Financial Markets & Economic Update by Dorothy Jaworski

Third Quarter 2022

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Inflation

The Federal Reserve waited too long before beginning its fight against inflation. We are all paying higher prices for food, clothing, gas, oil, cars, services like travel and eating out at restaurants, and goods of all kinds. Until early this year, the Fed's focus seemed to be the unemployment rate and recovery from the pandemic. Now inflation is here and we hate it!

We spent too long waiting for the Fed to figure out that inflation was not "transitory" (to use Chairman Powell's infamous phrase) and that inflation was, in fact, building momentum. The transitory narrative worked for about a month last year, before inflation started taking off with a vengeance. Supply chain issues and missteps caused much of the inflation by keeping goods in short supply, which resulted in higher prices. We had an oil crisis, a gas crisis, and an electricity crisis all at once. The Consumer Price Index headline peaked (for now) at +9.1% year-over-year in June, 2022 before falling back to +8.5% in July. Producer Prices were +9.8% in July over the prior year and was +11.3% in June. CPI and PPI, excluding food and energy, are currently just below +6% year-over-year. Relief from declining oil and gas prices gave us some breathing room, but the Fed still has lots of work to do with inflation trending at 4 to 5 times its target of 2%.

The Fed let inflation ride from last summer until March, 2022, when they took a baby step of tightening by .25%. In hindsight, it appears that this move was already too late to make a meaningful impact on 2022 inflation pressure. Even more egregiously, the Fed continued to purchase $100 billion of Treasury and Agency bonds in the market each month through March, 2022! This money was added even when it was known inflation was accelerating, and along with the fiscal stimulus handouts of cash, added fuel to the inflation fire. As pandemic spending began to recover, the Fed slowed money supply growth in 2021 from 25.8% to 12%-13% for the second half of 2021, and to single digits by June of 2022. The Fed has also announced they will allow their bond portfolio to begin running off at a pace of $47.5 billion per month until September, then at $95 billion per month after September.

Hindsight is 20/20 and they realize that they need to get interest rates higher- thus the .50% and .75% hikes in short-term rates in May, June, and July and get money supply down quickly. Cumulatively, the Fed Funds rate has been raised by 2.25% to 2.50%. They'll meet again in September and will be deciding how much to raise rates. I would expect them to raise rates to at least 3.50% at year-end 2022.

GDP and Recession

The effects of Fed actions are realized with a lag of six to nine months, so I'm guessing there will not be much question about recession by then. We experienced two negative quarters of GDP, which is the textbook definition of recession, in the first and second quarters of 2022, by -1.6% and -.9%. Inventory changes were the predominant factor in the negative growth. If companies grow inventories too much, they may have to reduce prices to liquidate them. Walmart, Target, and Amazon can tell you this is true. But NBER is the organization that gets to call the recession; it will peg the beginning and end, based generally on four factors: falling production (GDP already is falling), falling real income (real disposable income is down 18 months in a row), falling real sales (slow declining trend), and falling employment/rising unemployment (not yet here- still seeing strong payroll growth).

We are seeing three of the four conditions for a NBER recession call already met. The sole hold-out is unemployment, still low at 3.5%, and payroll growth of +528,000 in July, 2022. The household report was weaker at +179,000 in July, following a decline in June of over -300,000. Employment is a lagging indicator, with household reporting leading the payroll numbers, and eventually job cuts, layoffs, and hiring freezes will hurt employment growth, along with the inability to find talent. One negative factor in our economy and affecting productivity is the level of those Not in the Labor Force, which topped 100 million in July. NBER and our textbooks both predict that unemployment will rise at least .50% during recession, which is a cost of almost a million jobs.

