Welcome to Creighton's December report covering results from Creighton's two November economic surveys. I hope that all of you, your families, and friends have a wonderful holiday, and Christmas season and a Happy New Year. Creighton's monthly survey of supply managers and procurement experts in nine Mid-America states indicates that economic growth is in a range indicating that the regional economy is experiencing healthy growth, but with soaring inflation. Follow my comments at: www.twitter.com/erniegoss.

Goss monthly interview at:
https://bit.ly/MidAmericaBCINov2021

Biden's Build Back Better (BBB) or Biden's Budget Buster Blunder?

Not since President Lyndon Baines Johnson's (LBJ) 1960's launch of his "War on Poverty" has an administration proposed such sweeping changes to the welfare state as Biden has in his 2021 "Build Back Better" (BBB) plan. Not surprisingly, LBJ and subsequent presidents pushed the federal debt for each U.S. resident from just over $1,600 in 1965 to almost $90,000 in 2021. Despite Biden's assertion that BBB would cost $0, the Congressional Budget Office (CBO), the official budget scorekeeper, estimated that even with budget gimmicks, BBB will expand the debt by $454.1 billion over the 2022-31 period. BBB is on top of four major Trump and Biden 2020-21 stimulus programs and Federal Reserve (FED) expansion efforts.

These programs sprouted a 2021 budget deficit of more than $2.77 trillion, the second highest on record. Primarily responsible for the ballooning deficit and debt were:

- 2020's $3.6 trillion stimulus, 2021's $1.9 trillion stimulus, and a yet to get rolling $1.2 trillion infrastructure program passed in 2021.
- in order to support the spending packages, the FED purchased $4.5 trillion of U.S. Treasury bonds, and reduced short-term interest rates to 0% - ¼%. This had the impact of increasing the money supply by 37.5%, and boosting the annual inflation rate from less than 2% to almost 7%.

Due to the massive 2020-21 overspending, the U.S. debt will exceed $30 trillion by the end of 2021 even before the rollout of the infrastructure program and BBB. Who pays, or will pay, for this fiscal indulgence? There are those in the political class that assume that, due to ultra-low interest rates, and the FED money creation, this lavish party has no end. But as the Nixon Administration's Chief Economic Advisor, Herb Stein, once said, "If something cannot go on forever, it will stop."

Current interest payments on the federal debt average a bargain 1.77%. Should rates on the debt rise to the post-2000 average of 3.48%, each U.S. worker would have to belly-up approximately $3,200, or federal spending would have to be slashed by approximately $485 billion, or a combination of both poisons. As a result, Build Back Better (BBB) will, instead, be Biden's Budget Buster Blunder (BBBB). Ernie Goss

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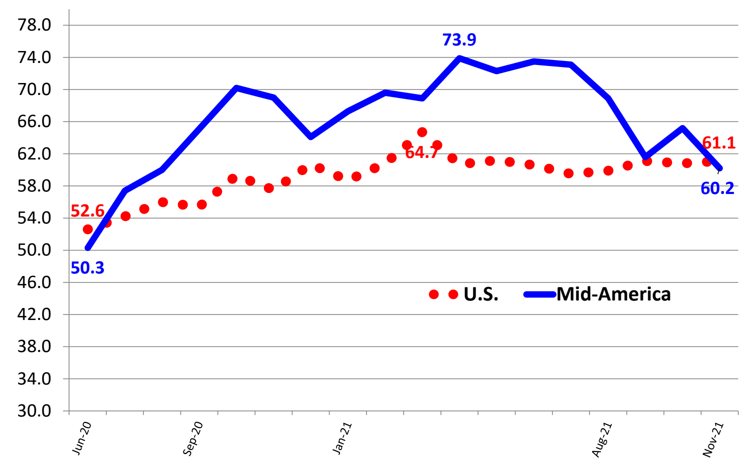
"A monthly survey of supply chain managers"

Mid-America Expands but with Labor Shortages: More Than Half Expect Bottlenecks to Worsen

November Survey Highlights:

- Creighton's regional Business Conditions Index fell into a range indicating healthy manufacturing growth for the next three to six months.
- Approximately one-half of supply managers expect supply chain disruptions to get worse for the first 6-months of 2022.
- Firms reported that transportation issues such as trucking, air and rail delays were the greatest factors accounting for supply chain disruptions.
- One supply manager reported that, "Non-seasoned supply managers have changed their mode of operations from just-in-time to 'Have a Hunch; Buy a Bunch'."

