

## "A monthly survey of supply chain managers"

Welcome to our April report covering results from Creighton's March supply manager survey. Creighton's monthly survey of supply managers in nine Mid-America states indicates that economic growth is in a range indicating healthy, and improving manufacturing growth and with modest inflationary pressures. Goss monthly interview at: <https://tinyurl.com/y6ylsyttr>

### Obama's Economy Versus Trump's Economy: Which Is Tops?

Supporters of President Obama argue that President Trump has benefited from the economic policies from his predecessor, rather than from his own policies. How does the economic performance compare between the last 24 months of the Obama Administration, and the first 24 months of the Trump Administration across important economic metrics?

**Overall Economy.** For the first two years of the Trump Administration, gross domestic product (GDP) expanded by 9.9%. This compares to 6.4% GDP growth for the last two years of the Obama Presidency. In terms of inflation adjusted (real) GDP growth, Obama's GDP growth was 4.8% versus Trump's advance of 7.5%. **Advantage Trump.**

**Jobs.** For the first two years of the Trump Administration, total non-farm jobs expanded by 3.3%. This compares to 3.6% non-farm job growth for the last two years of the Obama Presidency. In terms of manufacturing job growth, Obama's growth was 0.5% versus Trump's advance of 3.7%. **Advantage Obama Overall Job Growth; Trump Advantage Manufacturing Job Growth.**

**Unemployment.** For the first two years of the Trump Administration, the unemployment rate declined by eight-tenths of one percentage point. This compares to a fall of nine-tenths of one percentage point for the Obama Presidency. **Advantage Obama.**

Interest on the accumulated debt for these three programs alone will amount to almost \$50 billion in 2020. Interest payment on the U.S. debt was \$843 billion in 2018, or approximately \$5,600, for each worker in the nation.

**Federal Deficit and Debt.** For the first two years of the Trump Administration, the federal deficit as a percent of GDP fell by 68 basis points or 68 hundredths of one percentage point. This compares to a decline of 36 basis points for the final two years of the Obama. For the last two years of the Obama Administration, the total federal debt as a percent of GDP expanded by 424 basis points, while they declined by 110 basis points for the first two years of the Trump Presidency. **Advantage Trump.**

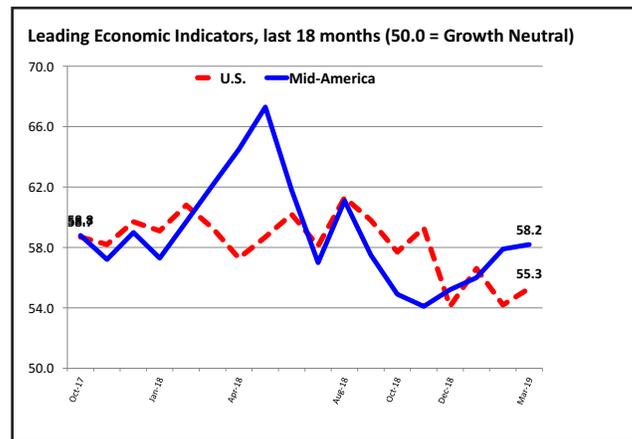
The president's influence on the overall economy is limited with other factors such as global growth and Federal Reserve policy playing significant roles. Nonetheless, there is evidence that Trump's economic policies of less regulation and lower taxes since taking office are pushing most economic metrics in a more favorable direction than experienced in the 2.0 years before Trump assuming the presidency.

### LAST MONTH'S SURVEY RESULTS

Mid-America Manufacturing Advances Again: Almost One-Fourth of Supply Managers Report Negative Flood Impacts

#### SURVEY RESULTS AT A GLANCE:

- The overall index rose to its highest level since August of last year.
- Approximately 22 percent of supply managers reported their firm was experiencing negative impacts from recent floods.



- More than one in 10 businesses reported layoffs for the month, while 64 percent indicated new hiring.
- In 2018, despite tariffs and trade tensions, the region exported approximately \$20 billion in agriculture commodities supporting 96,000 jobs, a gain of 8.1% from 2017.