We do need to understand that recession or the risk of recession will not stop the Fed from raising interest rates, liquidating their bond portfolio, and reducing the money supply. M2 year-over-year growth has slowed to +5.9% in June, 2022, compared to +12.4% in December, 2021, and 21% to 25% during the pandemic months in 2020. Prior to the pandemic, M2 growth ranged from 3% to 5%, which seemed to be a steady non-inflationary pace. The Fed will keep raising rates to show their resolve to the markets that they will fight inflation or else inflationary expectations can soar pretty quickly. So far, they are relatively steady, with the 10 year Treasury and TIPs measure showing inflation at 2.48%. Meanwhile the 5 year Treasury- TIPs is 2.76%.

It is not just the US that is under threat of recession. China's economy is declining as housing/real estate and manufacturing are under pressure. Europe is also under the gun as high prices for energy have sapped spending power. Big heat waves struck the US and Europe during July, with temperatures exceeding 100 degrees for a time. I can attest to the heat in Metz and Paris, as one day it was 100, the next was 102. Then it would cool to 98 or 99. Many areas of Europe are suffering from lack of rainfall. The Rhine River, a mainstay of all the economies along the river as well as the favorite of river cruises, is so dry in areas that ships can no longer navigate. Lack of rain is also hurting agriculture and hydroelectric plant production. Pray for rain! And pray for the grapes that will soon become wine!

Leading Indicators

What are leading indicators telling us? The biggest leading indicator of all is the stock market, with its negative performance year-to-date. The S&P 500 is down -10% and the Russell 3000 is down -11%, but have recovered from the lows in June. The stock market is certainly pointing to down times in the economy and corporate profits. Another leading indicator is the Treasury yield curve, which is currently inverted between the 2 year and the 10 year yields by -.45%. The 3 month to 10 year yield spread is still positive, by .24%, but with one more Fed rate hike will turn it negative. My preference has always been to follow the 2-10 year spread as a recession indicator, which is market determined. The Fed prefers the 3month-10 year spread, but they control the 3 month.

The index of leading economic indicators, published by the Conference Board, was down -.8% in June and was down five of six months in 2022. This bodes ill for the economy six to nine months from now, and coincides with the six to nine month lag in Fed policy. The leading inflation index, published by FIBER, gives a glimmer of hope about inflation. In May, the index turned down on a year-over-year basis for the first time in several years, and has been down three months in a row. Commodity prices have also fallen recently, contributing to the small drops in inflation. As I said, a small glimmer of hope...

Many surveys, such as ISM, S&P, and Philly Fed manufacturing and services, are showing declines in July for the Prices Paid component. University of Michigan also shows that consumers think inflation will fall after the coming years; one year inflationary expectations are at 5.0% and 5 to 10 year expectations are at 3.0%.

Other Impacts

One silver lining of rapidly rising interest rates is the relative strength of the US Dollar versus other major currencies; the dollar has continued to be very strong and the dollar index is up +11.6% year-to-date. A strong dollar serves to keep import prices lower than they otherwise would be, and kept inflation from becoming worse. But the strong dollar has raised prices more rapidly in the rest of the world and the emerging markets are facing a crisis with high interest rates and potential defaults on debt. Foreign investors not only suffered from market declines, but their US holdings also were down from exchange rates versus the dollar. On our trip to France, the exchange rate was close to 1 to 1 between the US dollar and the Euro so we were pretty happy. As mentioned, China's and Europe's economies are struggling- China with a real estate crisis and declining production and Europe with an energy crisis.

And speaking of debt, the US Treasury total now exceeds $30.4 trillion, or 122.6% of GDP at the end of the second quarter of 2022. Ratios above 90% of GDP have been shown to seriously detract from GDP, which was evidence with average GDP of +2.2% to +2.3% between 2010 and 2019. Debt levels keep rising so I believe our longer-term potential will now be below 2.0%.

And a word about the housing market- it has been, in a word- devastated. Housing starts, building permits, new and existing home sales, pending home sales, and builder sentiment indices are all down sharply so far in 2022. Price changes are still near the highs of +20% year-over-year as inventories on existing homes remain very low at 3.0 months' worth of sales. New home inventory is too high at about 9.0 months. There is no happy medium. Higher rates and recession will pull down the large price increases.

