



Financial Markets & Economic Update by Dorothy Jaworski

Fourth Quarter 2021

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Our Mission and Values

I hope that everyone had a great Thanksgiving. We have much to be thankful for- our families, our friends, our co-workers, and our beloved country. Our economy is giving us fits right now with supply chain issues, major labor shortages, raw material shortages, and dreaded price increases on just about everything. Inflation has awakened. We still have lots of uncertainty surrounding the pandemic and travel but we are managing to persevere through it.

Supply Chain Issues

By now, everyone has heard that the economy has some big “supply chain issues.” We now hear it on TV and on the radio and read about it in newspapers and articles online. What exactly happened? As the economy reopened quickly earlier this year, manufacturers and distributors were not fully prepared for the surge in demand from consumers and businesses. Government stimulus money had flowed freely for over a year and demand for products- most notably durables like autos and appliances- spiked. And the flow of products slumped.

Many factors contributed to the slowdown and, in some cases, failure, of the supply chain. The manufacture of electronics, semiconductor chips, medicines, and medical supplies in China and Taiwan was down due to bad weather, electricity shortages, and Covid-19 lockdowns, so the



amount of production was lower. US manufacturing capacity was not able to pick up the slack. Maybe we outsourced a little too much?

For products that were shipped, mainly in shipping containers on cargo ships, there were severe bottlenecks at the main US ports in Los Angeles and Long Beach, California and in Savannah, Georgia, with dozens of ships lined up off the coasts waiting to offload goods. But where are the workers to unload the ships? Where are the truckers to drive the goods to distribution centers and retail destinations? I've read that we are short 80,000 truckers across the US. The five to six week backlogs to unload containers from ships has led to shortages of chips, medicine, plastics, glass bottles, some food products, and raw materials.

Anyone who has purchased anything recently, which is all of us, has experienced the evil of inflation, which is the by-product of the demand supply imbalance. Anyone who has tried to buy a new or used car knows this inflation. And we all know how much more Thanksgiving dinner cost this year.

No one knows how quickly the supply chain issues will resolve. But as the Wall Street Journal printed last week, shortages can quickly turn into gluts, as evidenced by lumber. The high prices caused by the shortages tend to attract new investment in production. Prices then would decline as supply increases and bottlenecks ease. At least one major company, Walmart, is betting on this.

Inflation

I called inflation "evil" earlier, and it is. Inflation is like a tax. The more we spend, the more it hurts to pay that tax. And we are experiencing what our economics textbooks taught us- inflation results from too much demand chasing too few goods. The consumer price index is running at +6.2% year-over-year and core PCE, a Federal Reserve favorite, was +4.5% in the third quarter.

The massive government stimulus is primarily behind the excess demand. Since March, 2020, thousands of dollars of payments have gone to individuals and PPP loans were made to businesses. This led to a much higher savings rate for some but an increased desire to spend for others. The Federal Reserve also poured trillions of dollars into the financial markets during the pandemic. They increased money supply but the huge drop in the velocity of money held much of that money out of

the real economy. They have just begun the process of cutting back, or "tapering" their purchases by \$15 billion of the \$120 billion monthly bond purchase program. Further cuts are expected each upcoming month until the program gets to zero by mid-2022, at which time they may consider whether to raise interest rates. If they were to try to raise rates today to fight inflation, GDP growth would suffer, demand would decline, and supply chain issues would not be resolved. Most economists see the Fed tightening by a small amount, but not until the fourth quarter of 2022.

Energy prices have spiked from the same supply shortages, including shortages of oil and natural gas in the US and European Union by approaches to climate change, hurting energy production and output. We feel it in gasoline and heating oil and natural gas price increases, which have continued through all of 2021. Consumers may reach a "tipping point" as these prices get too high and cut back on other spending.

Originally, the Fed was calling inflation "transitory," but we know it is lasting longer than expected and is very real. Inflationary expectations, as evidenced in the Treasury bond market, are 3.03% for five years and 2.61% for ten years, compared to expectations and reality under 2.00% for the past ten or more years. But this is hardly the runaway double digit inflation of the 1970s, but it will be elevated until the supply chain issues can be solved.

Worker Shortages

Where have all the workers gone? People are resigning and quitting jobs in droves. The quit rate in September was 3.0%, or 4.4 million people quitting their jobs, and is the highest in 20 years. There are 3 million more available job openings than there are unemployed workers. Retirees are not included in the quit rate and are tracked separately, adding to the worker shortages. We have seen all of the help wanted signs at nearly all businesses, so I wonder where are all the job applicants?