The March Creighton University Mid-America Business Conditions Index, a leading economic indicator for the nine-state region stretching from Minnesota to Arkansas, rose to its highest level since August of last year signaling solid growth for the region over the next three to six months.

**Overall index:** The Business Conditions Index, which ranges between 0 and 100, climbed to 58.2 from February's 57.9. This is the 28th straight month the index has remained above growth neutral 50.0

The regional economy continues to expand at a positive pace. However, as in recent months, international trade tension/tariffs and the global economic slowdown remain obstacles to even stronger growth. Approximately, 22 percent of supply managers reported that their firm was experiencing negative impacts from recent floods.

Approximately 14 percent of firms reported strong economic growth in their area while an almost equal 14 percent of businesses indicated economic downturns in their local area.

**Employment:** The March employment index fell to a solid and positive 56.4 from February's 59.0.

"Overall manufacturing employment growth in the region over the past 12 months has been very healthy and exceeded that of the nation," said Goss. "However, overall employment growth for the region over the past 12 months at 0.5 percent is well below national job growth of 1.5 percent," said Goss.

About 10 percent of businesses reported layoffs for the month while 64 percent indicated new hiring for the month.

**Wholesale Prices:** The wholesale inflation gauge for the month indicated elevated inflation with a March price gauge of 74.5 which was up from 64.1 in February. "I expect tariffs and flood impacts to boost the inflation index higher in the months ahead," said Goss.

**Confidence:** Looking ahead six months, economic optimism, as captured by the March Business Confidence Index, slipped to a still solid 57.2 from February's 58.8.

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"However, I expect business confidence to depend heavily on trade talks with China as well as U.S. economic growth in the weeks and months ahead," reported Goss.

**Inventories:** Companies expanded inventories of raw materials and supplies for the month, but at a slower pace than in February. The March inventory index declined to 52.2 from 57.8 in February.

**Trade:** The regional trade numbers for March were solid, but with both imports and exports slipping for the month. The new export orders index moved lower to 53.4 from February's 55.6, and the import index fell to 51.7 from 54.8 in February.

"Across the region the export of agriculture commodities remains very important with a total of \$6.8 billion for 2018 which represented a gain of 8.1 percent from 2017. In 2018, the export of agriculture commodities produced approximately \$20 billion in overall economic activity in the Mid-America supporting a total of 96,000 jobs in the region," said Goss.

**Other components:** Components of the March Business Conditions Index were new orders at 58.8, up from February's 55.3; the production or sales index at 60.9 was up significantly from 53.9 in February; and speed of deliveries of raw materials and supplies index at 62.7 was down from last month's 63.8.

The Creighton Economic Forecasting Group has conducted the monthly survey of supply managers in nine states since 1994 to produce leading economic indicators of the Mid-America economy. States included in the survey are Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota.

The forecasting group's overall index, referred to as the Business Conditions Index, ranges between 0 and 100. An index greater than 50 indicates an expansionary economy over the course of the next three to six months. The Business Conditions Index is a mathematical average of indices for new orders, production or sales, employment, inventories and delivery lead time. This is the same methodology, used since 1931 by the [Institute for Supply Management](#), formerly the National Association of Purchasing Management.

## MID-AMERICA STATES

ARKANSAS

The March Business Conditions Index for Arkansas rose to 61.6 from February's 56.6. Components of the index from the monthly survey of supply managers were new orders at 61.8, production or sales at 65.5, delivery lead time at 66.5, inventories at 55.3, and employment at 59.1. In 2018, Arkansas exported \$451.6 million in agriculture commodities, which represented a growth of 21.8 percent over 2017 levels. In 2018, the export of agriculture commodities produced \$1.3 billion in overall economic activity in the state supporting a total of 6,300 jobs in the state.

IOWA

The March Business Conditions Index for Iowa expanded to 57.8 from February's 56.9. Components of the overall index from the monthly survey of supply managers were new orders at 61.2, production or sales at 58.6, delivery lead time at 59.5, employment at 53.3, and inventories at 51.6. In 2018, Iowa exported \$2.0 billion in agriculture commodities, which represented a growth of 31.9 percent over 2017 levels. In 2018, the export of agriculture commodities produced \$5.9 billion in overall economic activity in the state supporting a total of 28,400 jobs.