If we are not in recession already, we soon will be. The data is pointing that way and the Fed will continue to raise rates. Just think, before they had even tightened a tiny bit in March, GDP was already down. They will keep raising rates until inflation is falling substantially. They must show the markets they will fight hard. They will keep raising short-term rates, while longer-term rates keep declining in response to recession and recession risk. Even recession won't stop the Fed, at first. But recession will stop inflation. It does every time. Thanks for reading!

Large Hadron Collider Update

Everyone's favorite machine is back up and running! Since 2018, the Large Hadron Collider, or "LHC," was down for maintenance and upgrades so that particles could smash at 6.8 trillion electron volts, or "TeVs," for a total of 13.6 trillion TeVs when the protons collide. The LHC restarted on July 5, 2022 and will run for four years until being shut down for maintenance in 2026.

The LHC fires protons at each other at almost the speed of light along the 17 mile tunnel under the Swiss and French Alps, where magnetic fields move the protons around. The debris cloud when the protons collide reveals subatomic particles for study. Linear accelerators were added to strip the electrons from the protons. Also, upgrades were added to the software to sort the data that is felt to be useful for study; this is accomplished by artificial intelligence. To date, only about 10% of the data has been analyzed; this can now be raised by 3 times.

There has not been much excitement since the discovery of the Higgs Boson particle in 2012. New discoveries include new particles and scientists are attempting to explain dark matter, which makes up 95% of the universe. So hopefully, someone will tell us what this all means and what it will do for us or teach us.

Dorothy Jaworski
Senior Vice President
Director of Treasury & Risk Management

Inflationary Expectations That Are Built into the Markets:

Treasury Inflation Expectations:	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	30-Jun-22
10-year Treasury Yield	2.44%	2.40%	2.68%	1.92%	0.91%	1.50%	2.98%
10-year Treasury TIPS Yield	0.50%	0.45%	0.97%	0.13%	-1.09%	-1.12%	0.60%
Implied Inflationary Expectation	1.94%	1.95%	1.71%	1.79%	2.00%	2.62%	2.38%

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

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Jun-22
1) moderating inflationary expectations/leading indicators	mixed	mixed	yes	yes	mixed	no	no
2) any meaningful rise in unemployment or loss of jobs	no	no	no	no	yes	no	no
3) moderating labor costs	yes	mixed	no	yes	yes	no	no
4) decent productivity growth	no	no	no	no	no	no	no
5) economic growth that slips below 2%-2.5% potential	yes	yes	no	no	yes	mixed	yes
6) a financial market crisis of some type	no	no	mixed	no	yes-virus	yes-virus	yes-inflation
7) housing (existing homes) weak- inventory>6 mos	no-4.0mo	no-3.2mo	no-3.9mo	no-3.7mo	no-1.9mo	no-1.7mo	no-3.0mo
8) statements by the Fed promising easing/low rts	no-raising rts	no-raising rts	no-raising rts	no-neutral	yes	no-QE taper	no-raising rts, QT

Housing Market Indices:

- CaseShiller 20 City Index May yoy +20.5%, Apr yoy +21.2%, Mar yoy +21.1%, Feb yoy +20.2%; index at new high vs Jul, 2006 peak; +136.7% from Mar, 2012 low
- FHFA Index May yoy +18.3%, Apr yoy +18.9%, Mar yoy +19.1%, Feb yoy +19.4%; index at new high vs Apr, 2007 peak; +124.4% from Mar, 2011 low
- CoreLogic Home Px Index Jun yoy +18.3%, May yoy +20.2%, Apr yoy +20.9%, Mar yoy +20.9%; index at new high vs Apr, 2006 peak; +127.0% from Mar, 2011 low

Fed Z.1 HH NetWorth:

4Q16 $94.8 trill; 4Q17 $103.4 trill; 4Q18 $104.0 trill; 4Q19 $116.7 trill; 4Q20 $131.7 trill; 4Q21 $149.8 trill; 1Q22 $149.3 trillion

Penn Community Bank Rate & Market History:

Bond Market Yields:		31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	30-Jun-22	Change 2021 12/21 vs 12/20	Change 2022 06/22 vs 12/21
Treasuries:	3 month	0.50%	1.38%	2.45%	1.54%	0.06%	0.03%	1.70%	-0.03%	1.67%
	6 month	0.61%	1.53%	2.55%	1.58%	0.08%	0.18%	2.46%	0.10%	2.28%
	1 year	0.81%	1.73%	2.62%	1.57%	0.10%	0.37%	2.72%	0.27%	2.35%
	2 year	1.19%	1.88%	2.49%	1.57%	0.12%	0.72%	2.92%	0.60%	2.20%
	3 year	1.45%	1.97%	2.46%	1.61%	0.17%	0.95%	2.98%	0.78%	2.03%
	5 year	1.93%	2.21%	2.51%	1.69%	0.36%	1.25%	3.01%	0.89%	1.76%
	10 year	2.44%	2.40%	2.68%	1.92%	0.91%	1.50%	2.98%	0.59%	1.48%
	30 year	3.06%	2.74%	3.01%	2.39%	1.65%	1.91%	3.13%	0.26%	1.22%
Fed Funds Target Rate (average):		0.63%	1.38%	2.38%	1.63%	0.13%	0.13%	1.63%	0.00%	1.50%
LIBOR/SOFR Rates:	1 month	0.77%	1.57%	2.52%	1.78%	0.14%	0.10%	1.69%	-0.04%	1.59%
	3 month	1.00%	1.69%	2.80%	1.91%	0.24%	0.21%	2.12%	-0.03%	1.91%
	6 month	1.32%	1.84%	2.87%	1.91%	0.26%	0.34%	2.63%	0.08%	2.29%
	12 month	1.69%	2.11%	3.01%	2.00%	0.34%	0.58%	3.11%	0.24%	2.53%
FNMA Mortgage Posted Yields (30 day):										
	15 year	2.90%	2.92%	3.53%	2.66%	1.34%	1.86%	4.24%	0.52%	2.38%
	30 year	3.68%	3.51%	4.12%	3.29%	1.91%	2.63%	5.05%	0.72%	2.42%
Indicative Treasury yield curve spreads:										
	2 year minus 3 month	0.69%	0.50%	0.04%	0.03%	0.06%	0.69%	1.22%	0.63%	0.53%
	5 year minus 2 year	0.74%	0.33%	0.02%	0.12%	0.24%	0.53%	0.09%	0.29%	-0.44%
	10 year minus 3 month	1.94%	1.02%	0.23%	0.38%	0.85%	1.47%	1.28%	0.62%	-0.19%
	10 year minus 2 year	1.25%	0.52%	0.19%	0.35%	0.79%	0.78%	0.06%	-0.01%	-0.72%
Indicative FNMA mortgage posted yield spreads:										
	15 year minus 5 year Treas	0.97%	0.71%	1.02%	0.97%	0.98%	0.61%	1.23%	-0.37%	0.62%
	30 year minus 10 year Treas	1.24%	1.11%	1.44%	1.37%	1.00%	1.13%	2.07%	0.13%	0.94%
Stock Market Indices:										
	Dow Jones	19,762.60	24,719.22	23,327.46	28,538.44	30,606.48	36,338.30	30,775.43	5,731.82	-5,562.87
	S&P 500	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07	4,766.18	3,785.38	1,010.11	-980.80
	Nasdaq	5,383.12	6,903.39	6,635.28	8,972.60	12,888.28	15,644.97	11,028.74	2,756.69	-4,616.23

