Penn Community Bank® | Here We Grow.

Economic Update by Dorothy Jaworski

Third Quarter 2020

Table of Contents

Dorothy Jaworski
Senior Vice President
Director of Treasury & Risk Management

Another Quarter Gone By

Where do I start this quarter? So much has happened because of the coronavirus pandemic. There are times when it seems that life is standing still, yet at other times, it seems that each week is taking a year to complete. I started my newsletter last time with a quote from Ernest Hemingway and it still applies today: "We are going to have a strange life." I didn't know how profoundly true that would be. Months of lockdowns gave way to businesses reopening and still there is a surge of Covid-19 cases across the US. "Staying safe" is a challenge like no other.

The Economy and GDP

Our economy was subjected to an unprecedented lockdown. Never had we experienced such an abrupt cutoff of demand and growth in many segments of the economy. "Essential" businesses operated well but many others had to remain closed. It's what I call the "Start & Stop" economy because, even as some businesses reopen, they are subject to onerous restrictions and are threatened with renewed closure as Covid-19 cases spike. A health crisis quickly became an economic crisis. And it shows in our numbers, with 17.8 million people currently unemployed, a pool of available workers at 25.9 million, first quarter 2020 GDP at -5%, and second quarter GDP expected at -30% to -35% annualized before rebounding by +10% to +20% in the third quarter

if we can remain open. Second quarter estimates for GDP by the Fed range from -14% to -34% right now. Don't be shocked by the second quarter numbers; be shocked if the third quarter does not rebound as expected.

Economic growth, or lack of it, for the full year of 2020 is expected at -5.5% to -7.6%, according to the Federal Reserve members. This would be the third worst annual decline in our history and worse than the Financial Crisis' bad year of 2009 of -2.5%. Only 1932 at -12.9% and 1946 at -11.6% were worse. Before we despair completely, the Fed does expect 2021 to rebound strongly at +4.5% to +6.0%. Longer run, they see growth going to +1.7% to 2.0% per year. I tend to agree with the longer-term projections, as you will see later.

The cost has been many trillions of dollars, despite similar amounts of government relief from Congress' $2.5 trillion Cares Act and add-on in the form of direct payments to some individuals and PPP loans to businesses as well as Federal Reserve asset purchase programs. The goal of all of this relief was to save jobs. Most of today's 17.8 million unemployed persons are receiving unemployment benefits that include an extra $600 per week, which is set to expire at the end of this month. At this elevated level, there may be a disincentive to work. Many of our government's own actions can lead to consequences. Another relief bill for at least $1 trillion is supposed to be in the works with targeted relief to those who need it most, like small businesses.

The Financial Markets

Since the depths of stock prices on March 23rd, the markets have rebounded strongly, although with volatility, with Nasdaq and the S&P 500 back above prior highs. Maybe we should thank the Fed for pumping so much money into the system, including $5 trillion sitting on the sidelines in money market mutual funds. Interest rates have fallen, with short-term rates near zero as the Fed eased dramatically and long-term rates not far behind. It's a classic liquidity trap scenario. The Fed has promised to keep short-term rates near zero until the pandemic is over, inflation is back to 2%, and we return to full employment. We have every reason to believe them. The Fed is especially worried about business bankruptcies. Not only are businesses closing, but jobs are being lost. And plenty of retail and office space would be vacant, potentially hurting prices. Job losses could lead to people losing their homes. And here is a sad prediction by the Andrews consulting firm for those of us who like to eat out- that 10% of 22 million restaurants worldwide will close permanently by September, 2020. How long will that take to recover fully? I don't even want to speculate.

Fed Chairman Powell has stated that the Fed will not use negative interest rates because he said they are "not appropriate policy for the US." And they will not try to control long-term rates either; talk of yield curve control or targeting, or "YCC," or "YCT," was all the rage, but the Fed dismissed using it. Japan and Australia have used yield curve control to try to limit long-term rates. I'm of the opinion that the Fed does not need to do YCC. They already control short-term rates and if you believe the financial theory about yield curves, long-term rates are the compounded result of short-term rates. So I don't see the need. Forward guidance on short-term rates can be just as effective. As far as negative rates go, they have not proven successful in their use in other countries. HSBC conducted a study in Europe and found that negative interest rates hurt their currency and did not seem to contribute to economic growth.