KANSAS

The Kansas Business Conditions Index for March advanced to 55.2 from January's 53.3. Components of the leading economic indicator from the monthly survey of supply managers were new orders at 56.8, production or sales at 60.5, delivery lead time at 58.6, employment at 56.2, and inventories at 55.2. In 2018, Kansas exported \$1.4 billion in agriculture commodities, which represented a 12.0 percent decline over 2017 levels. In 2018, the export of agriculture commodities produced \$4.1 billion in overall economic activity in the state supporting a total of 19,500 jobs in the state.

MINNESOTA

The March Business Conditions Index for Minnesota declined slightly to 53.0 from 53.4 in February. Components of the overall March index from the monthly survey of supply managers were new orders at 55.7, production or sales at 54.6, delivery lead time at 56.5, inventories at 50.9, and employment at 51.3. In 2018, Minnesota exported \$540.1 million in agriculture commodities, which represented a 17.0 percent decline over 2017 levels. In 2018, the export of agriculture commodities produced \$1.6 billion in overall economic activity in the state supporting a total of 7,500 jobs.

MISSOURI

The March Business Conditions Index for Missouri climbed to 57.3 from February's 57.0. Components of the overall index from the survey of supply managers were new orders at 58.2, production or sales at 60.5, delivery lead time at 61.4, inventories at 51.1, and employment at 55.1. In 2018, Missouri exported \$521.5 million in agriculture commodities, which represented a growth of 2.7 percent over 2017 levels. In 2018, the export of agriculture commodities produced \$1.5 billion in overall economic activity in the state supporting a total of 7,300 jobs.

NEBRASKA

After dipping below growth neutral for December, Nebraska's Business Conditions Index has moved above the threshold of 50.0 each month since. Nebraska's overall index expanded to 57.1 from February's 52.4. Components of the index from the monthly survey of supply managers were new orders at 58.0, production or sales at 60.4, delivery lead time at 61.2, inventories at 50.9, and employment at 55.0. In 2018, Nebraska exported \$1.0 billion in agriculture commodities, which represented a growth of 8.4 percent over 2017 levels. In 2018, the export of agriculture commodities produced \$2.9 billion in overall economic activity in the state supporting a total of 14,000 jobs in the state.

NORTH DAKOTA

The March Business Conditions Index for North Dakota increased to 55.0 from 51.6 in February. Components of the overall index were new orders at 56.3, production or sales at 58.8, delivery lead time at 58.0, employment at 53.1, and inventories at 48.9. In 2018, North Dakota exported \$516.4 million in agriculture commodities, which represented a growth of 8.6 percent over 2017 levels. In 2018, the export of agriculture commodities produced \$1.5 billion in overall economic activity in the state supporting a total of 7,200 jobs.

OKLAHOMA

Oklahoma's Business Conditions Index has remained above the 50.0 threshold for the last 20 straight months. The overall index from a monthly survey of supply managers for March fell to a still solid 53.9 from 58.1 in February. Components of the overall March index were new orders at 56.7, production or sales at 55.4, delivery lead time at 57.6, inventories at 57.6, and employment at 52.1. In 2018, Oklahoma exported \$311.7

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million in agriculture commodities, which represented a growth of 39.5 percent over 2017 levels. In 2018, the export of agriculture commodities produced \$910.0 million in overall economic activity in the state supporting a total of 4,300 jobs.

### SOUTH DAKOTA

The March Business Conditions Index for South Dakota climbed to a regional high of 70.8 from February's 68.7, also a regional high. Components of the overall index from the March survey of supply managers in the state were new orders at 69.4, production or sales at 75.9, delivery lead time at 64.0, inventories at 77.0, and employment at 67.5. "In 2018, South Dakota exported \$64.8 million in agriculture commodities, which represented a whopping growth of 50.0 percent over 2017 levels. In 2018, the export of agriculture commodities produced \$189.1 million in overall economic activity in the state supporting a total of 900 jobs in the state.