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

Strength & Tendency Toward Higher Rates

- Unemployment Rate Jul 3.5%, Jun 3.6%, May 3.6%, Apr 3.6%, Mar 3.6%
- Bucks Co Unemployment Rate Jun 3.8%, May 3.4%, Apr 3.5%, Mar 3.8%, Feb 4.1%
- Montgomery Co Unempl Rate Jun 3.6%, May 3.1%, Apr 3.2%, Mar 3.4%, Feb 3.7%
- Lehigh Co Unempl Rate Jun 4.7%, May 4.3%, Apr 4.5%, Mar 4.8%, Feb 5.2%
- Payroll Employment Jul +528,000, Jun +398,000, May +384,000, Apr +436,000
- Private Co Payrolls Jul +471,000, Jun +404,000, May +336,000, Apr +405,000
- ADP Payrolls Jul na, Jun na, May +128,000, Apr +202,000, Mar +479,000
- Unemployed Persons Jul -242,000, Jun -38,000, May +9,000, Apr -11,000
- Job Leavers Jul 14.8%, Jun 14.0%, May 12.8%, Apr 13.1%, Mar 13.0%
- Labor Force Participation Rate Jul 62.1%, Jun 62.2%, May 62.3%, Apr 62.2%
- Average Workweek Jul 34.6, Jun 34.6, May 34.5, Apr 34.6, Mar 34.6 hrs
- Ave Hourly Earnings Jul $32.27, Jun $32.12, May $31.98, Apr $31.86; yoy +5.2%
- Employment Cost Index 2Q22 +1.3%, 1Q22 +1.4%, 4Q21 +1.0%, 3Q21 +1.2%
- Employees Working-at-Home 1Q22 24.0%, 4Q21 25.0%, 3Q21 24.0%, 2Q21 21.0%
- Job Openings JOLTs Jun 10.698mln, May 11.303mln, Apr 11.681mln, Mar 11.855mln
- Job Openings Rate Jun 6.6%, May 6.9%, Apr 7.2%, Mar 7.3%, Feb 7.0%
- Quit Rate Jun 2.8%, May 2.8%, Apr 2.9%, Mar 2.9%, Feb 2.9%
- Personal Income Jun +.6%, May +.6%, Apr +.5%, Mar +.6%, Feb +.7%
- Nominal GDP 2Q22 +8.0%, 1Q22 +6.7%, 4Q21 +14.0%, 3Q21 +8.2%, 2Q21 +12.9%
- GDP PxDeflator 2Q22 +8.9%, 1Q22 +8.3%, 4Q21 +7.1%, 3Q21 +5.9%, 2Q21 +6.2%
- Core PCE 2Q22 4.4%, 1Q22 +5.2%, 4Q21 +5.0%, 3Q21 +4.6%, 2Q21 +6.1%
- Unit Labor Costs 2Q22 +10.8%, 1Q22 +12.7%, 4Q21 +3.9%, 3Q21 +10.6%
- Unit Labor Costs annual 2021 +3.3%, 2020 +4.5%, 2019 +1.8%, 2018 +1.9%
- CPI Jul no chg, core +.3%; yoy +8.5%, core +5.9%
- PPI Jul -.5%, core +.2%, yoy +9.8%, core +5.8%
- Agriculture Prices Jun +.2%, May +.5%, Apr +3.0%, Mar +6.3%, Feb +7.4%, Jan -.9%
- Retail Sales Jun +1.0%, May -.1%, Apr +.7%, Mar +1.2%, Feb +1.7%
