Penn Community Bank | Here We Grow.

Financial Markets & Economic Update by Dorothy Jaworski

Fourth Quarter 2022

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What a year 2022 has been! Thanksgiving is this week and we can all be thankful for our families and friends. May we all enter this holiday season joyously. We are closer to the end of inflation and employment is still strong, with job openings exceeding unemployed persons by several million. We've seen tremendous market declines in both stocks and bonds, volatility, and a Federal Reserve who is raising interest rates at a breathtaking pace. Short-term rates have risen from .25% to 4.00% so far and the Fed says they are not done yet. Housing markets have suffered, with mortgage rates climbing up to 7.00%. We are thankful that there has been some recovery in stocks and bonds over the past two weeks.

My biggest concern with the Fed is that they are continuing to pile on outsized rate hikes and are not spacing them out to consider the typical six- to nine-month lag in their policy moves. As Milton Friedman famously wrote: "Monetary policy affects the economy with long and variable lags." Thus, the Fed needs to anticipate and assess the damaging effect of large rate hikes on the markets and on economic activity. I was rejoicing when I saw their latest FOMC statement from early November, which

included wording about the pace of future hikes (they tell us there will be more): "The Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments." Maybe they will wait and assess the effect of the four big .75% hikes in June, July, September, and November; based on lags, we are not fully seeing their impact yet. As Philadelphia Fed President Harker said recently: "Inflation is known to shoot up like a rocket and then come down like a feather."

The Fed is raising rates to reduce aggregate demand to fight off inflation, even though they themselves waited too long to raise rates and inflation began as a supply-chain-driven problem, when production of goods could not keep up with new demand. The downside to all of the rate hikes is that we face a high risk of recession in 2023. Consumer spending and business inventory financing will be hurt by higher interest expense and it will take a toll on savings and corporate margins, respectively.

Inflation

Milton Friedman also wrote that "inflation is always and everywhere a monetary phenomenon." Money supply, as measured by M2, was growing in 2020 by over 20% year-over-year and in 2021 by 12% to 20% due to the Fed injecting liquidity through its bond buying program of $100 billion per month and the federal government passing continued Covid-19 relief bills, placing trillions of dollars into the economy. It is no wonder that demand surged. And M2 growth started 2022 at 12%, with the Fed still buying its $100 billion of bonds through the month of March, even though they knew inflation was a serious issue. And now M2 growth is down to 1.3% in October, which is below the range we experienced during the prior 10-year recovery of 3% to 5%. The Fed has reduced their balance sheet by $900 billion so far in 2022; a decline of $1 trillion is the equivalent of 1.00% of tightening. Remember this "hidden tightening" as you see the rate hikes piling up.

Rates have risen since March, 2022. The CPI peaked at +9.1% year-over-year in June and is now +7.7% in October, which is a good declining trend but still too elevated. The Fed's preferred measure is the PCE deflator, which was +4.2% in the third quarter compared to +7.3% in the second quarter and +7.5% in the first quarter. The core PCE (excluding food and energy) has fallen to 4.5% in the third quarter from +5.6% in the first quarter. The CPI and PCE measures differ in the amount of housing and shelter used in the calculation; CPI has a weight of 42% for housing and 32% for shelter, which the PCE indices use 15% to 16%.

I mentioned earlier that the Fed was raising rates to reduce aggregate demand. They cannot control the supply side, which has been particularly hard hit for goods from China, as their Zero-Covid policy locks down entire cities. More analysts are pointing at energy policy as one of the main contributors to inflation, when government stopped drilling expansion of oil and natural gas and distribution networks such as the Keystone Pipeline to pursue a "green" agenda full of batteries, solar power, and wind. The problem is that we are not ready as an economy to turn on a dime away from fossil fuels and businesses are reluctant to make the necessary capital investments to drill for more oil. When Russia invaded Ukraine last February, the price of oil shot up to $110 per barrel in June, but has since returned to pre-invasion levels at $77 per barrel. Transportation costs have increased leading to an increase in the price of just about everything, especially food, where prices are dependent on the cost of goods getting to their final destination. Food and energy prices have been damaging to family budgets.

