 1.37, 4Q19 1.42
- Real GDP 2Q21 +6.5%, 1Q21 +6.3%, 4Q20 +4.5%, 3Q20 +33.8%, 2Q20 -31.4%
- Real GDP 2020 -3.5%, 2019 +2.2%, 2018 +3.0%, 2017 +2.3%, 2016 +1.7%
- Nominal GDP 2Q21 +12.6%, 1Q21 +10.6%, 4Q20 +6.4%, 3Q20 +37.5%, 2Q20 -33.5%
- Real Final Sales 2Q21 +7.7%, 1Q21 +9.1%, 4Q20 +3.4%, 3Q20 +25.9%, 2Q20 -28.1%
- GDP PxDeflator 2Q21 +6.1%, 1Q21 +4.3%, 4Q20 +1.9%, 3Q20 +3.7%, 2Q20 -2.1%
- Core PCE 2Q21 +6.1%, 1Q21 +2.7%, 4Q20 +1.2%, 3Q20 +3.5%, 2Q20 -.8%
- Corp Profits 1Q21 +5.1%, 4Q20 -3%, 3Q20 +25.4%, 2Q20 -10.5%, 1Q20 -12.0%
- Corp Profits 2020 no chg, 2019 +2.2%, 2018 +7.5%, 2017 +3.2%, 2016 -.1%
- HHNW 1Q21 \$136.9trill, 4Q20 \$131.9trill, 3Q20 \$123.9trill, 2Q20 \$119.6trillion
- Consumer Credit Jun +\$37.69bill, May +\$36.69bill, Apr +\$20.04bill, Mar +\$18.58billion
- Personal Spending Jun +1.0%, May -.1%, Apr +1.1%, Mar +5.2%, Feb -1.0%
- PPI Jul +1.0%, core +1.0%, yoy +7.8%, core +6.2%
- CPI Jul +.5%, core +.3%; yoy +5.4%, core +4.3%
- FIBER Leading Inflation Index Jul 91.3, Jun 92.3, May 92.2, Apr 90.8, Mar 89.5
- FIBER Leading Inflation Index yoy Jul +13.3%, Jun +17.1%, May +19.4%, Apr +18.5%, Mar +12.0%
- Leading Economic Indics Jul +.9%, Jun +.5%, May +1.2%, Apr +1.3%, Mar +1.3%
- LEI 6 mos annualized Jul +11.0%, Jun +10.1%, May +9.8%, Apr +9.1%, Mar +7.6%
- Consumer Confidence Jul 129.1, Jun 128.9, May 120.0, Apr 117.5, Mar 109.0
- Langer Consumer Comfort Index Aug 56.5, Jul 53.2, Jun 55.1, May 55.6, Apr 55.0
- NFIB Small Business Optimism Jul 99.7, Jun 102.5, May 99.6, Apr 99.8, Mar 98.2
- CoreLogic Home Px Jun yoy +17.2%, May yoy +15.4%; +88.0% from low
- FHFA Home Px May yoy +18.1%, Apr yoy +15.8%; from low +89.9%
- Case Shiller 10 City May yoy +16.4%, Apr yoy +14.5%, Mar yoy +13.1%
- Case Shiller 10 City May new high, +89.4% from low
- Case Shiller 20 City May yoy +17.0%, Apr yoy +15.0%, Mar yoy +13.4%
- Case Shiller 20 City May new high, +95.9% from low
- Existing Home Sales Jul +2.0%, Jun +1.6%, May -1.2%, Apr -2.7%; annual 5.99 million
- Median Sales Price Existing Homes Jul \$359,900; yoy +17.8%
- Inventory Unsold Existing Jul 2.6mos, Jun 2.5mos, May 2.5mos, Apr 2.4mos
- Median Sales Price New Homes Jun \$361,800; yoy +6.1%
- Building Permits Jul +2.6%, Jun -5.3%, May -2.9%, Apr -1.3%; annual 1,635,000
- Business Sales Jun +1.4%, May -.2%; Inventories Jun +.8%, May +.6%
- Moody's Beige Book Index Jul 198.6, Jun 156.9, Apr 104.2, Mar 75.0, Jan 77.8
- Moody's CNN Back-to-Normal Index Aug 92.0, Jul 91.6, Jun 91.9, May 91.0, Apr 87.9
- Agriculture Prices Jun +.9%, May +1.8%, Apr +6.9%, Mar +2.6%, Feb +6.9%, Jan +2.6%
- Industrial Production Jul +.9%, Jun +.2%, May +.8%, Apr no chg, Mar +1.4%
- Manufacturing Production Jul +1.4%, Jun -.3%, May +1.1%, Apr -.3%, Mar +2.7%
- Import Prices Jul +.3%, Jun +1.1%, May +1.4%, Apr +.8%, Mar +1.4%, Feb +1.3%
- Philly Fed Index Aug 19.4, Jul 21.9, Jun 30.7, May 31.5, Apr 50.2
- Philly Fed Prices Pd Aug 71.2, Jul 69.7, Jun 80.7, May 76.8, Apr 69.1
- Philly Fed Services Index Jul 44.8, Jun 56.7, May 22.1, Apr 21.5, Mar 26.6
- Philly Fed Services Prices Pd Jul 54.8, Jun 49.0, May 49.1, Apr 32.9, Mar 27.9