- Consumer Credit Jun +$40.15bill, May +$23.79bill, Apr +$36.76bill, Mar +$47.34billion
- HHNW 1Q22, $149.3trill, 4Q21 $149.8trill, 3Q21 $145.0trill, 2Q21 $145.0trillion
- CoreLogic Home Px Jun yoy +18.3%, May yoy +20.2%; +127.0% from low
- FHFA Home Px May yoy +18.3%, Apr yoy +18.9%; from low +124.4%
- Case Shiller 10 City May yoy +19.0%, Apr yoy +19.7%, Mar yoy +19.5%
- Case Shiller 10 City Apr new high, +124.6% from low
- Case Shiller 20 City May yoy +20.5%, Apr yoy +21.2%, Mar yoy +21.1%
- Case Shiller 20 City Apr new high, +136.7% from low
- Median Sales Price Existing Homes Jun $416,000; yoy +13.4%
- Inventory Unsold Existing Jun 3.0mos, May 2.6mos, Apr 2.2mos, Mar 1.9mos
- Bankruptcy Filings yoy 2Q22 -13.1%, 1Q22 -15.9%, 4Q21 -17.7%, 3Q21 -21.0%
- ISM Index Jul 52.8, Jun 53.0, May 56.1, Apr 55.4, Mar 57.1, Feb 58.6
- ISM Services Index Jul 56.7, Jun 55.3, May 55.9, Apr 57.1, Mar 58.3, Feb 56.5
- ISM Services Backlogs Jul 58.3, Jun 60.5, May 52.0, Apr 59.4, Mar 64.5, Feb 64.2
- S&P Manufacturing Index Jul 52.2, Jun 52.7, May 57.0, Apr 59.2, Mar 58.6, Feb 57.3
- Empire St NY Fed Index Jul 11.1, Jun -1.2, May -11.6, Apr 24.6, Mar -11.8, Feb 3.1
- Philly Fed Services Backlogs Jul 6.9, Jun .1, May 12.4, Apr 12.5, Mar 7.2, Feb 6.2
- Capacity Utilization % Jun 80.0, May 80.3, Apr 80.4, Mar 79.9, Feb 79.5
- Factory Orders Jun +2.0%, May +1.8%, Apr +.7%, Mar +1.8%, Feb +.3%
- Factory Backlogs Jun +.7%, May +.3%, Apr +.5%, Mar +.5%, Feb +.7%
- Durable Goods Orders Jun +2.0%, May +.8%, Apr +.4%, Mar +.7%, Feb -.7%
- CoStar Com'l Prop GC Jun +1.4%, May +1.4%, Apr +1.3%, Mar +1.4%, Feb -1.0%
- CoStar Com'l Prop GC yoy Jun +19.0%, May +15.7%, Apr +15.4%, Mar +14.5%, Feb +16.3%
- Moody's Beige Book Index Jun 150.0, Apr 163.9, Mar 155.6, Jan 163.9, Dec 180.6
- DXY Dollar Index 08/12/22= 105.72, 12/31/21= 95.67, 12/31/20= 89.94, 12/31/19=96.39
- Gas AAA 08/11/22=$3.99, 12/31/21=$3.40, 12/31/20=$2.56, 12/31/19=$2.58
- Crude Oil 08/12/22= $92.13, 12/31/21= $75.21, 12/31/20= $48.52, 12/31/19=$61.77
- CRB Index 08/12/22= 295.06, 12/31/21= 232.37, 12/31/20= 178.12, 12/31/19=186.92