Leading Indicators

How are the leading indicators doing? There is some good news for inflation but worse news for the economy. The index of leading economic indicators has continued to fall further, with October at -.8%, following September's -.5%, and is now down for eight consecutive months. This indicator accounts for the lag in Fed policy and projects six to nine months in the future.

The FIBER leading inflation index also continues to fall, but this decline is good news for inflation. The index turned down in May, 2022 and is now -8.0% in October, following -5.8% in September. This index also looks out six to nine months.

Stock markets have declined most of the year before stabilizing recently. The Dow Jones and S&P 500 averages are down -6% and -16% respectively. Nasdaq has been the worst performing, at -28% year-to-date. Stocks are a forward-looking mechanism, based on projections of corporate earnings. PE ratios 12 months forward are currently at 17.5 times for the S&P 500, which is slightly over the historical average of 16 times. Bond markets have also declined from the relentless Fed interest rate hikes, with the Treasury aggregate price index down -12.7% in 2022. The Fed said they will look for financial stress and may be getting their wish as we have witnessed crashes in Bitcoin and other “digital coins” and the sudden collapse of the FTX exchange.

Housing is leading the way lower as one of the most rate sensitive sectors of the economy. Mortgage rates soared to above 7%, up from 3.25% at the beginning of the year; the higher rates have backed down slightly in the past couple of weeks but are still contributing to a fall in affordability. New home sales surprised to the upside in October, but existing home sales keep falling. Inventories remain tight for existing homes and much higher for new homes. Commercial real estate is also under some pressure with projects proving uneconomical at higher borrowing rates.

Consumer savings rates are down to 3.1% in September as consumers dip into savings to afford higher priced goods. Consumer credit has continued to rise at a time when credit card and borrowing rates are all up dramatically. These signs, as well as personal income that has not kept up with inflation, are ominous for the consumer. Labor markets have held up well so far but we are starting to see cracks. Fed Ex, Amazon, and many technology companies who are dependent on consumer spending are cutting costs and laying off employees. And they are doing this right before the holidays. Employment is a lagging indicator and its weakness has been shown in fewer payroll jobs each month, with October at +261,000, but household employment declined by -328,000 jobs, pushing the unemployment rate up by .2% to 3.7%.

Finally, the Treasury yield curve is now inverted at both critical points. The 10 year to 2 year Treasury spread is -.76% today and the Fed’s favorite measure, the 10 year to 3 month spread is at -.57%. An inverted yield curve is a historically reliable indicator of future recession by six to 12 months on average, although it may be much longer. In 2023, we will be there. Long-term Treasuries will be seeing the recession first and typically will decline before short-term rates, which is happening now.

The Outlook

NBER will declare a recession when four conditions are met: falling production, falling real personal income, falling real business sales, and rising unemployment. The first three conditions are very weak.

The Fed has acknowledged cumulative effects of rate hikes and lags in policy, but increases of nearly 400 basis points in nine months in a 2% (at best) economy cannot be good. Recession probability is now very high for 2023 and will get higher if the Fed continues to increase rates. There are signs in leading indicators, business surveys such as ISM, S&P, and Philly Fed, and actual reports that inflation is declining. Unemployment should increase slowly from layoffs, hiring freezes, and cuts in job openings.

The yield curve is inverted in both important spread measures- the 10 year-2 year and the 10 year-3 month, and history tells us that recession follows inverted curves with a lag. Government debt remains high, at $31.3 trillion currently, or 120.5% of GDP. Remember, debt levels greater than 90% put pressure on GDP, leaving it at subpar levels. GDP is about even to up slightly for 2022, after negative first and second quarters and a surprising increase of 2.6% in the third quarter with another increase possible in the current quarter. I don’t expect better growth in 2023, and I don’t think the Fed does either, but they won’t say so.

“It is worth remembering that it is often the small steps, not the giant leaps, that bring about the most lasting change.” - Queen Elizabeth II

Thanks for reading!