### THE BULLISH NEWS

- The U.S. economy added 196,000 jobs in March and the unemployment remained at a low 3.8%.
- Last week, first-time claims for unemployment insurance fell to their lowest level in 50 years.



### THE BEARISH NEWS

- The federal budget deficit rose to \$693 billion for the first half of fiscal 2019. Revenues were up, by 1% to \$1.5 trillion, but spending rose even more, by about 5% to \$2.2 trillion.
- Housing starts decreased 8.7% to an annual rate of 1.162 million units last in February.
- U.S. home prices in January rose at the slowest pace in 4 years, or 4.6% year-over-year.

### THE OUTLOOK

**National Association of Business Economics (NABE). MARCH SUMMARY:** "NABE Outlook Survey panelists believe the U.S. economy has reached an inflection point, with the consensus forecasting real GDP growth to slow from 2.9% in 2018 to 2.4% in 2019, and to 2.0% in 2020," said NABE President Kevin Swift, CBE, chief economist, American Chemistry Council. "The panel has turned less optimistic about the outlook since the previous survey, as three-quarters of respondents see risks tilted to the downside, and only six percent perceive risks to the upside." "A majority of panelists sees external headwinds from trade policy and slower global growth as the primary downside risks to growth," added Survey Chair Gregory Daco, chief U.S. economist, Oxford Economics. "Three-quarters of respondents have reduced their 2019 GDP growth outlook in response to trade policy developments. Nonetheless, recession risks are still perceived to be low in the near term. Panelists put the odds of a recession starting in 2019 at around 20%, and the odds of a recession by the end of 2020 at 35%. In part," Daco continued, "this reflects the Federal Reserve's dovish policy U-turn in January. A near-majority of panelists anticipates only one more interest rate hike in this cycle compared to the three hikes forecasted in the December survey."

From Goss: ): I expect \*\*Annualized GDP growth of

1.9% for Q1, 2019. \*\*U.S. job growth to continue, but job gains to range between 100,000 and 140,000 for the next several months. \*\*Year-over-year increase in U.S. housing prices to fall below 4% next month (and to continue to drop).

### WHAT TO WATCH

- **GDP:** On April 26, the Bureau of Economic Analysis releases estimated GDP for quarter one, 2019. An annualized growth below 1% will be bullish for bonds and bearish for stocks. A reading above 3% (which I doubt) would be bearish for the bond market
- **Consumer Price Index (CPI) for April:** The U.S. Bureau of Labor Statistics (BLS) will release the CPI for April on May 10. Year-over-year growth above 2.5% will cause the Fed to question, but not change, their interest rate stance for 2019.
- **Jobs:** . On May 3, the BLS releases its jobs report for March. Job additions above 150,000 with year-over-year wage gains between 3.3% and 3.6% will signal a "goldilocks economy."

### STATISTIC OF THE MONTH

89. If all of the announced nuclear closures go forward, the total number of operating nuclear reactors in the U.S. will decline from 99 to 89 by 2025. The amount of clean electricity lost from those 10 reactors would be 23% more than all of the solar electricity generated in the U.S. in 2017 (Forbes, Aug. 1, 2018).

### Goss Eggs (Recent Dumb Economic Moves)

- Japanese Prime Minister Shinzo Abe is pushing a hike in the consumption tax for the nation's citizens at just the wrong time. Even negative interest rates are failing to stimulate this struggling economy and will not offset the negative impact of this tax hike.

### Supply Manager Careers

Senior Procurement & Vendor Management Specialist-Transamerica, Cedar Rapids, Iowa. **What You Will Do:** As a strategic partner to the marketing organization, you will provide your subject matter expertise to the **key marketing business stakeholders**, to identify the appropriate category strategies for various procurement projects that you will manage in a growing wealth management firm. You will gain a deep understanding of your stakeholders needs, and provide guidance and recommendations as their trusted strategic partner. Through your effective contract negotiations and vendor management and oversight, you will ensure successful on-time project delivery, supplier compliance, and cost savings. **Requirements:** \*Bachelor's] degree in business administration, operations management, or other directly applicable field or equivalent education experience \*Minimum of 5 years of experience in **INDIRECT** category procurement, strategic sourcing, supplier\ management and contract management \*Experience with the supplier identification, selection and negotiation process \*Knowledge of supplier management best practices and industry trends. \*Demonstrated ability to influence others and drive change.