Weakness & Tendency Toward Lower Rates

- Augmented Unemployment Rate Jul 6.8%, Jun 6.8%, May 6.8%, Apr 6.9%, Mar 6.9%
- Pool of Available Workers Jul 11.580mln, Jun 11.568mln, May 11.631mln, Apr 11.800mln
- Household Employment Jul +179,000, Jun -315,000, May +321,000, Apr -353,000
- Civilian Labor Force Jul -63,000, Jun -353,000, May +330,000, Apr -363,000
- Those Not in Labor Force Jul +239,000, Jun +510,000, May -211,000, Apr +478,000
- Real GDP 2Q22 -.9%, 1Q22 -1.6%, 4Q21 +6.9%, 3Q21 +2.3%, 2Q21 +6.7%
- Real GDP 2021 +5.7%, 2020 -3.4%, 2019 +2.3%, 2018 +2.9%, 2017 +2.3%
- InvChgGDP 2Q22 +$81.6bill, 1Q22 +$188.5bill, 4Q21 +$193.2bill, 3Q21 -$66.8billion
- Real Final Sales 2Q22 +1.1%, 1Q22 -1.2%, 4Q21 +1.5%, 3Q21 +.1%, 2Q21 +8.1%
- Corp Profits 1Q22 -2.2%, 4Q21 +.7%, 3Q21 +3.4%, 2Q21 +10.5%, 1Q21 +5.1%
- Corp Profits 2020 no chg, 2019 +2.2%, 2018 +7.5%, 2017 +3.2%, 2016 -.1%
- Leading Economic Indics Jun -.8%, May -.6%, Apr -.5%, Mar -.1%, Feb +.8%, Jan -.7%
- LEI 6 mo diffusion index Jun 20, May 30, Apr 50, Mar 70, Feb 60, Jan 70
- M2 growth yoy Jun +5.9%, May +6.2%, Apr +7.7%, Mar +9.5%, Feb +10.7%, Jan +11.8%
- Velocity of M2 2Q22 1.15, 1Q22 1.12, 4Q21 1.13, 3Q21 1.11, 2Q21 1.12, 1Q21 1.12
- FIBER Leading Inflation Index Jul 89.2, Jun 90.9, May 92.5, Apr 93.8, Mar 94.4
- FIBER Leading Infl yoy Jul -3.6%, Jun -2.3%, May -1.0%, Apr +2.1%, Mar +3.2%
- Nat'l Debt/GDP 2Q22 122.6%, 1Q22 124.7%, 4Q21 123.4%, 3Q21 122.6%, 2Q21 125.5%
- US Govt Budget Deficit Jul -$211.1bill, Jun -$88.8bill, May -$66.2bill, Apr sur $308.2billion
- US Govt Budget Deficit fiscal 2021= -$2.77 trill, 2020= -$3.1 trill, 2019= -$984.0 billion
- NonFarm Productivity 2Q22 -4.6%, 1Q22 -7.4%, 4Q21 +6.3%, 3Q21 -3.9%, 2Q21 +3.2%
- NonFarm Productivity annual 2021 +1.9%, 2020 +2.4%, 2019 +2.0%, 2018 +1.5%
- Trade Deficit Jun -$79.6bill, May -$84.9bill, Apr -$86.7bill, Mar -$107.7billion
- Personal Spending Jun +.1%, May -.3%, Apr +.3%, Mar +.3%, Feb +.1%
- Personal Savings Rate Jun 5.1%, May 5.5%, Apr 5.2%, Mar 5.3%%, Feb 6.2%
- Construction Spending Jun -1.1%, May +.1%, Apr +.7%, Mar +.9%, Feb +.5%
- Moody's Risk of Recession Jul 33.2%, May 32.0%, Feb 31.4%, Jan 26.5%, Dec 27.1%
- Challenger Report Layoffs Jul 25,810, Jun 32,517, May 20,712, Apr 24,286
- MBA 90+ Delinq 2Q22 3.64%, 1Q22 4.11%, 4Q21 4.65%, 3Q21 4.88%, 2Q21 5.47%
- Homeownership Rate 2Q22 65.8%, 1Q22 65.4%, 4Q21 65.5%, 3Q21 65.4%, 2Q21 65.4%
- CoreLogic Negative Equity 2Q22 2.0% 1.1mln, 1Q22 2.1%, 4Q21 2.1%, 3Q21 2.1% 1.2 mln