The 5-year Treasury is down to .27% and the 10-year Treasury yield is down to .60%, out of concern for slow economic growth, high unemployment, and low inflation, not to mention the Fed's $3+ trillion bond buying programs and investors piling into long-term bonds for yield, any yield. The bottom line is that stocks are rising on hopes for the economy and investors seeking greater returns and bonds are more pessimistic, with rates so low based on their outlook for the economy. Who is right?

The Economy and Long-Term Rates

Long-term rates face headwinds and are likely to remain low for an extended period of time. The velocity of money, which you have seen me reference many times before, continues to hit new lows, currently at 1.37, down from 1.44 in the fourth quarter of 2019. Velocity is part of the formula for economic growth and reflects the uncertain outlook and fewer economic transactions. So much debt is being added to combat the "lockdown" recession that the long-term effects are hard to digest. The US Government and corporations have added trillions of dollars of debt since the crisis began. We know that high levels of government debt to GDP held back growth to just over 2% from 2010 to 2019. We had the longest ever expansion on record at 127 months until NBER stated the obvious and declared recession had started in February, 2020.

Now US Government debt has risen to 110% of GDP and is climbing. Corporate debt now totals 49% of GDP and is climbing. I believe we face the prospect of longer-term GDP growth at less than 2% once we get out of this crisis, which is in line with Fed projections of +1.7% to +2.0%. That level of growth would hardly bring the unemployment rate back down to the great level of 3.5% seen earlier in 2020. Today, the unemployment rate is 11.1% and has been clawing its way back down from a few months earlier. We seem to be slowly recovering from the worst, deepest part of the recession in April and May, but when do we get all the way back? Like I said, it's hard to speculate. I've seen recent reports that many unemployed will not get their jobs back, with estimates ranging from 7.5 million to 9.4 million, so that tells me it will be a long time.

Inflation

I mentioned inflation briefly above. There will be pockets of inflation from supply disruptions mostly but they will prove transitory until the economy picks up speed again. Some say that the Fed bond buying programs are inflationary. I look back at the past 10 years and see that Quantitative Easing, or "QE," programs 1, 2, and 3 were not inflationary and QE4 (just don't call it that) won't be either. Some point at recent money supply, or M2, growth at 18% as inflationary. It seems to be distorted by increased savings during the lockdowns and I believe the high M2 growth will be transitory. As I have said in the past, don't worry about inflation when there isn't any.

Anxiety

Individuals are concerned and anxious about the increasing cases of Covid-19 across the US, and across many other countries as well. Many stayed locked down in their homes for months, and the, when "allowed" out, faced a spike in cases, especially in states where the virus impact was low initially. The lockdowns did not prevent the virus from spreading. What they did was place onerous restrictions on many businesses. While some thrived as "essential" and many could operate with employees working remotely, yet many others could not and will not survive with their doors closed and revenues plunging. The Fed is rightly concerned over the level of bankruptcy.

Mask wearing, social distancing, lockdowns- are they keeping us safe? How do we get the economy going safely? How do we interact with other people yet feel safe from the virus spreading? Do we send the kids back to school? Do we come back to work? Do we need a vaccine to feel safe again? Are there effective treatments to help most people? We have hope for vaccines from four companies- Moderna, Astra Zeneca, Johnson & Johnson, and Pfizer, and Gilead has promising treatment. But is it enough? We tried lockdowns but I cannot imagine our society hiding in our homes. Can't we use our ingenuity to solve this crisis, especially now that we know the huge economic costs? We have faced many challenges before; we can overcome this one now.

In the words of Lee Iacocca:

"So what do we do? Anything. Something. So long as we just don't sit there. If we screw it up, start over. Try something else. If we wait until we've satisfied all the uncertainties, it may be too late."

Thanks for reading!

Dorothy Jaworski

Here We Are. & Here We Grow.