Do people want real change? Are they quitting stressful jobs where they feel under appreciated? Are workers facing burnout, which is most obvious in health care? It does not seem that people are quitting jobs to go back to school; Pennsylvania university enrollment is down to 89,000 this year, which is the lowest in decades. Many people want a work-life balance and more meaning in their lives. Many workers want to continue working-from-home while their managers want them to come into the office. Perhaps there are still child care issues and continued Covid-19



fears. There may be an impact in lost jobs from companies who are enforcing vaccine mandates, exacerbating the worker shortages.

Workers want bigger paychecks, but even higher wage offers from employers are not attracting new employees. Wages are rising, now up +4.9% year-over-year, and may begin to contribute to higher inflation. The unemployment rate is down to 4.8% in October, which sounds great, but the labor force participation rate is 61.6%, close to a 30 year low. The labor force is 3 million less today than it was in early 2020 and the pool of available workers is 3 million higher than early 2020, which should show we have available talent.

GDP and the Consumer

The consumer makes up two-thirds of the economy. They spent freely in the first two quarters of 2021, driving GDP growth to exceed 6.0% annualized, but pulled back in the third quarter to +2.1%; without inventory changes, growth would have been -.1%. Consumer confidence has fallen 25 points so far this year, hurt no doubt by supply chain issues and inflation.

The fourth quarter is seeing a nominal pickup in retail sales, of +1.7% in October; excluding inflation, the change was really +.1%. Perhaps included was some early Christmas shopping and stockpiling of goods. Inflation may end up depleting the savings most consumers with mortgages realized last year from refinancing at lower rates.

Housing remains strong, with huge year-over-year increases of +18.0% to 19.7% recently. Most economists expect the pace of price increases to decline, but still remain positive as existing home inventories may not be as tight as they are now. A demographic factor also supports ongoing housing price increases. The 2020 census showed 12.3 million new households formed in the past ten years, but only 7 million new single family homes built, showing a shortage of desired homes.

So what does the future hold for growth and inflation? Most economists project 2022 GDP growth to be +3.4% to 4.0%, following +4.9% to 5.8% in 2021. The core PCE is projected to fall back to +2.5% to 2.8% in 2022, following +3.2% to 4.1% in 2021. These are consistent with the September median projections from the Fed for GDP in 2022 at +3.8% (2021 +5.9%) and inflation falling to +2.3% in 2022 (2021 +3.7%). These estimates seem to incorporate resolution of supply chain issues, albeit slowly, with both GDP and inflation lower next year and with plenty of reasons to worry. While rates are trending higher now, that trend may not hold as growth slows next year. Thanks for reading!

Tribute

The Philadelphia banking community lost an icon during November. We also lost our good friend, Dolores Lare, who worked at several financial institutions in her long career, as an IT and core systems expert and manager of all operations of a bank. We had the good fortune to be able to work with her. She was kind, caring, fun-loving, and very giving of her time and of herself to family, friends, colleagues, and to charitable endeavors. I am blessed to have had Dolores as a friend. We may not see the likes of her again.

Dorothy Jaworski
Senior Vice President
Director of Treasury & Risk Management

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-Sep-21
10-year Treasury Yield	2.27%	2.44%	2.40%	2.68%	1.92%	0.91%	1.72%	1.52%
10-year Treasury TIPS Yield	0.71%	0.50%	0.45%	0.97%	0.13%	-1.09%	-0.65%	-0.87%
Implied Inflationary Expectation	1.56%	1.94%	1.95%	1.71%	1.79%	2.00%	2.37%	2.39%

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	Sep-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	no
5) economic growth that slips below 2%-2.5% potential	yes	yes	yes	no	no	yes	no	mixed
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-2.4mo
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	no-QE taper

Housing Market Indices:

- CaseShiller 20 City Index Aug yoy +19.7%, Jul yoy +20.0%, Jun yoy +19.3%, May yoy +17.0%; index at new high vs Jul, 2006 peak; +105.1% from Mar, 2012 low
- FHFA Index Aug yoy +18.5%, Jul yoy +19.2%, Jun yoy +19.0%, May yoy +18.1%; index at new high vs Apr, 2007 peak; +98.0% from Mar, 2011 low
- CoreLogic Home Px Index Sep yoy +18.0%, Aug yoy +18.1%, Jul yoy +17.5%, Jun yoy +17.2%; index at new high vs Apr, 2006 peak; +105.3% from Mar, 2011 low