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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-Sep-22
10-year Treasury Yield	2.44%	2.40%	2.68%	1.92%	0.91%	1.50%	3.83%
10-year Treasury TIPS Yield	0.50%	0.45%	0.97%	0.13%	-1.09%	-1.12%	1.67%
Implied Inflationary Expectation	1.94%	1.95%	1.71%	1.79%	2.00%	2.62%	2.16%

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	Sep-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-3.1mo
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 Aug yoy +13.1%, Jul yoy +16.0%, Jun yoy +18.7%, May yoy +20.5%; index near high vs Jul, 2006 peak; +132.0% from Mar, 2012 low
- FHFA Index Aug yoy +11.9%, Jul yoy +13.8%, Jun yoy +16.3%, May yoy +18.3%; index near high vs Apr, 2007 peak; +121.1% from Mar, 2011 low
- CoreLogic Home Px Index Sep yoy +11.4%, Aug yoy +13.5%, Jul yoy +15.8%, Jun yoy +18.3%; index near high vs Apr, 2006 peak; +126.0% from Mar, 2011 low

Fed Z.1 HH NetWorth:

4Q16 $94.8 trill; 4Q17 $103.3 trill; 4Q18 $104.0 trill; 4Q19 $116.4 trill; 4Q20 $131.1 trill; 4Q21 $150.0 trill; 2Q22 $143.8 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-Sep-22	Change 2021 12/21 vs 12/20	Change 2022 09/22 vs 12/21
Treasuries:	3 month	0.50%	1.38%	2.45%	1.54%	0.06%	0.03%	3.25%	-0.03%	3.22%
	6 month	0.61%	1.53%	2.55%	1.58%	0.08%	0.18%	3.90%	0.10%	3.72%
	1 year	0.81%	1.73%	2.62%	1.57%	0.10%	0.37%	3.93%	0.27%	3.56%
	2 year	1.19%	1.88%	2.49%	1.57%	0.12%	0.72%	4.18%	0.60%	3.46%
	3 year	1.45%	1.97%	2.46%	1.61%	0.17%	0.95%	4.30%	0.78%	3.35%
	5 year	1.93%	2.21%	2.51%	1.69%	0.36%	1.25%	4.09%	0.89%	2.84%
	10 year	2.44%	2.40%	2.68%	1.92%	0.91%	1.50%	3.83%	0.59%	2.33%
	30 year	3.06%	2.74%	3.01%	2.39%	1.65%	1.91%	3.78%	0.26%	1.87%
Fed Funds Target Rate (average):		0.63%	1.38%	2.38%	1.63%	0.13%	0.13%	3.13%	0.00%	3.00%
LIBOR/SOFR Rates:	1 month	0.77%	1.57%	2.52%	1.78%	0.14%	0.10%	3.04%	-0.04%	2.94%
	3 month	1.00%	1.69%	2.80%	1.91%	0.24%	0.21%	3.59%	-0.03%	3.38%
	6 month	1.32%	1.84%	2.87%	1.91%	0.26%	0.34%	3.99%	0.08%	3.65%
	12 month	1.69%	2.11%	3.01%	2.00%	0.34%	0.58%	4.27%	0.24%	3.69%
FNMA Mortgage Posted Yields (30 day):										
	15 year	2.90%	2.92%	3.53%	2.66%	1.34%	1.86%	5.52%	0.52%	3.66%
	30 year	3.68%	3.51%	4.12%	3.29%	1.91%	2.63%	6.16%	0.72%	3.53%
Indicative Treasury yield curve spreads:										
	2 year minus 3 month	0.69%	0.50%	0.04%	0.03%	0.06%	0.69%	0.93%	0.63%	0.24%
	5 year minus 2 year	0.74%	0.33%	0.02%	0.12%	0.24%	0.53%	-0.09%	0.29%	-0.62%
	10 year minus 3 month	1.94%	1.02%	0.23%	0.38%	0.85%	1.47%	0.58%	0.62%	-0.89%
	10 year minus 2 year	1.25%	0.52%	0.19%	0.35%	0.79%	0.78%	-0.35%	-0.01%	-1.13%
Indicative FNMA mortgage posted yield spreads:										
	15 year minus 5 year Treas	0.97%	0.71%	1.02%	0.97%	0.98%	0.61%	1.43%	-0.37%	0.82%
	30 year minus 10 year Treas	1.24%	1.11%	1.44%	1.37%	1.00%	1.13%	2.33%	0.13%	1.20%
Stock Market Indices:										
	Dow Jones	19,762.60	24,719.22	23,327.46	28,538.44	30,606.48	36,338.30	28,725.51	5,731.82	-7,612.79
	S&P 500	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07	4,766.18	3,585.62	1,010.11	-1,180.56
	Nasdaq	5,383.12	6,903.39	6,635.28	8,972.60	12,888.28	15,644.97	10,575.62	2,756.69	-5,069.35