Inflationary Expectations That Are Built into the Markets:

Treasury Inflation Expectations:	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	30-Jun-20
10-year Treasury Yield	3.03%	2.18%	2.27%	2.44%	2.40%	2.68%	1.92%	0.63%
10-year Treasury TIPS Yield	0.76%	0.47%	0.71%	0.50%	0.45%	0.97%	0.13%	-0.74%
Implied Inflationary Expectation	2.27%	1.71%	1.56%	1.94%	1.95%	1.71%	1.79%	1.37%

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

	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Jun-20
1) moderating inflationary expectations/leading indicators	yes	yes	yes	mixed	mixed	yes	yes	yes
2) any meaningful rise in unemployment or loss of jobs	no	no	no	no	no	no	no	yes
3) moderating labor costs	yes	yes	yes	yes	mixed	no	yes	yes
4) decent productivity growth	no	yes	no	no	no	no	no	no
5) economic growth that slips below 2%-2.5% potential	yes	no	yes	yes	yes	no	no	yes
6) a financial market crisis of some type	no	no	no	no	no	mixed	no	yes-virus
7) housing (existing homes) weak- inventory>6 mos	no-5.0mo	no-5.1mo	no-4.8mo	no-4.0mo	no-3.2mo	no-3.9mo	no-3.7mo	no-4.8mo
8) statements by the Fed promising easing/low rts	yes-U3+inflat	yes-U3+inflat	no-raised rts	no-raised rts	no-raised rts	no-raising rts	no-neutral	yes

Housing Market Indices:

- CaseShiller 20 City Index Apr yoy +4.0%, Mar yoy +3.9%, Feb yoy +3.4%, Jan yoy +3.0%; index at new high vs Jul, 2006 peak; +66.0% from Mar, 2012 low
- FHFA Index Apr yoy +5.5%, Mar yoy+ 5.9%, Feb yoy +6.0%, Jan yoy +5.5%; index at new high vs Apr, 2007 peak; +62.0% from Mar, 2011 low
- CoreLogic Home Px Index May yoy +4.8%, Apr yoy +5.4%, Mar yoy +4.8%, Feb yoy +4.1%; index at new high vs Apr, 2006 peak; +68.4% from Mar, 2011 low

Fed Z.1 HH NetWorth:

- 1Q09 (low) $56.0 trill; 4Q15 $81.6 trill; 4Q16 $97.1 trill; 4Q17 $106.0 trill; 4Q18 $107.2 trill; 4Q19 $117.34 trill; 1Q20 $110.79 trillion

Penn Community Bank Rate & Market History:

Bond Market Yields:		31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	30-Jun-20	Change 2019 12/19 vs 12/18	Change 2020 06/20 vs 12/19
Treasuries:	3 month	0.06%	0.04%	0.15%	0.50%	1.38%	2.45%	1.54%	0.13%	-0.91%	-1.41%
	6 month	0.09%	0.11%	0.46%	0.61%	1.53%	2.55%	1.58%	0.15%	-0.97%	-1.43%
	1 year	0.11%	0.20%	0.58%	0.81%	1.73%	2.62%	1.57%	0.15%	-1.05%	-1.42%
	2 year	0.38%	0.67%	1.06%	1.19%	1.88%	2.49%	1.57%	0.15%	-0.92%	-1.42%
	3 year	0.77%	1.09%	1.33%	1.45%	1.97%	2.46%	1.61%	0.16%	-0.85%	-1.45%
	5 year	1.74%	1.67%	1.77%	1.93%	2.21%	2.51%	1.69%	0.27%	-0.82%	-1.42%
	10 year	3.03%	2.18%	2.27%	2.44%	2.40%	2.68%	1.92%	0.63%	-0.76%	-1.29%
	30 year	3.97%	2.76%	3.02%	3.06%	2.74%	3.01%	2.39%	1.38%	-0.62%	-1.01%
Fed Funds Target Rate (average):		0.13%	0.13%	0.38%	0.63%	1.38%	2.38%	1.63%	0.13%	-0.75%	-1.50%
LIBOR Rates:	1 month	0.17%	0.17%	0.43%	0.77%	1.57%	2.52%	1.78%	0.17%	-0.74%	-1.61%
	3 month	0.25%	0.26%	0.61%	1.00%	1.69%	2.80%	1.91%	0.30%	-0.89%	-1.61%
	6 month	0.35%	0.36%	0.84%	1.32%	1.84%	2.87%	1.91%	0.36%	-0.96%	-1.55%
	12 month	0.58%	0.63%	1.17%	1.69%	2.11%	3.01%	2.00%	0.56%	-1.01%	-1.44%
FNMA Mortgage Posted Yields (30 day):											
	15 year	3.10%	2.61%	2.77%	2.90%	2.92%	3.53%	2.66%	1.54%	-0.87%	-1.12%
	30 year	4.15%	3.40%	3.58%	3.68%	3.51%	4.12%	3.29%	2.14%	-0.83%	-1.15%
Indicative Treasury yield curve spreads:											
	2 year minus 3 month	0.32%	0.63%	0.91%	0.69%	0.50%	0.04%	0.03%	0.02%	-0.01%	-0.01%
	5 year minus 2 year	1.36%	1.00%	0.71%	0.74%	0.33%	0.02%	0.12%	0.12%	0.10%	0.00%
	10 year minus 3 month	2.97%	2.14%	2.12%	1.94%	1.02%	0.23%	0.38%	0.50%	0.15%	0.12%
	10 year minus 2 year	2.65%	1.51%	1.21%	1.25%	0.52%	0.19%	0.35%	0.48%	0.16%	0.13%
Indicative FNMA mortgage posted yield spreads:											
	15 year minus 5 year Treas	1.36%	0.94%	1.00%	0.97%	0.71%	1.02%	0.97%	1.27%	-0.05%	0.30%
	30 year minus 10 year Treas	1.12%	1.22%	1.31%	1.24%	1.11%	1.44%	1.37%	1.51%	-0.07%	0.14%
Stock Market Indices:											
	Dow Jones	16,576.70	17,823.07	17,425.03	19,762.60	24,719.22	23,327.46	28,538.44	25,812.88	5,210.98	-2,725.56
	S&P 500	1,848.36	2,058.90	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78	3,100.29	723.93	-130.49
	Nasdaq	4,176.59	4,736.05	5,007.41	5,383.12	6,903.39	6,635.28	8,972.604	10,058.77	2,337.32	1,086.17