Fed Z.1 HH NetWorth:

- 1Q09 (low) \$54.0 trill; 4Q16 \$94.7 trill; 4Q17 \$103.5 trill; 4Q18 \$104.3 trill; 4Q19 \$116.8 trill; 4Q20 \$130.7 trill; 2Q21 \$141.7 trillion

Penn Community Bank Rate & Market History:

										Change 2020	Change 2021
										12/20 vs 12/19	09/21 vs 12/20
Bond Market Yields:		31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Mar-21	30-Sep-21		
Treasuries:	3 month	0.15%	0.50%	1.38%	2.45%	1.54%	0.06%	0.01%	0.03%	-1.48%	-0.03%
	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%	0.29%	-1.45%	0.17%
	3 year	1.33%	1.45%	1.97%	2.46%	1.61%	0.17%	0.33%	0.52%	-1.44%	0.35%
	5 year	1.77%	1.93%	2.21%	2.51%	1.69%	0.36%	0.91%	0.99%	-1.33%	0.63%
	10 year	2.27%	2.44%	2.40%	2.68%	1.92%	0.91%	1.72%	1.52%	-1.01%	0.61%
	30 year	3.02%	3.06%	2.74%	3.01%	2.39%	1.65%	2.37%	2.09%	-0.74%	0.44%
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%	0.08%	-1.64%	-0.06%
	3 month	0.61%	1.00%	1.69%	2.80%	1.91%	0.24%	0.20%	0.13%	-1.67%	-0.11%
	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%	0.24%	-1.66%	-0.10%
FNMA Mortgage Posted Yields (30 day):											
	15 year	2.77%	2.90%	2.92%	3.53%	2.66%	1.34%	1.81%	1.77%	-1.32%	0.43%
	30 year	3.58%	3.68%	3.51%	4.12%	3.29%	1.91%	2.57%	2.55%	-1.38%	0.64%
Indicative Treasury yield curve spreads:											
	2 year minus 3 month	0.91%	0.69%	0.50%	0.04%	0.03%	0.06%	0.14%	0.26%	0.03%	0.20%
	5 year minus 2 year	0.71%	0.74%	0.33%	0.02%	0.12%	0.24%	0.76%	0.70%	0.12%	0.46%
	10 year minus 3 month	2.12%	1.94%	1.02%	0.23%	0.38%	0.85%	1.71%	1.49%	0.47%	0.64%
	10 year minus 2 year	1.21%	1.25%	0.52%	0.19%	0.35%	0.79%	1.57%	1.23%	0.44%	0.44%
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%	0.78%	0.01%	-0.20%
	30 year minus 10 year Treas	1.31%	1.24%	1.11%	1.44%	1.37%	1.00%	0.85%	1.03%	-0.37%	0.03%
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	33,843.92	2,068.04	3,237.44
	S&P 500	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07	3,972.89	4,307.54	525.29	551.47
	Nasdaq	5,007.41	5,383.12	6,903.39	6,635.28	8,972.60	12,888.28	13,246.87	14,448.58	3,915.68	1,560.30

Selected Economic Data Releases

(in about the past month) which show:

Strength & Tendency Toward Higher Rates

- Unemployment Rate Oct 4.6%, Sep 4.8%, Aug 5.2%, Jul 5.4%, Jun 5.9%
- Bucks Co Unemployment Rate Sep 4.5%, Aug 5.7%, Jul 5.7%, Jun 5.3%, May 4.8%
- Montgomery Co Unempl Rate Sep 4.3%, Aug 5.3%, Jul 5.4%, Jun 4.9%, May 4.5%
- Payroll Employment Oct +531,000, Sep +312,000, Aug +483,000, Jul +1,091,000
- Private Co Payrolls Oct +604,000, Sep +365,000, Aug +504,000, Jul +816,000
- Household Employment Oct +359,000, Sep +526,000, Aug +509,000, Jul +1,043,000
- ADP Payrolls Oct +571,000, Sep +523,000, Aug +340,000, Jul +326,000
- Unemployed Persons Oct -255,000, Sep -710,000, Aug -318,000, Jul -782,000
- Civilian Labor Force Oct +104,000, Sep -183,000, Aug +190,000, Jul +261,000
- Those Not in Labor Force Oct +138,000, Sep +338,000, Aug -49,000, Jul -103,000
- Job Leavers Oct 11.5%, Sep 10.3%, Aug 9.9%, Jul 10.8%, Jun 9.9%
- Average Workweek Oct 34.7, Sep 34.8, Aug 34.6, Jul 34.7, Jun 34.7 hrs
- Ave Hourly Earnings Oct \$30.96, Sep \$30.85, Aug \$30.67, Jul \$30.55; yoy +4.9%
- Employees Working-at-Home 3Q21 24.0%, 2Q21 21.0%, 1Q21 20.9%, 4Q20 21.8%
- Job Openings JOLTs Sep 10.438mln, Aug 10.629mln, Jul 11.098mln, Jun 10.073mln
- Job Openings Rate Sep 6.6%, Aug 6.7%, Jul 7.0%, Jun 6.5%
- Quit Rate Sep 3.0%, Aug 2.9%, Jul 2.7% Jun 2.7%
- Retail Sales Oct +1.7%, Sep +.8%, Aug +.9%, Jul -1.8%, Jun +.7%
- Challenger Report Layoffs Oct 22,822, Sep 17,895, Aug 15,723, Jul 18,942
- Nominal GDP 3Q21 +8.0%, 2Q21 +12.9%, 1Q21 +10.6%, 4Q20 +6.4%, 3Q20 +37.5%
- GDP PxDeflator 3Q21 +5.9%, 2Q21 +6.2%, 1Q21 +4.3%, 4Q20 +1.9%, 3Q20 +3.7%
- Core PCE 3Q21 +4.5%, 2Q21 +6.1%, 1Q21 +4.3%, 4Q20 +2.2%, 3Q20 +3.5%
- Corp Profits 3Q21 +4.3%, 2Q21 +10.5%, 1Q21 +5.1%, 4Q20 -.3%, 3Q20 +25.4%
- Corp Profits 2020 no chg, 2019 +2.2%, 2018 +7.5%, 2017 +3.2%, 2016 -.1%
- InvChgGDP 3Q21 -\$65.3bill, 2Q21 -\$174.3bill, 1Q21 -\$94.2bill, 4Q20 +\$57.3billion
- Leading Economic Indics Oct +.9%, Sep +.1%, Aug +.7%, Jul +.9%, Jun +.7%
- LEI 6 mos annualized Oct +9.4%, Sep +10.7%, Aug +13.3%, Jul +11.8%, Jun +10.9%
- Personal Income Oct +.5%, Sep -1.0%, Aug +.3%, Jul +1.2%, Jun +.3%
- Personal Spending Oct +.7%, Sep +.3%, Aug +.7%, Jul -.4%, Jun +.6%
- Personal Savings Rate Oct 7.3%, Sep 8.2%, Aug 9.9%, Jul 10.6%, Jun 9.5%
- HHNW 2Q21 \$141.7trill, 1Q21 \$135.8trill, 4Q20 \$130.7trill, 3Q20 \$122.9trillion
- Consumer Credit Sep +\$29.91bill, Aug +\$13.76bill, Jul +\$17.27bill, Jun +\$37.87billion
- Consumer Confidence Oct 113.8, Sep 109.8, Aug 115.2, Jul 125.1, Jun 128.9
- CoreLogic Home Px Sep yoy +18.0%, Aug yoy +18.1%; +105.3% from low
- FHFA Home Px Aug yoy +18.5%, Jul yoy +19.2%; from low +98.0%
- Case Shiller 10 City Aug yoy +18.6%, Jul yoy +19.2%, Jun yoy +18.7%
- Case Shiller 10 City Aug new high, +96.1% from low
- Case Shiller 20 City Aug yoy +19.7%, Jul yoy +20.0%, Jun yoy +19.3%
- Case Shiller 20 City Aug new high, +105.1% from low
- Existing Home Sales Oct +.8%, Sep +7.0%, Aug -2.0%, Jul +2.2%; annual 6.2 million
- Median Sales Price Existing Homes Oct \$353,900; yoy +13.1%
- Inventory Unsold Existing Oct 2.4mos, Sep 2.4mos, Aug 2.6mos, Jul 2.6mos
- New Home Sales Oct +.4%, Sep +7.1%, Aug -1.6%; annual 745,000
- Median Sales Price New Homes Oct \$407,700; yoy +17.5%
- Inventory Unsold New Homes Oct 6.3mos, Sep 6.1mos, Aug 6.6mos, Jul 6.3mos
- NAHB/Wells Homebuilder Index Nov 83, Oct 80, Sep 76, Aug 75, Jul 80, Jun 81
- Building Permits Oct +4.0%, Sep -7.8%, Aug +5.6%, Jul +2.6%; annual 1,650,000
- Unit Labor Costs 3Q21 +8.3%, 2Q21 +1.1%, 1Q21 -2.8%, 4Q20 +13.3%, 3Q20 -9.9%
- Business Sales Sep +.9%, Aug +.1%; Inventories Sep +.7%, Aug +.8%
- Langer Consumer Comfort Index Nov 52.2, Oct 49.2, Sep 54.7, Aug 58.2, Jul 53.2
- Philly Fed Index Nov 39.0, Oct 23.8, Sep 30.7, Aug 19.4, Jul 21.9
- Philly Fed Prices Pd Nov 80.0, Oct 70.3, Sep 67.3, Aug 71.2, Jul 69.7
- Philly Fed Backlogs Nov 27.4, Oct 12.7, Sep 5.4, Aug 7.0, Jul 19.0
- Philly Fed Services Index Nov 47.0, Oct 34.3, Sep 21.9, Aug 37.2, Jul 44.8
- Philly Fed Services Prices Pd Nov 64.6, Oct 65.5, Sep 51.5, Aug 50.1, Jul 54.8
- Import Prices Oct +1.2%, Sep +.4%, Aug -.3%, Jul +.3%, Jun +1.1%
- Industrial Production Oct +1.6%, Sep -1.3%, Aug no chg, Jul +.8%, Jun +.2%
- Manufacturing Production Oct +1.2%, Sep -.7%, Aug -.3%, Jul +1.5%, Jun -.2%
- NFIB Small Business Optimism Oct 98.2, Sep 99.1, Aug 100.1, Jul 99.7, Jun 102.5
- Empire St NY Fed Index Nov 30.9, Oct 19.8, Sep 34.3, Aug 38.3, Jul 43.0
- Moody's Risk of Recession Sep 13.1%, Aug 14.0%, Jul 13.7%, Jun 13.0%
- Moody's Beige Book Index Sep 202.8, Jul 198.6, Jun 156.9, Apr 104.2, Mar 75.0
- Moody's CNN Back-to-Normal Index Nov 94.5, Oct 93.5, Sep 92.4, Aug 93.1, Jul 91.6