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

Strength & Tendency Toward Higher Rates

- Unemployment Rate Oct 3.7%, Sep 3.5%, Aug 3.7%, Jul 3.5%, Jun 3.6%
- Bucks Co Unemployment Rate Sep 3.0%, Aug 4.0%, Jul 3.9%, Jun 3.8%, May 3.4%
- Montgomery Co Unempl Rate Sep 2.7%, Aug 3.7%, Jul 3.6%, Jun 3.5%, May 3.1%
- Lehigh Co Unempl Rate Sep 3.5%, Aug 4.8%, Jul 4.7%, Jun 4.6%, May 4.3%
- Payroll Employment Oct +261,000, Sep +315,000, Aug +292,000, Jul +537,000
- Private Co Payrolls Oct +233,000, Sep +319,000, Aug +233,000, Jul +448,000
- ADP Payrolls Oct +239,000, Sep +192,000, Aug +185,000, Jul +268,000, Jun na
- Job Leavers Oct 14.6%, Sep 15.9%, Aug 15.2%, Jul 14.8%, Jun 14.0%
- Labor Force Participation Rate Oct 62.2%, Sep 62.3%, Aug 62.4%, Jul 62.1%
- Average Workweek Oct 34.5, Sep 34.5, Aug 34.5, Jul 34.5, Jun 34.6 hrs
- Ave Hourly Earnings Oct $32.58, Sep $32.46, Aug $32.36, Jul $32.27; yoy +4.7%
- Employment Cost Index 3Q22 +1.2%, 2Q22 +1.3%, 1Q22 +1.4%, 4Q21 +1.0%
- Employees Working-at-Home 1Q22 24.0%, 4Q21 25.0%, 3Q21 24.0%, 2Q21 21.0%
- Job Openings JOLTs Sep 10.717mln, Aug 10.280mln, Jul 11.170mln, Jun 11.040mln
- Job Openings Rate Sep 6.5%, Aug 6.3%, Jul 6.8%, Jun 6.8%, May 6.9%
- Quit Rate Sep 2.7%, Aug 2.7%, Jul 2.7%, Jun 2.8%, May 2.8%
- Real GDP 3Q22 +2.6%, 2Q22 -.6%, 1Q22 -1.6%, 4Q21 +7.0%, 3Q21 +2.7%
- Real GDP 2021 +5.7%, 2020 -3.4%, 2019 +2.3%, 2018 +2.9%, 2017 +2.3%
- Nominal GDP 3Q22 +6.7%, 2Q22 +8.5%, 1Q22 +6.8%, 4Q21 +13.8%, 3Q21 +8.9%
- Real Final Sales 3Q22 +3.3%, 2Q22 +1.3%, 1Q22 -1.8%, 4Q21 +1.9%, 3Q21 +.7%
- Unit Labor Costs 3Q22 +3.5%, 2Q22 +8.9%, 1Q22 +8.5%, 4Q21 +3.6%
- Unit Labor Costs annual 2021 +3.3%, 2020 +4.5%, 2019 +1.8%, 2018 +1.9%
- CPI Oct +.4%, core +.3%; yoy +7.7%, core +6.3%
- PPI Oct +.2%, core no chg, yoy +8.0%, core +6.7%
- Personal Income Sep +.4%, Aug +.4%, Jul +.4%, Jun +.6%, May +.6%
- Personal Spending Sep +.6%, Aug +.6%, Jul .02%, Jun +.2%, May +.1%
- Retail Sales Oct +1.3%, Sep no chg, Aug +.7%, Jul -.4%, Jun +1.0%
- Consumer Credit Sep +$24.98bill, Aug +$30.185bill, Jul +$26.10bill, Jun +$40.15billion