Leading Economic Indicators, last 18 months (50.0 = Growth Neutral)



(Survey results continue on the following page)

Survey results for December will be released on January 3, 2021, the first business day of the month.

"A monthly survey of supply chain managers"

Since declining to a record low in April of last year, the Creighton University Mid-America Business Conditions Index, a leading economic indicator for the nine-state region stretching from Minnesota to Arkansas, has remained above growth neutral for 18 of the last 19 months.

Overall Index: The Business Conditions Index, which uses the identical methodology as the national ISM, ranges between 0 and 100, fell to a healthy 60.2 from October's even stronger 65.2.

Creighton's monthly survey results indicate the region is adding manufacturing activity at a positive pace, and that regional growth will remain solid. In terms of supply chain disruptions and bottlenecks, approximately one-half of supply managers expect delays to worsen with only one in four anticipating improvements.

Firms reported that transportation bottlenecks in trucking and rail were the prime factors accounting for supply chain disruptions.

Supply managers named shortages of workers as the second most important factor producing supply disruptions, bottlenecks and delays.

Employment: The regional employment index remained significantly above growth neutral for November, but dropped to 61.1 from 66.1 in October.

Despite healthy growth over the past year, compared to its pre-pandemic level, U.S. Bureau of Labor Statistics manufacturing employment data indicate that the region has lost 20,000 jobs, or 1.4%.

Other November comments from supply mangers were:
-"Inventory is very low and orders are very high. Workforce is very hard to find. Where did all the people go?"
-"Supply management is over buying. It is similar to last year's consumer toilet paper shortage."
-"In the current shortage mentality, commercial entities are: over forecasting, over buying, trying to over inventory. Seasoned supply management has seen this scenario play out before."
-"There will be a strong market correction. There is no good reason why we have a backlog of ships waiting to off load on the west coast."
-"The sooner we can get the current administration, congress, and their reckless policies stopped and reversed the better off we will all be!"
-"All (supply chain) delays point to federal government (failures)."

Wholesale Prices: The wholesale inflation gauge for the month declined to an elevated 92.9 from October's 96.5. Creighton's monthly survey is tracking the highest and most consistent inflationary pressures in more than a quarter of a century of conducting the survey.

According to the U.S. Bureau of Labor Statistics, commodity prices are up approximately 22.6% over the last 12 months with fuels expanding by 57.5%, farm products advancing by 18.5%, and metal products soaring by 45.5%.

Confidence: Looking ahead six months, economic optimism, as captured by the November Business Confidence Index climbed to a weak 46.2 from October's 37.0 which was its lowest level since the onset of COVID-19 in Quarter 1, 2020.

Inventories: The regional inventory index, reflecting levels of raw materials and supplies, sank to 52.0 from 64.4 in October. According to one supply manager, "Non-seasoned supply managers have changed their mode of operations from "just-in-time" to "Have a Hunch; Buy a Bunch."

Trade: Despite supply chain bottlenecks, regional export numbers were positive for the month. The new export orders index advanced to 56.7 from October's 53.3, while port delays sank the import reading sank to 50.1 from 57.9 in October.

Other survey components of the November Business Conditions Index were: new orders rose to 57.4 from 50.0 in October; the production or sales index plummeted to 53.7 from 70.4 in October; and the index reading for the speed of deliveries of raw materials and supplies climbed to 76.8 from October's 75.0. A higher reading indicates more supply chain disruptions and delays.

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 (ISM), formerly the National Association of Purchasing Management. The Mid-America report is produced independently of the national ISM.

MID-AMERICA STATES

ARKANSAS

The November Business Conditions Index for Arkansas declined to 54.6 from 59.0 in October. Components from the November survey of supply managers were: new orders at 56.4, production or sales at 51.3, delivery lead time at 73.5, inventories at 38.6, and employment at 53.1. According to U.S. Bureau of Labor Statistics, Arkansas's seasonally adjusted manufacturing employment was down by almost 1,000 jobs, or 0.6%, compared to its pre-pandemic level. Job gains for the state's durable goods producers were more than offset by losses for the state's non-durable goods manufacturers.