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

Strength & Tendency Toward Higher Rates

- Payroll Employment Jun +4,800,000, May +2,699,000, Apr -20,787,000, Mar -1,373,000
- Private Co Payrolls Jun +4,767,000, May +3,232,000, Apr -19,835,000, Mar -1,356,000
- Household Employment Jun +4,940,000, May +3,839,000, Apr -22,369,000, Mar -2,987,000
- ADP Payrolls Jun +2,368,000, May +3,065,000, Apr -19,557,000, Mar -149,000
- Ave Hourly Earnings Jun $29.37, May $29.72, Apr $30.03, Mar $28.69, Feb $28.52
- Average Workweek Jun 34.5, May 34.7, Apr 34.2, Mar 34.1, Feb 34.4
- Job Openings JOLTs May 5.397mln, Apr 4.996mln, Mar 6.011mln, Feb 7.004mln
- Job Openings Rate May 3.9%, Apr 3.7%, Mar 3.8%, Feb 4.4%, Jan 4.4%
- Quit Rate May 1.6%, Apr 1.4%, Mar 1.8%, Feb 2.3%, Jan 2.3%
- HHNW 1Q20 $110.79trill, 4Q19 $117.34trill, 3Q19 $114.2trill, 2Q19 $113.15trilllion
- Civilian Labor Force Jun +1,705,000, May +1,746,000, Apr -6,432,000, Mar -1,633,000
- NAHB/Wells Homebuilder Index Jul 72, Jun 58, May 37, Apr 30, Mar 72
- CoreLogic Home Px May yoy +4.8%, Apr yoy +5.4%; +68.4% from low
- Leading Economic Indics May +2.8%, Apr -6.1%, Mar -7.5%, Feb -.2%
- LEI 6 mos annualized May -19.7%, Apr -24.3%, Mar -13.8%, Feb +.4%
- Personal Savings Rate May 23.2%, Apr 32.2%, Mar 12.6%, Feb 8.4%, Jan 7.9%
- Personal Spending May +8.1%, Apr -12.2%, Mar -6.4%, Feb -.1%, Jan +.3%
- NAHB/Wells Homebuilder Index Jul 72, Jun 58, May 37, Apr 30, Mar 72
- CoreLogic Home Px May yoy +4.8%, Apr yoy +5.4%; +68.4% from low
- FHFA Home Px Apr yoy +5.5%, Mar yoy +5.9%; from low +62.0%
- Case Shiller 10 City Apr yoy +3.4%, Mar yoy +3.4%, Feb yoy +2.9%
- Case Shiller 10 City Jan new high, +61.5% from low
- Case Shiller 20 City Apr yoy +4.0%, Mar yoy +3.9%, Feb yoy +3.4%
- Case Shiller 20 City Apr new high, +66.0% from low
- New Home Sales May +16.6%, Apr -5.2%, Mar -14.5%, Feb -4.4%; annual 676,000
- Median Sales Price New Homes May $317,900; yoy +1.7%
- Inventory Unsold New Homes May 5.6mos, Apr 6.7mos, Mar 6.5mos, Feb 5.0mos