- CoreLogic Home Px Sep yoy +11.4%, Aug yoy +13.5%; +126.0% from low
- FHFA Home Px Aug yoy +11.9%, Jul yoy +13.8%; from low +121.1%
- Case Shiller 10 City Aug yoy +12.1%, Jul yoy +14.9%, Jun yoy +17.4%
- Case Shiller 10 City Aug near high, +119.9% from low
- Case Shiller 20 City Aug yoy +13.1%, Jul yoy +16.0%, Jun yoy +18.7%
- Case Shiller 20 City Aug near high, +132.0% from low
- Construction Spending Sep +.2%, Aug -.6%, Jul +.8%, Jun +.6%, May +.1%
- Median Sales Price Existing Homes Oct $379,100; yoy +6.6%
- Median Sales Price New Homes Sep $470,600; yoy +13.9%
- Inventory Unsold Existing Oct 3,3mos, Sep 3.1mos, Aug 3.2mos, Jul 3.2mos
- S&P Manufacturing Index Oct 50.4, Sep 52.0, Aug 51.5, Jul 52.2, Jun 52.7, May 57.0
- Empire St NY Fed Index Nov 4.5, Oct -9.1, Sep -1.5, Aug -31.3, Jul 11.1, Jun -1.2
- ISM Index Oct 50.2, Sep 50.9, Aug 52.8, Jul 52.8, Jun 53.0, May 56.1
- ISM Services Index Oct 54.4, Sep 56.7, Aug 56.9, Jul 56.7, Jun 55.3, May 55.9
- ISM Services Prices Pd Oct 70.7, Sep 68.7, Aug 71.5, Jul 72.3, Jun 80.3, May 82.1
- ISM Services Backlogs Oct 52.2, Sep 52.5, Aug 53.9, Jul 58.3, Jun 60.5, May 52.0
- Business Sales Sep +.2%, Aug +.3%; Inventories Sep +.4%, Aug +.9%
- Factory Orders Sep +.3%, Aug +.2%, Jul -1.0%, Jun +1.8%, May +1.8%
- Factory Backlogs Sep +.5%, Aug +.5%, Jul +.7%, Jun +.8%, May +.3%
- Durable Goods Orders Sep +.4%, Aug +.2%, Jul -.1%, Jun +2.3%, May +.8%
- Vehicle Sales Wards Oct 14.90mln, Sep 13.49mln, Aug 13.18mln, Jul 13.35mln
- Vehicle Sales 2021= 15.0mln, 2020= 16.30mln, 2019= 16.97mln, 2018= 17.21mln
- CoStar Com'l Prop GC Sep +.2%, Aug -.2%, Jul +.7%, Jun +1.4%, May +1.4%
- CoStar Com'l Prop GC yoy Sep +14.0%, Aug +15.5%, Jul +17.4%, Jun +19.0%, May +15.7%
- DXY Dollar Index 11/21/22= 107.82, 12/31/21= 95.67, 12/31/20= 89.94, 12/31/19=96.39
- Gas AAA 11/17/22=$3.77, 12/31/21=$3.40, 12/31/20=$2.56, 12/31/19=$2.58
- Crude Oil 11/21/22= $80.04, 12/31/21= $75.21, 12/31/20= $48.52, 12/31/19=$61.77
- CRB Index 11/22/22= 276.52, 12/31/21= 232.37, 12/31/20= 178.12, 12/31/19=186.92