- ISM Index Jul 59.5, Jun 60.6, May 61.2, Apr 60.7, Mar 64.7
- ISM Prices Pd Jul 85.7, Jun 92.1, May 88.0, Apr 89.6, Mar 85.6
- ISM Backlogs Jul 65.0, Jun 64.5, May 70.6, Apr 68.2, Mar 67.5
- ISM Services Index Jul 64.1, Jun 60.1, May 64.0, Apr 62.7, Mar 63.7
- ISM Services Prices Pd Jul 82.3, Jun 79.5, May 80.6, Apr 76.8, Mar 74.0
- ISM Services Backlogs Jul 63.5, Jun 65.8, May 61.1, Apr 55.7, Mar 50.2
- ISM NY Jun n/a, Mar 37.2, Feb 35.5, Jan 51.2, Dec 61.3, Nov 44.2
- Empire St NY Fed Index Aug 18.3, Jul 43.0, Jun 17.4, May 24.3, Apr 26.3, Mar 17.4
- CoStar Com'l Prop GC Jun +1.4%, May +1.3%, Apr +1.3%, Mar -1.3%, Feb -1.3%
- CoStar Com'l Prop GC yoy Jun +13.8%, May +10.6%, Apr +7.2%, Mar +3.9%, Feb +3.9%
- Bankruptcy Filings yoy 2Q21 -8.1%, 1Q21 -39.6%, 4Q20 -38.6%, 3Q20 -26.6%
- Factory Orders Jun +1.5%, May +2.3%, Apr -.1%, Mar +1.4%, Feb -.8%
- Factory Backlogs Jun +1.0%, Apr +1.0%, Mar +.5%, Feb +.8%
- Durable Goods Orders Jun +.9%, May +3.2%, Apr -.7%, Mar 1.3%, Feb -.9%
- DXY Dollar Index 08/23/21= 93.08, 12/31/20= 89.94, 12/31/19=96.39, 12/31/18=96.17
- Gas AAA 08/23/21= \$3.16, 12/31/20= \$2.56, 12/31/19=\$2.58,12/31/18=\$2.29
- Crude Oil 08/23/21= \$65.75, 12/31/20= \$48.52, 12/31/19=\$61.77, 12/31/18=\$45.41
- CRB Index 08/23/21= 212.03, 12/31/20= 178.12, 12/31/19=186.92, 12/31/18=169.80