- Pending Home Sales NAR May +44.3%, Apr -21.8%, Mar -14.5%, Feb +11.4%
- Housing Starts May +4.3%, Apr -26.4%, Mar -19.0%, Feb -3.1%; annual 974,000
- Building Permits May +14.4%, Apr -21.4%, Mar -5.7%, Feb -6.4%; annual 1,220,000
- Inventory Unsold Existing May 4.8 mos, Apr 4.0 mos, Mar 3.4 mos, Feb 3.0 mos
- Industrial Production Jun +5.4%, May +1.4%, Apr -12.7%, Mar -4.4%, Feb +.1%
- Manufacturing Production Jun +7.2%, May +3.8%, Apr -15.9%, Mar -5.1%, Feb no chg
- Agriculture Prices May +3.9%, Apr -9.0%, Mar +3.1%, Feb +1.8%
- Durable Goods Orders May +15.7%, Apr -18.1%, Mar -16.6%, Feb +1.1%
- ISM NonManuf Index Jun 57.1, May 45.4, Apr 41.8, Mar 52.5, Feb 57.3, Jan 55.5
- ISM NonManuf Prices Pd Jun 62.4, May 55.6, Apr 55.1, Mar 50.0, Feb 50.8, Jan 55.5
- ISM Non Manuf Backlogs Jun 51.9, May 46.4, Mar 47.7, Mar 55.0, Feb 53.2, Jan 45.5
- NFIB Small Business Optimism Jun 100.6, May 94.4, Apr 90.0, Mar 96.4, Feb 104.5
- Business Sales May +8.4%, Apr -14.4%; Inventories May -2.3%, Apr -1.4%
- Philly Fed Index Jul 24.1, Jun 27.5, May -43.1, Apr -56.6, Mar -12.7, Feb 36.7
- Philly Fed Prices Pd Jul 15.7, Jun 11.1, May 3.2, Apr -9.3, Mar 4.8, Feb 16.4
- Philly Fed Backlogs Jul 3.9, Jun -.1, May -13.7, Apr -13.5, Mar -7.4, Feb 7.4
- Philly Fed NonManuf Index Jun 7.3, May -41.4, Apr -82.5, Mar -12.8, Feb 36.1
- Factory Orders May +8.0%, Apr -13.5%, Mar -11.0%, Feb +.2%, Jan -.4%
- Factory Backlogs May +.1%, Apr -1.5%, Mar -2.1%, Feb +.3%, Jan +.1%
- ISM NY Jun 39.5, May 19.5, Apr 4.3, Mar 12.9, Feb 51.9, Jan 45.8
- ISM Index Jun 52.6, May 43.1, Apr 41.5, Mar 49.1, Feb 50.1, Jan 50.9
- ISM Prices Paid Jun 51.3, May 40.8, Apr 35.3, Mar 37.4, Feb 45.9, Jan 53.3
- DXY Dollar Index 07/16/20= 96.04, 12/31/19=96.70, 12/31/18=96.17, 12/31/17=92.12
- Bankruptcy Filings yoy 1Q20 -5.9%, 4Q19 -.9%, 3Q19 +1.6%, 2Q19 +.2%, 1Q19 -.2%
- CoStar Com'l Prop GC May -.7%, Apr +.5%, Mar +1.4%, Feb +1.3%, Jan -1.4%
- CoStar Com'l Prop GC yoy May +4.7%, Apr +6.5%, Mar +6.1%, Feb +4.7%, Jan +4.0%