IOWA

Iowa's Business Conditions Index for November declined to 59.4 from 67.8 in October. Components of the overall November index were: new orders at 57.1, production, or sales, at 49.9, delivery lead time at 79.5, employment at 63.3, and inventories at 72.3. According to U.S. Bureau of Labor Statistics, Iowa's seasonally adjusted manufacturing employment was down by fewer than 500 jobs, or 0.2%, compared to its pre-pandemic level. Job gains for the state's non-durable goods producers, including food processors, were more than offset by losses for the state's durable goods manufacturers such as metal producers.

KANSAS

Kansas Business Conditions Index for November fell to 61.2 from 66.5 in October. Components of the leading economic indicator from the monthly survey of supply managers were: new orders at 57.4, production or sales at 54.1, delivery lead time at 79.5, employment at 60.7, and inventories at 54.2. According to U.S. Bureau of Labor Statistics, Kansas's seasonally adjusted manufacturing employment was down by 7,000 jobs, or 4.1%, compared to its pre-pandemic level. Job gains for the state's non-durable goods producers, including food processors, were more than offset by losses for the state's durable goods manufacturers such as transportation equipment producers.

THE PURCHASING ECONOMY SURVEY REPORT

NOVEMBER 2021

"A monthly survey of supply chain managers"

MINNESOTA

The November Business Conditions Index for Minnesota decreased to 65.1 from October's regional high of 70.4. Components of the overall November index were: new orders at 58.0, production or sales at 55.8, delivery lead time at 83.1, inventories at 63.4, and employment at 65.2. According to U.S. Bureau of Labor Statistics, Minnesota's seasonally adjusted manufacturing employment was down by 4,500 jobs, or 1.4%, compared to its pre-pandemic level. Solid job gains for the state's non-durable goods producers, including food processors, were more than offset by losses for the state's durable goods manufacturers such as computer and electronic producers.

MISSOURI

The November Business Conditions Index for Missouri rose to 66.3 from 64.4 in October. Components of the overall index from the survey of supply managers for November were: new orders at 66.8, production or sales at 54.1, delivery lead time at 84.8, inventories at 62.4, and employment at 63.4. According to U.S. Bureau of Labor Statistics, Missouri's seasonally adjusted manufacturing employment was down by fewer than 600 jobs, or 0.2%, compared to its pre-pandemic level. Job gains for the state's durable goods producers, including computer and electronic producers, were more than offset by losses for the state's non-durable goods manufacturers such as food processors.

NEBRASKA

Nebraska's overall index for November dipped to 67.0 from 67.5 in October. Components of the index from the monthly survey of supply managers for November were: new orders at 58.0, production or sales at 55.9, delivery lead time at 83.3, inventories at 63.9, and employment at 74.0. According to U.S. Bureau of Labor Statistics, Nebraska's seasonally adjusted manufacturing employment was down by 1,400 jobs, or 1.4%, compared to its pre-pandemic level. Job gains for the state's non-durable goods producers, including food processors, were more than offset by losses for the state's durable goods manufacturers such as computer and electronic parts producers.

NORTH DAKOTA

The November Business Conditions Index for North Dakota slumped below growth neutral to a regional low 49.6 from October's 52.4, also a regional low. Components of the overall index for November were: new orders at 55.6, production or sales at 49.2, delivery lead time at 68.9, employment at 47.4, and inventories at 26.8. According to U.S. Bureau of Labor Statistics, North Dakota's seasonally adjusted manufacturing employment was down by 700 jobs, or 2.6%, compared to its pre-pandemic level. Job gains for the state's non-durable goods producers, including food processors, were more than offset by losses for the state's durable goods manufacturers.

OKLAHOMA

Oklahoma's Business Conditions Index expanded above growth neutral in November. The overall index slipped to 62.4 from 63.0 in October. Components of the overall November index were: new orders at 58.0, production or sales at 55.7, delivery lead time at 58.8, inventories at 62.9, and employment at 76.9. According to U.S. Bureau of Labor Statistics, Oklahoma's seasonally adjusted manufacturing employment was down by 9,400 jobs, or 6.8%, compared to its pre-pandemic level. Job gains for the state's non-durable goods producers, including food processors, were more than offset by losses for the state's durable goods manufacturers including metal manufacturers.