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\*Proven analytical and problem-solving skills, with a keen attention to detail. \*Strong business acumen and demonstrated ability to put strategic plans into operation. \*Proven ability to manage multiple projects and support activities within a single job function.

Apply at: <https://tinyurl.com/y2r5l5c9>

### Supply Manager Reading Room

**"Counterfeiting in the Supply Chain: Identification, Containment & Prevention by Adopting a Multi-Pronged Approach."** March 2019 by CAPS Research Researchers: Robert B. Handfield, Ph.D., Anand Nair, Ph.D. The problem of counterfeiting in the supply chain continues to plague companies in every industry. In order to combat counterfeiting, a multilayered strategy that adopts multiple approaches and engages the entire organization is needed. This research investigates counterfeiting's global growth and provides detailed recommendations to address the issue. It delves into strategies ranging from tracking technologies to working with government agencies in an effort to stem the growing challenge of counterfeiting throughout the supply chain:

<https://www.capsresearch.org/research/>

### FOLLOW ERNIE

Survey results for April will be released on May 1, the first business day of the month.

Follow Goss on twitter at <http://twitter.com/erniegoss>

For historical data and forecasts visit our website at:

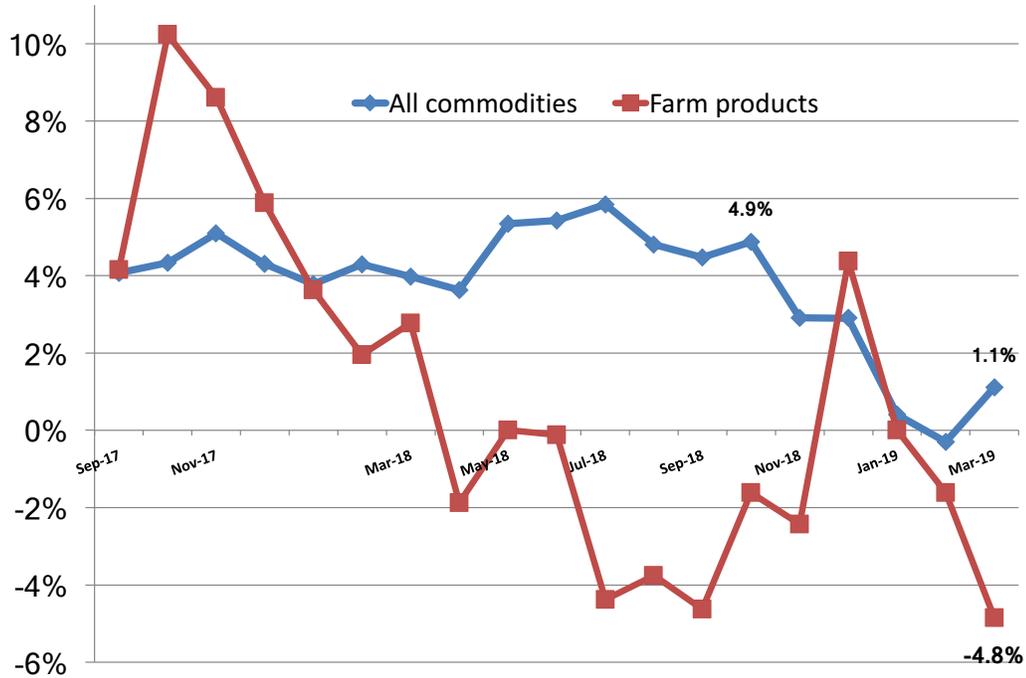
<http://business.creighton.edu/organizations-programs/economic-outlook>

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## PRICE DATA

ALL COMMODITIES/FARM PRODUCTS 2007-2018  
FUELS & RELATED/METALS & METAL PRODUCTS

Year over year price change, commodities and farm product, 2017-19



Year over year price change, fuels and metal products, 2017-19