- Bankruptcy Filings yoy 3Q21 -21.0%, 2Q21 -8.1%, 1Q21 -39.6%, 4Q20 -38.6%
- ISM Index Oct 60.8, Sep 61.1, Aug 59.9, Jul 59.5, Jun 60.6
- ISM Prices Pd Oct 85.7, Sep 81.2, Aug 79.4, Jul 85.7, Jun 92.1
- ISM Backlogs Oct 63.6, Sep 64.8, Aug 68.2, Jul 65.0, Jun 64.5
- ISM Services Index Oct 66.7, Sep 61.9, Aug 61.7, Jul 64.1, Jun 60.1
- ISM Services Prices Pd Oct 82.9, Sep 77.5, Aug 75.4, Jul 82.3, Jun 79.5
- ISM Services Backlogs Oct 67.3, Sep 61.9, Aug 61.3, Jul 63.5, Jun 65.8
- Cass Trucking Shipments Oct +.4%, Sep -.4%, Aug +4.8%, Jul -4.4%; yoy +.8%
- Factory Orders Sep +.2%, Aug +1.0%, Jul +.7%, Jun +1.5%, May +2.3%
- Factory Backlogs Sep +.7%, Aug +.9%, Jul +.5%, Jun +.8%, May +1.0%
- CoStar Com'l Prop GC Sep +.5%, Aug +1.3%, Jul +.3%, Jun +1.4%, May +1.3%
- CoStar Com'l Prop GC yoy Sep +13.6%, Aug +14.8%, Jul +14.3%, Jun +13.8%, May +10.6%
- DXY Dollar Index 11/26/21= 96.09, 12/31/20= 89.94, 12/31/19=96.39, 12/31/18=96.17
- Gas AAA 11/26/21= \$3.41, 12/31/20= \$2.56, 12/31/19=\$2.58,12/31/18=\$2.29
- Crude Oil 11/26/21= \$72.50, 12/31/20= \$48.52, 12/31/19=\$61.77, 12/31/18=\$45.41
- CRB Index 11/26/21= 238.38, 12/31/20= 178.12, 12/31/19=186.92, 12/31/18=169.80