SOUTH DAKOTA

The November Business Conditions Index for South Dakota fell to 55.0 from 62.9 in October. Components of the overall index from the November survey of supply managers in the state were: new orders at 56.4, production or sales at 51.3, delivery lead time at 55.3, inventories at 38.6, and employment at 73.4. According to U.S. Bureau of Labor Statistics, South Dakota seasonally adjusted manufacturing employment was down by only 100 jobs, or 0.2%, compared to its pre-pandemic level. Job gains for the state's non-durable goods producers were offset by slight losses for the state's non-durable goods manufacturers such as food processors.

THE BULLISH NEWS

- The nation's November unemployment rate fell to its lowest level since beginning of pandemic to 4.2% from 4.6% in October.
- November's purchasing management indices (PMI) for both ISM's national survey and Creighton's Mid-America were in a range indicating very healthy manufacturing growth.
- The U.S. trade deficit in October shrinks 18% due to surging exports.
- The Case-Shiller national home price index cooled to a still strong growth of 19.5% for the 12 months ending in Septe

THE BEARISH NEWS

- The U.S. economy added 210,000 jobs in November, less than half of expectations.
- Surging food costs, energy, and rent pushed the U.S. inflation rate, as measured by the November CPI, to 6.8%, its highest year-over-year growth in 39 years. The wholesale inflation gauge soared by 9.6%, its highest on record, during this same period of time.

THE OUTLOOK

National Association of Business Economics (NABE, Dec. 2021): "NABE Outlook survey panelists have ramped up their expectations for inflation significantly since September," said NABE Vice President Julia Coronado, founder and president, MacroPolicy Perspectives LLC. "The core consumer price index, which excludes food and energy costs, is now expected to rise 6.0% from the fourth quarter of 2020 to the fourth quarter of 2021, compared to the September forecast of a 5.1% increase over the same period. Nearly three-fourths of respondents—71%—anticipate that the Federal Reserve's preferred gauge of inflation, the change in the core PCE price index, will not cool down to or below the Fed's target of 2% year-over-year until the second half of 2023 or later." "Nearly six out of ten panelists anticipate the U.S. economy will reach full employment within a year," added Survey Chair Yelena Shulyatyeva, senior U.S. Economist, Bloomberg. "Two-thirds of the panel expect wage increases will keep inflation elevated over the next three years." For a second consecutive survey, NABE panelists have downgraded their forecasts for economic growth in 2021. The median forecast for the change in inflation-adjusted gross domestic product (real GDP) from the fourth quarter (Q4) 2020 to Q4 2021 is 4.9%. This forecast is down from the 5.6% year-over-year (y/y) rate forecasted in the September 2021 survey, and the 6.7% in the May survey. The median real GDP growth estimate for 2022 is 3.6% y/y, up slightly from the estimate in the September survey." https:// https://www.nabe.com/NABE/Surveys/Outlook_Surveys/december-2021-Outlook-Survey-Summary.aspx

Goss (December 2021): ** I expect the inflation rate to cool a bit (5%) in the first quarter of 2022. **Since the presidential elections, the yield on U.S. long-term Treasury bonds has expanded from 0.83% to 1.50%. I expect that yield to climb by another ¼ % (25 basis points) by the end of 2021. Mortgage rates, which have expanded only marginally will rise by another 25 basis points by the end of Q1, 2022. **Annualized and seasonally adjusted Q1 2022 GDP growth will range between 1% to 2%.

KEEP AN EYE ON

- **U.S. Inflation Report.** On Jan. 12, the U.S. Bureau of Labor Statistics releases it consumer price index (CPI) for December. We will likely see a slight slowing in the rate of growth. Very good for Fed. Chair Jerome Powell.
- **U.S. Jobs Report**. On Jan. 7, the U.S. Bureau of Labor Statistics releases its job numbers for December. A weak reading may be in the forthcoming as some workers quit due to vaccination mandates.
- **Yield on 10-Year U.S. Treasury Bond.** Available continuously at https://finance.yahoo.com/ Current yield of 1.45% indicates a lot of fear and risk in the economy. A significant increase would be a positive indicator (e.g. above 1.8%).

GOSS EGGS (for recent dumb economic moves)

In a sop to unions and a spur to inflation, Biden's "Build Back Better Plan" passed by Congress last month incudes $555 billion in credits and grants to green-energy projects. To qualify, firms must pay employees the "prevailing wage." The prevailing wage is set by the Labor Department and can be as much as 70% above national averages. Score: 4 Goss Eggs.

STATISTIC OF THE MONTH

-1.40%. Between October 2020 and 2021, U.S. nonfarm hourly wages climbed by a healthy 4.8%, but 1.4% below the 6.2% expansion in consumer prices during the same period of time.