Weakness & Tendency Toward Lower Rates

- Unemployment Rate Jun 11.1%, May 13.3%, Apr 14.7%, Mar 4.4%, Feb 3.5%
- Augmented Unemployment Rate Jun 15.4%, May 17.9%, Apr 19.8%, Mar 7.5%, Feb 6.3%
- Bucks County Unemployment Rate May 12.5%, Apr 15.0%, Mar 5.1%, Feb 4.5%, Jan 4.4%
- Montgomery County Unemployment Rate May 11.4%, Apr 13.6%, Mar 4.5%, Feb 3.9%, Jan 3.9%
- Pool of Available Workers Jun 25.945mln, May 29.947mln, Apr 32.994mln, Mar 12.649mln
- Those Not in Labor Force Jun -1,547,000, May -1,595,000, Apr +6,570,000, Mar +1,763,000
- Unemployed Persons Jun -3,235,000, May -2,093,000, Apr +15,938,000, Mar +1,353,000
- Labor Force Participation Rate Jun 61.5%, May 60.8%, Apr 60.2%, Mar 62.7%, Feb 63.4%
- Job Leavers Jun 3.2%, May 2.6%, Apr 2.5%, Mar 10.5%, Feb 13.4%
- Initial Jobless Claims 07/10 1.3mln, 06/12 1.54mln, 05/15 2.446mln, 04/17 4.442mln
- Soc Sec Disability Jun 8,316,566, May 8,331,213, Apr 8,340,089, Mar 8,345,077
- Real GDP 1Q20 -5.0%, 4Q19 +2.1%, 3Q19 +2.1%, 2Q19 +2.0%, 1Q19 +3.1%
- Real GDP 2019 +2.3%, 2018 +2.9%, 2017 +2.2%, 2016 +1.6%, 2015 +2.9%
- Nominal GDP 1Q20 -3.6%, 4Q19 +3.6%, 3Q19 +3.8%, 2Q19 +4.7%, 1Q19 +3.9%
- Real Final Sales 1Q20 -3.5%, 4Q19 +3.1%, 3Q19 +2.1%, 2Q19 +3.0%, 1Q19 +2.6%
- GDP PxDeflator 1Q20 +1.6%, 4Q19 +1.4%, 3Q19 +1.7%, 2Q19 +2.6%, 1Q19 +.8%
- Core PCE 1Q20 +1.7%, 4Q19 +1.3%, 3Q19 +2.1%, 2Q19 +1.9%, 1Q19 +1.1%
- InvChgGDP 4Q19 +$13.1bill, 3Q19 +$69.4bill, 2Q19 +$69.4bill, 1Q19 +$116.0billion
- Corp Profits 1Q20 -12.3%, 4Q19+ 2.6%, 3Q19 -.2%, 2Q19 +3.8%, 1Q19 -3.8%
- Corp Profits 2019 +2.2%, 2018 +7.5%, 2017 +3.2%, 2016 -.1%, 2015 -3.0%
- Risk of Recession Apr 97%, Feb 21%, Jan 12%, Dec 14%, Nov 10%
- Consumer Confidence Jun 98.1, May 85.9, Apr 85.7, Mar 118.8, Feb 132.6, Jan 130.4
- Retail Sales Jun +7.5%, May +18.2%, Apr -14.7%, Mar -8.2%, Feb -.4%
- Personal Income May -4.2%, Apr +10.8%, Mar -2.2%, Feb +.5%, Jan +.6%
- Consumer Credit May -$18.28bill, Apr -$70.1bill, Mar -$11.53bill, Feb+$22.33billion
- Employment Cost Index 1Q20 +.8%, 4Q19 +.7%, 3Q19 +.7%, 2Q19 +.6%, 1Q19 +.7%
- ECI Compensation yoy 4Q19 +2.8%, 3Q19 +2.8%, 2Q19 +2.7%, 1Q19 +2.8%
- FIBER Leading Inflation Index Jun 78.2, May 77.3, Apr 76.7, Mar 80.0, Feb 83.8, Jan 84.4
- FIBER Leading Inflation yoy chg Jun -5.7%, May -6.8%, Apr -8.0%, Mar -4.9%, Feb -.4%, Jan +.6%
- PPI Jun -.2%, core -.3%, yoy -.8%, core +.1%
- CPI Jun +.6%, core +.2%; yoy +.6%, core +1.2%
- US Govt Budget Deficit Jun -$864.1bill, May -$398.75bill, Apr -$738.02bill, Mar -$119.1billion
- US Govt Budget Deficit fiscal 2019= -$984.0bill, 2018= -$779.0bill, 2017= -$666.0billion