- Moody's CMBS Delinq 60+days Jun 4.39%, May 4.43%, Apr 4.48%, Mar 4.68%, Feb 4.78%
- Existing Home Sales Jun -5.4%, May -3.4%, Apr -2.6%, Mar -3.0%; annual 5.12 million
- New Home Sales Jun -8.1%, May +6.3%, Apr -14.6%, Mar -10.5%; annual 590,000
- Median Sales Price New Homes Mar $402,400; yoy +7.4%
- Inventory Unsold New Homes Jun 9.3mos, May 8.4mos, Apr 8.6mos, Mar 7.0mos
- Housing Starts Jun -2.0%, May -11.9%, Apr +5.2%, Mar -3.4%; annual 1,559,000
- Building Permits Jun -.6%, May -7.0%, Apr -3.0%, Mar +1.2%; annual 1,685,000
- Pending Home Sales NAR Jun -8.6%, May +.4%, Apr -4.0%, Mar -1.6%, Feb -4.0%
- NAHB/Wells Homebuilder Index Jul 55, Jun 67, May 69, Apr 77, Mar 77, Feb 81
- Import Prices Jul -1.4%, Jun +.3%, May +.5%, Apr +.4%, Mar +2.9%
- Univ of Michigan Consumer Sentiment Aug 55.1, Jul 51.5, Jun 50.0, May 58.4, Apr 65.2
- Consumer Confidence Jul 95.7, Jun 98.4, May 103.2, Apr 108.6, Mar 107.6
- NFIB Small Business Optimism Jul 89.9, Jun 89.5, May 93.1, Apr 93.2, Mar 93.2
- Moody's CNN Back-to-Normal Index Jul 92.1, Jun 93.2, May 93.5, Apr 93.8, Mar 92.0
- St. Louis Fin'l Stress Index Jul -2.00, Jun -1.17, May -1.65, Apr -1.01, Mar -1.35
- Cass Trucking Shipments Jun -2.6%, May +5.4%, Apr -2.6%, Apr -2.6%, Mar +2.7%
- ISM Prices Pd Jul 60.0, Jun 78.5, May 82.2, Apr 84.6, Mar 87.1, Feb 75.6
- ISM Backlogs Jul 51.3, Jun 53.2, May 58.7, Apr 56.0, Mar 60.0, Feb 65.0
- ISM Services Prices Pd Jul 72.3, Jun 80.1, May 82.1, Apr 84.6, Mar 83.8, Feb 83.1
- S&P Services Index Jul 47.3, Jun 52.7, May 53.4, Apr 55.6, Mar 58.0, Feb 56.5
- Philly Fed Index Jul -12.3, Jun -3.3, May 2.6, Apr 17.6, Mar 27.4, Feb 16.0
- Philly Fed Prices Pd Jul 52.2, Jun 64.5, ay 78.9, Apr 84.6, Mar 81.0, Feb 69.3
- Philly Fed Backlogs Jul -10.4, Jun -7.0, May 17.9, Apr 5.7, Mar 21.0, Feb 15.8
- Philly Fed Services Index Jul 11.7, Jun 24.7, May 22.8, Apr 27.5, Mar 38.1, Feb 27.5
- Philly Fed Services Prices Pd Jul 63.8, Jun 80.0, May 73.5, Apr 68.7, Mar 65.7, Feb 68.8
- Industrial Production Jun -.2%, May no chg, Apr +.8%, Mar +.7%, Feb +.8%
- Manufacturing Production Jun -.5%, May -.5%, Apr +.6%, Mar +.8%, Feb +1.3%
- Business Sales May +.7%, Apr +.6%; Inventories May +1.4%, Apr +1.3%
- FDIC Problem Banks 1Q22= 40, 4Q21= 44, 3Q21= 46, 2Q21= 51, 1Q21= 55, 4Q20= 56
- Vehicle Sales Wards Jul 13.35mln, Jun 13.0mln, May 12.68mln, Apr 14.29mln
- Vehicle Sales 2020= 16.30mln, 2019= 16.97mln, 2018= 17.21mln, 2017= 17.14mln

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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