In a sop to unions and a spur to inflation, Biden's "Build Back Better Plan" passed by Congress last month incudes $555 billion in credits and grants to green-energy projects. To qualify, firms must pay employees the "prevailing wage." The prevailing wage is set by the Labor Department and can be as much as 70% above national averages

.Four of five Goss Eggs

SUPPLY MANAGERS READING ROOM

"Goodbye, supply chain crisis of 2021. Hello, supply chain crisis of 2022." Jacob Atkins. "The supply chain bottlenecks that have become a fixture of global trade will persist well into next year, according to industry forecasts, but are likely to ease by the start of 2023. A sudden plunge in goods demand at the beginning of the coronavirus pandemic last year, followed by an equally sharp revival, helped set off massive disruptions in trade. The crisis has been worsened by the intermittent shuttering of production facilities and ports as governments around the world seek to curb spikes in Covid-19 cases. The disruptions aren't expected to ease until the second half of 2022 and will be fueled globally by renewed coronavirus outbreaks, China's strict virus containment policies and the Chinese New Year on February 1, according to a report from insurers Euler Hermes and Allianz. Read rest of essay at: **https://tinyurl.com/2m7t6srk**

SUPPLY MANAGER CAREERS

Procurement Manager. Green Plains Inc. Omaha, NE. As the Procurement Manager, you will be responsible for overseeing the daily operations of Engineering, Procurement, Construction (EPC) procurement, supplier selection, and supplier management functions. This includes, but is not limited to: supporting business operations by identifying viable supplier alternatives, ensuring proper financial controls are in place around spending, ensuring tactical procure-to-pay transactions (POs, credit card purchases, invoice processing, etc.), and continually improving supplier performance. You'll be focused on establishing collaborative relationships with operational business leaders to best support their functions through spend visibility and supplier selection, as well as leveraging spend and supplier management activities across the company. Qualifications: *5+ years of procurement-related experience. *Excellent verbal and written communication skills. *Strong analytical and negotiation skills. *Self-directed with strong organizational skills. *Computer skills in Microsoft Word, Excel, PowerPoint. *Demonstrate a professional image, confidence, and listening skills.
Apply at:https://tinyurl.com/566zakfj

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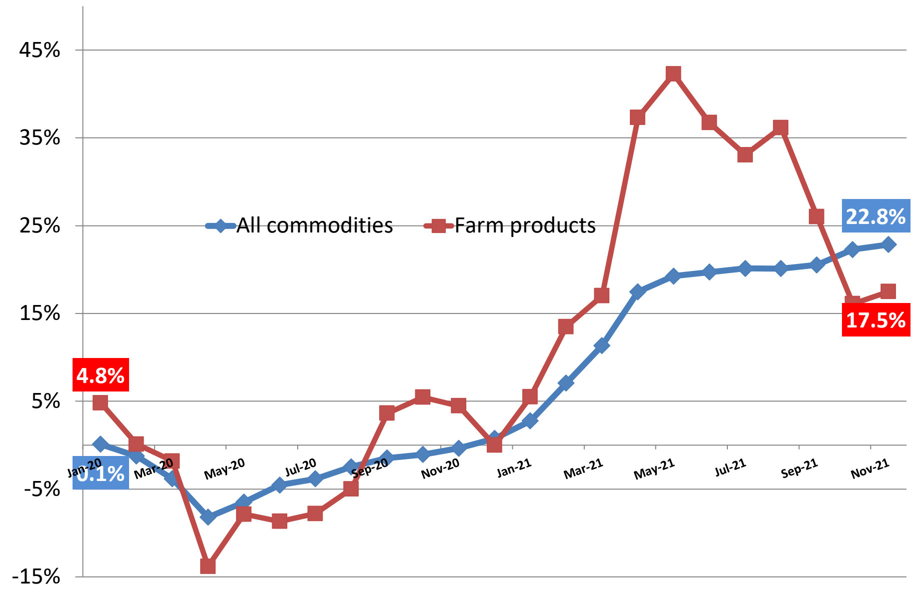
For historical data and forecasts visit our website at:
http://business.creighton.edu/organizations-programs/economic-outlook

Year-over-year price change, commodities and farm product, 2020 - Nov. 2021



Year-over-year price change, commodities and farm product, 2020 - Nov. 2021