Weakness & Tendency Toward Lower Rates

- Augmented Unemployment Rate Oct 8.0%, Sep 8.2%, Aug 8.4%, Jul 9.1%, Jun 9.5%
- Labor Force Participation Rate Oct 61.6%, Sep 61.6%, Aug 61.7%, Jul 61.7%, Jun 61.6%
- Pool of Available Workers Oct 13.397mln, Sep 13.643mln, Aug 14.066mln, Jul 15.219mln
- Employment Cost Index 3Q21 +1.3%, 2Q21 +.7%, 1Q21 +.9%, 4Q20 +.7%, 3Q20 +.5%
- Real GDP 3Q21 +2.1%, 2Q21 +6.7%, 1Q21 +6.3%, 4Q20 +4.5%, 3Q20 +33.8%
- Real GDP 2020 -3.5%, 2019 +2.2%, 2018 +3.0%, 2017 +2.3%, 2016 +1.7%
- Real Final Sales 3Q21 no chg, 2Q21 +8.1%, 1Q21 +9.1%, 4Q20 +3.4%, 3Q20 +25.9%
- US Govt Budget Deficit Oct -\$165.1bill, Sep -\$61.5bill, Aug -\$170.6bill, Jul -\$302.1billion
- US Govt Budget Deficit fiscal 2021= -\$2.77 trill, 2020= -\$3.1 trill, 2019= -\$984.0 billion
- Nat'l Debt/GDP 3Q21 122.6%, 2Q21 125.5%, 1Q21 128.0%, 4Q20 127.0%, 3Q20 127.6%
- NonFarm Productivity 3Q21 -5.0%, 2Q21 +2.4%, 1Q21 +4.3%, 4Q20 -3.4%, 3Q20 +4.6%
- Trade Deficit Sep -\$80.9 bill, Aug -\$72.8 bill, Jul -\$70.3 bill, Jun -\$71.2 billion
- St. Louis Fin'l Stress Index Oct -1.01, Sep -.8, Aug -.83, Jul -.95, Jun -1.00
- Velocity of M2 3Q21 1.12, 2Q21 1.12, 1Q21 1.12, 4Q20 1.13, 2Q20 1.10, 1Q20 1.37
- Housing Starts Oct -.7%, Sep -2.7%, Aug +.7%, Jul -7.0%; annual 1,520,000
- Construction Spending Sep -.5%, Aug +.1%, Jul +.1%, Jun no chg, May -.2%
- CoreLogic Negative Equity 2Q21 2.3% 1.2 mln; 1Q21 2.6% 1.4 mln; 4Q20 2.8% 1.5 mln
- MBA 90+ Delinq 3Q21 4.88%, 2Q21 5.47%, 1Q21 6.38%, 4Q20 6.73%, 3Q20 7.65%
- Pending Home Sales NAR Sep -2.3%, Aug +8.1%, Jul -2.0%, Jun -1.9%
- Homeownership Rate 3Q21 65.4%, 2Q21 65.4%, 1Q21 65.6%, 4Q20 65.8%, 3Q20 67.4%
- Capacity Utilization % Oct 76.4, Sep 75.2, Aug 76.2, Jul 76.2, Jun 75.5
- Moody's CMBS Delinq 60+days Sep 6.03%, Aug 6.22%, Jul 6.67%, Jun 6.80%, May 6.95%
- Philly Fed Services Backlogs Nov 11.9, Oct 17.1, Sep 8.8, Aug 13.0, Jul 8.4
- Agriculture Prices Sep -.7%, Aug +2.3%, Jul -.5%, Jun +.9%, May +1.8%
- PPI Oct +.6%, core +.4%, yoy +8.6%, core +6.8%
- CPI Oct +.9%, core +.6%; yoy +6.2%, core +4.6%
- FIBER Leading Inflation Index Jul 91.3, Jun 92.3, May 92.2, Apr 90.8
- FIBER Leading Infl yoy Jul +13.3%, Jun +17.1%, May +19.4%, Apr +18.5%
- Durable Goods Orders Oct -.5%, Sep -.4%, Aug +1.3%, Jul +.5%, Jun +.9%
- Vehicle Sales Wards Oct 12.99mln, Sep 12.18mln, Aug 13.06mln, Jul 14.75mln
- Vehicle Sales 2020= 16.30mln, 2019= 16.97mln, 2018= 17.21mln, 2017= 17.14mln
- FDIC Problem Banks 2Q21= 51, 1Q21= 55, 4Q20= 56, 3Q20= 56, 2Q20= 52



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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