## Weakness & Tendency Toward Lower Rates

- Augmented Unemployment Rate Jul 9.1%, Jun 9.5%, May 9.5%, Apr 9.8%, Mar 9.9%
- Labor Force Participation Rate Jul 61.7%, Jun 61.6%, May 61.6%, Apr 61.7%, Mar 61.5%
- Pool of Available Workers Jul 15.219mIn, Jun 15.912mIn, May 15.916mIn, Apr 16.459mIn
- InvChgGDP 2Q21 -\$168.8bill, 1Q21 -\$94.2bill, 4Q20 +\$57.3bill, 3Q20 +\$15.0billion
- Employment Cost Index 1Q21 +.9%, 4Q20 +.7%, 3Q20 +.5%, 2Q20 +.6%, 1Q20 +.8%
- US Govt Budget Deficit Jul -\$302.1bill, Jun -\$174.2bill, May -\$132.0bill, Apr -\$225.6billion
- US Govt Budget Deficit fiscal 2020= -\$3.1 trillion, 2019= -\$984.0 billion, 2018= -\$779.0 billion
- Nat'l Debt/GDP 2Q21 125.6%, 1Q21 128.0%, 4Q20 127.0%, 3Q20 127.6%, 2Q20 123.0%
- Trade Deficit May -\$71.2 bill, Apr -\$69.1 bill, Mar -\$75.0 bill, Feb -\$71.1 billion
- St. Louis Fin'l Stress Index Jul -.95, Jun -1.00, May -.85, Apr -.93, Mar -.92
- Moody's CMBS Delinq 60+days May 6.95%, Apr 7.01%, Mar 6.98%, Feb 7.31%, Jan 7.59%
- Cass Trucking Shipments Jul -4.4%, Jun -3.0%, May +7.7%, Apr -1.5%; yoy +15.6%
- Capacity Utilization % Jul 76.1, Jun 75.4, May 75.3, Apr 74.7, Mar 74.4
- Personal Savings Rate Jun 9.4%, May 10.3%, Apr 12.7%, Mar 26.9%, Feb 14.0%
- Personal Income Jun +.1%, May -2.2%, Apr -13.6%, Mar +21.0%, Feb -7.0%
- Retail Sales Jul -1.1%, Jun +.7%, May -1.7%, Apr +.9%, Mar +9.8%, Feb -2.7%
- New Home Sales Jun -6.6%, May -7.8%, Apr -7.8%; annual 676,000
- Construction Spending Jun +.1%, May -.2%, Apr +.3%, Mar +1.0%, Feb -.8%
- Inventory Unsold New Homes Jun 6.3mos, May 5.5mos, Apr 4.8mos, Mar 3.6mos
- CoreLogic Negative Equity 1Q21 2.6% 1.4 mln; 4Q20 2.8% 1.5 mln; 1Q20 3.4% 1.8 mln
- Housing Starts Jul -7.0%, Jun +3.5%, May +5.3%, Apr -12.1%; annual 1,534,000
- NAHB/Wells Homebuilder Index Aug 75, Jul 80, Jun 81, May 83, Apr 83, Mar 82
- MBA 90+ Delinq 2Q21 5.47%, 1Q21 6.38%, 4Q20 6.73%, 3Q20 7.65%, 2Q20 8.22%
- Pending Home Sales NAR Jun -1.9%, May +8.3%, Apr -4.4%, Mar +1.7%, Feb -11.5%
- Homeownership Rate 1Q21 65.6%, 4Q20 65.8%, 3Q20 67.4%, 2Q20 67.9%, 1Q20 65.3%
- Philly Fed Backlogs Aug 7.0, Jul 19.0, Jun 22.5, May 40.4, Apr 27.2
- Philly Fed Services Backlogs Jul 8.4, Jun 15.9, May 12.8, Apr 1.2, Mar 1.9
- Unit Labor Costs 2Q21 +1.0%, 1Q21 -2.8%, 4Q20 +13.3%, 3Q20 -9.9%; 2020 +3.8%
- Vehicle Sales Wards Jul 14.75mIn, Jun 15.36mIn, May 16.99mIn, Apr 18.51mIn
- Vehicle Sales 2020= 16.30mIn, 2019= 16.97mIn, 2018= 17.21mIn, 2017= 17.14mIn
- FDIC Problem Banks 1Q21= 55, 4Q20= 56, 3Q20= 56, 2Q20= 52, 1Q20= 54



## 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.



[PennCommunityBank.com](https://www.penncommunitybank.com) | 215.788.1234



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