Weakness & Tendency Toward Lower Rates

- Augmented Unemployment Rate Oct 6.9%, Sep 6.8%, Aug 6.8%, Jul 6.8%, Jun 6.8%
- Pool of Available Workers Oct 11.776mln, Sep 11.587mln, Aug 11.563mln, Jul 11.580mln
- Household Employment Oct -328,000, Sep +204,000, Aug +442,000, Jul +179,000
- Unemployed Persons Oct +306,000, Sep -261,000, Aug +344,000, Jul -242,000
- Civilian Labor Force Oct -22,000, Sep -57,000, Aug +786,000, Jul -63,000
- Those Not in Labor Force Oct +201,000, Sep +229,000, Aug -613,000, Jul +239,000
- GDP Px Deflator 3Q22 +4.1%, 2Q22 9.1%, 1Q22 +8.4%, 4Q21 +6.8%, 3Q21 +6.2%
- PCE deflator 3Q22 +4.2%, 2Q22 7.3%, 1Q22 +7.5%, 4Q21 +6.2%, 3Q21 +5.6%
- Core PCE 3Q22 +4.5%, 2Q22 4.7%, 1Q22 +5.6%, 4Q21 +4.8%, 3Q21 +4.8%
- InvChgGDP 3Q22 +$61.9bill, 2Q22 +$110.2bill, 1Q22 +$214.5bill, 4Q21 +$197.6billion
- Corp Profits 2Q22 +4.6%, 1Q22 +.1%, 4Q21 +.8%, 3Q21 +2.0%, 2Q21 no chg
- Corp Profits 2021 +22.6%, 2020 -5.9%, 2019 +2.2%, 2018 +7.5%, 2017 +3.2%
- Leading Economic Indics Oct -.8%, Sep -.5%, Aug -.1%, Jul -.5%, Jun -.7%, May -.6%
- LEI 6 mo diffusion index Oct 40, Sep 30, Aug 40, Jul 20, Jun 20, May 30
- M2 growth yoy Sep +2.6%, Aug +3.8%, Jul +5.0%, Jun +5.6%, May +6.0%
- Velocity of M2 3Q22 1.14, 2Q22 1.15, 1Q22 1.12, 4Q21 1.13, 3Q21 1.11, 2Q21 1.12
- Bankruptcy Filings yoy 3Q22 +2.9%, 2Q22 -13.1%, 1Q22 -15.9%, 4Q21 -17.7%
- FIBER Leading Inflation Index Oct 85.7, Sep 86.6, Aug 88.2, Jul 89.1, Jun 91.2
- FIBER Leading Infl yoy Oct -8.0%, Sep -5.8%, Aug -3.7%, Jul -3.7%, Jun -1.9%
- Global Supply Chain Pressure Index Oct 1.00, Sep .89, Aug 1.50, Jul 1.76, Jun 2.34
- Nat'l Debt/GDP 3Q22 120.5%, 2Q22 122.6%, 1Q22 124.7%, 4Q21 123.4%, 3Q21 122.6%
- US Govt Budget Deficit Oct -$87.8bill, Sep -$429.7bill, Aug -$219.6bill, Jul -$211.1billlion
- US Govt Budget Deficit fiscal 2022= -$1.375 trill, 2021= -$2.776 trill, 2020= -$3.13 trillion
- NonFarm Productivity 3Q22 +.3%, 2Q22 -4.1%, 1Q22 -5.9%, 4Q21 +4.4%
- NonFarm Productivity annual 2021 +1.9%, 2020 +2.4%, 2019 +2.0%, 2018 +1.5%
- Trade Deficit Sep -$73.28bill, Aug -$65.68bill, Jul -$70.46bill, Jun -$80.88billion
- Agriculture Prices Sep -.2%, Aug -1.8%, Jul -.1%, Jun +.2%, May +.5%, Apr +3.0%
- Personal Savings Rate Sep 3.1%, Aug 3.4%, Jul 3.5%, Jun 3.0%, May 3.6%
- Moody's Risk of Recession Aug 42.7%, Jul 38.4%, Jun 33.2%, May 32.0%, Feb 31.4%
- Challenger Report Layoffs Oct 33,843, Sep 29,989, Aug 20,485, Jul 25,810
- HHNW 2Q22 $143.8trill, 1Q22, $149.9trill, 4Q21 $150.0trill, 3Q21 $145.1trillion
- Homeownership Rate 3Q22 66.0%, 2Q22 65.8%, 1Q22 65.4%, 4Q21 65.5%, 3Q21 65.4%