- Trade Deficit May -$54.6 bill, Apr -$49.8 bill, Mar -$42.3 bill, Feb -$39.8 billion
- Nat'l Debt/GDP 1Q20 110.0%, 4Q19 107.0%, 3Q19 105.5%, 2Q19 103.2%, 1Q19 104.7%
- Bloomberg Consumer Comfort Index Jun 43.3, May 37.0, Apr 39.5, Mar 56.3, Feb 63.5
- St. Louis Fin'l Stress Index Jun .25, May .11, Apr 1.30, Mar 4.97, Feb -.59, Jan -.56
- Existing Home Sales May -9.7%, Apr -17.8%, Mar -8.5%, Feb +6.3%; annual 3.91 million
- Median Sales Price Existing Homes May $270,100; yoy -2.7%
- CoreLogic Negative Equity 1Q20 3.4% 1.8 mln homes,4Q19 3.5% 1.9 mln homes
- Homeownership Rate 1Q20 65.3%, 4Q19 65.1%, 3Q19 64.8%, 2Q19 64.1%, 1Q19 64.2%
- MBA 90+ Delinq 1Q20 4.36%, 4Q19 3.77%, 3Q19 3.97%, 2Q19 4.53%, 1Q19 4.42%
- Moody's CMBS Delinq 60+days May 2.68%, Apr 2.57%, Mar 2.56%, Feb 2.56%, Jan 2.60%
- NonFarm Productivity 1Q20 -.9%, 4Q19 +1.2%, 3Q19 -.3%, 2Q19 +2.5%, 1Q19 +3.5%
- Unit Labor Costs 1Q20 +5.1%, 4Q19 +2.2%, 3Q19 +.2%, 2Q19 +2.4%, 1Q19 +5.5%
- Construction Spending May -2.1%, Apr -3.5%, Mar -.3%, Feb +.2%, Jan +2.8%
- ISM Backlogs Jun 45.3, May 38.2, Apr 37.8, Mar 45.9, Feb 50.3, Jan 45.7
- Philly Fed NonManuf Prices Paid Jun 2.0, May -6.2, Apr -.4, Mar 6.0, Feb 21.3
- Philly Fed NonManuf Backlogs Jun -12.3, May -6.3, Apr -18.8, Mar -1.5, Feb -3.0
- Empire St NY Fed Index Jun -.2, May -48.5, Apr -78.2, Mar -21.5, Feb 12.9, Jan 4.8
- Capacity Utilization % Jun 68.6, May 65.1, Apr 64.2, Mar 73.5, Feb 76.9
- Import Prices Jun +1.4%, May +.8%, Apr -2.6%, Mar -2.4%, Feb -.7%, Jan +.1%; yoy -3.8%
- Cass Trucking Shipments May +1.6%, Apr -15.1%, Mar +.2%, Feb +6.2%; yoy -23.6%
- Construction Spending May -2.1%, Apr -3.5%, Mar -.3%, Feb +.2%
- Moody's Beige Book Index May -147.2, Apr -27.8, Mar 97.2, Feb 86.1, Nov 77.8, Oct 72.2
- FDIC Problem Banks 1Q20= 54, 4Q19= 51, 3Q19= 55, 2Q19= 56, 1Q19= 59, 4Q18= 60
- Vehicle Sales Wards Jun 13.05mln, Apr 12.21mln, Mar 11.37mln, Feb 16.83mln
- Vehicle Sales 2019= 16.97mln, 2018= 17.21mln, 2017= 17.14mln, 2016= 18.29mln
- Gas AAA 07/16/20= $2.45, 12/31/19=$2.58,12/31/18=$2.29,12/31/17=$2.49; yoy+1.0%
- Crude Oil 07/16/20= $40.72, 12/31/19=$61.77, 12/31/18=$45.41, 12/31/17=$60.27
- CRB Index 07/16/20= 140.66, 12/31/19=186.92, 12/31/18=169.80, 12/31/17=193.86

Our Mission and Values

Penn Community Bank is committed to being a trusted financial services provider while maintaining our core values of integrity, transparency, service, and putting the community first. We work to:

- Help businesses grow and prosper
- Support individuals and families throughout their lifetimes
- Strengthen our local economy
- Partner with local organizations to improve quality of life