- MBA 90+ Delinq 3Q22 3.45%, 2Q22 3.64%, 1Q22 4.11%, 4Q21 4.65%, 3Q21 4.88%
- CoreLogic Negative Equity 2Q22 1.8% 1.0mln, 1Q22 2.1%, 4Q21 2.1%, 3Q21 2.1% 1.2 mln
- Existing Home Sales Oct -5.9%, Sep -1.5%, Aug -.8%, Jun -5.4%; annual 4.43 million
- New Home Sales Sep -10.9%, Aug +24.7%, Jul -4.9%, Jun -8.1%; annual 603,000
- Inventory Unsold New Homes Sep 9.2mos, Aug 8.1mos, Jul 10.1mos, Jun 9.4mos
- Housing Starts Oct -4.2%, Sep -1.3%, Aug +9.5%, Jul -12.6%; annual 1,425,000
- Building Permits Oct -2.6%, Sep +1.4%, Aug -8.5%, Jul -.6%; annual 1,526,000
- Pending Home Sales NAR Sep -10.2%, Aug -1.9%, Jul -.6%, Jun -8.9%, May +.4%
- NAHB/Wells Homebuilder Index Nov 33, Oct 38, Sep 46, Aug 49, Jul 55, Jun 67
- Import Prices Oct -.2%, Sep -1.1%, Aug -.2%, Jul -1.4%, Jun +.3%
- Univ of Michigan Consumer Sentiment Nov10 54.7, Oct 59.9, Sep 58.6, Aug 58.2, Jul 51.5
- Consumer Confidence Oct 102.5, Sep 107.8, Aug 103.6, Jul 95.3, Jun 98.4
- NFIB Small Business Optimism Oct 91.3, Sep 92.1, Aug 91.8, Jul 89.9, Jun 89.5
- Moody's CNN Back-to-Normal Index Oct 92.2, Sep 91.3, Aug 90.9, Jul 92.1, Jun 93.2
- Moody's Beige Book Index Oct 30.6, Sep 61.1, Jul 122.2, Jun 150.0, Apr 163.9
- St. Louis Fin'l Stress Index Oct -.58, Sep -1.24, Aug -1.70, Jul -2.00, Jun -1.17
- Moody's CMBS Delinq 60+days Oct 4.25%, Sep 4.11%, Aug 4.19%, Jul 4.38%, Jun 4.39%
- ISM Prices Pd Oct 46.6, Sep 51.7, Aug 52.5, Jul 60.0, Jun 78.5, May 82.2
- ISM Backlogs Oct 45.3, Sep 50.9, Aug 53.0, Jul 51.3, Jun 53.2, May 58.7
- S&P Services Index Oct 47.8, Sep 49.3, Aug 43.7, Jul 47.3, Jun 52.7, May 53.4
- Philly Fed Index Nov -19.4, Oct -8.7, Sep -9.9, Aug 6.2, Jul -12.3, Jun -3.3
- Philly Fed Prices Pd Nov 35.3, Oct 36.3, Sep 29.8, Aug 43.6, Jul 52.2, Jun 64.5
- Philly Fed Backlogs Nov -23.9, Oct -22.5, Sep -28.5, Aug -1.8, Jul -10.4, Jun -7.0
- Philly Fed Services Index Nov -2.6, Oct 11.2, Sep 19.5, Aug -.1, Jul 11.7, Jun 24.7
- Philly Fed Services Prices Pd Nov 52.5, Oct 74.2, Sep 71.0, Aug 59.6, Jul 63.8, Jun 80.0
- Philly Fed Services Backlogs Nov 1.4, Oct 4.6, Sep 9.9, Aug 1.8, Jul 6.9, Jun .1
- Industrial Production Oct -.1%, Sep +.1%, Aug -.1%, Jul +.7%, Jun -.1%
- Manufacturing Production Oct +.1%, Sep +.2%, Aug +.1%, Jul +.5%, Jun -.6%
- Capacity Utilization % Oct 79.9, Sep 80.1, Aug 80.0, Jul 80.2, Jun 79.8
- Cass Trucking Shipments Oct -1.4%, Sep -2.9%, Aug +6.6%, Jul -.3%, Jun -2.6%
- FDIC Problem Banks 2Q22=40, 1Q22= 40, 4Q21= 44, 3Q21= 46, 2Q21= 51, 1Q21= 55

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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