

Warm wishes for a happy Thanksgiving. Welcome to our November report covering results from Creighton's October survey of 9-state survey of supply managers. 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 economic growth with significantly elevated inflation and supply bottlenecks. Follow my comments at: www.twitter.com/erniegoss.

Goss monthly interview at: <https://bit.ly/MidAmericaBCIOctober2021>

State Misery Indices (Updated): New York Most Miserable (Again), Utah Least Miserable

In the 1970s, Economist Arthur Okun created the Misery Index to calculate how the average U.S. resident was suffering economically speaking. It was calculated by adding the unemployment rate to the annual inflation rate. In the accompanying table, a Misery Index is calculated by adding each state's current Covid-19 deaths per 10 in population to the state's most recent percentage of job loss since one month prior to the pandemic, February 2020. In the table, lower rankings indicate higher degrees of misery in the state.

As in the March 2021 Economic Trends Misery Index, New Yorkers, once again, ranked number one in terms of the highest degree of misery, while Utah residents experienced the lowest level of misery. In terms of employment, Hawaii experienced the greatest job misery with a loss of 13.0% of nonfarm jobs, while Utah suffered the least job misery with a job shortfall of 3.0%. In terms of Covid-19 death misery, Mississippi suffered the greatest misery with the Covid-10 death rate at 3.4% of each 10 in population, while Vermont suffered the least covid-19 death misery at 0.6% deaths per population of 10.

Surprisingly, the 25 states with the greatest degree of misery had a higher full vaccination rate of 56.3%, or slightly lower than the full vaccination rate of 57.3% for the 26 least miserable states.

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Overall Misery	State	Misery rank	Job	Covid	Vaccine Rate	Overall Misery	State	Misery rank	Job	Covid	Vaccine Rate
1	New York	2	5	67.1%	26	South Carolina	39	13	50.3%		
2	Louisiana	3	4	47.9%	27	Georgia	43	9	48.6%		
3	New Jersey	15	3	66.7%	28	Delaware	24	30	60.2%		
4	Massachusetts	11	10	70.0%	29	Arizona	49	6	53.4%		
5	Nevada	5	17	53.3%	30	Iowa	31	27	55.8%		
6	Pennsylvania	9	19	61.0%	31	Kentucky	29	29	51.0%		
7	Rhode Island	17	12	71.3%	32	Vermont	8	51	71.6%		
8	Michigan	7	23	53.7%	33	Kansas	33	28	53.5%		
9	New Mexico	10	21	62.4%	34	South Dakota	47	14	53.3%		
10	Connecticut	18	20	71.0%	35	Maryland	27	36	66.2%		
11	North Dakota	14	24	47.8%	36	Minnesota	22	41	61.5%		
12	Illinois	16	25	60.8%	37	Wisconsin	23	40	58.6%		
13	Mississippi	40	1	46.0%	38	Tennessee	42	22	48.0%		
14	Oklahoma	32	11	50.4%	39	Virginia	26	39	63.5%		
15	Alabama	41	2	45.0%	40	Oregon	19	46	63.2%		
16	Wyoming	12	31	44.4%	41	Texas	48	18	53.6%		
17	West Virginia	28	15	41.1%	42	Missouri	35	33	50.0%		
18	DC	6	38	63.0%	43	New Hampshire	25	44	63.3%		
19	Florida	36	8	60.0%	44	Maine	21	49	71.0%		
20	Indiana	30	16	50.0%	45	Montana	46	26	50.8%		
21	California	13	35	61.7%	46	North Carolina	37	37	53.1%		
22	Hawaii	1	50	60.1%	47	Colorado	34	43	62.0%		
23	Arkansas	44	7	48.3%	48	Washington	38	45	63.9%		
24	Alaska	4	48	53.0%	49	Idaho	50	34	50.5%		
25	Ohio	20	32	52.1%	50	Nebraska	45	42	56.5%		
					51	Utah	51	47	54.1%		
Average vaccination rate		Most Miserable		56.3%		Least miserable		57.3%			

Sources: U.S. Bureau of Labor Statistics and [Worldometer](https://www.worldometers.info/coronavirus/) <https://www.worldometers.info/coronavirus/>

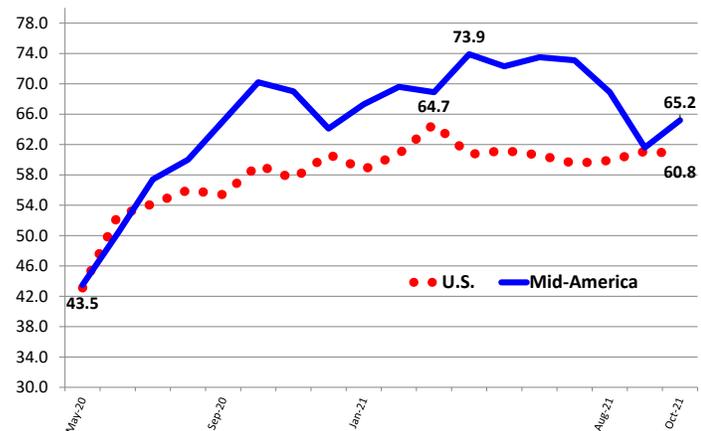
"A monthly survey of supply chain managers"

Mid-America Growth Climbs as Confidence Plunges: Inventory Stockpiling Significant Contributor to Supply Disruptions

October Survey Highlights:

- Creighton's regional Business Conditions Index climbed into a range indicating healthy manufacturing growth, and pointing to overall healthy growth.
- Over the past 12 months regional manufacturing employment expanded by a strong 3.3% with a gain in average hourly wages of 3.9%.
- Approximately one-third of supply managers reported that hoarding, or stockpiling of inventories has contributed significantly to supply chain bottlenecks.
- Business confidence remained at its lowest level since the first month of COVID-19, March 2020.

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



(Survey results continue on the following page)

Survey results for November will be released on Dec. 1, 2021, the first business day of the month.

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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 17 of the last 18 months.

Overall Index: The Business Conditions Index, which uses the identical methodology as the national ISM, ranges between 0 and 100, climbed to a very healthy 65.2 from September's 61.6.

Creighton's monthly survey results indicate the region is adding manufacturing business activity at a positive pace, and that regional growth will remain solid, but somewhat slower. Almost one-third of supply managers reported that inventory stockpiling has contributed significantly to supply chain bottlenecks.

Approximately 28% indicated that bottlenecks at U.S. ports were the second most important factor accounting for supply chain disruptions. One supply manager indicated that, "The feds need to stop with the political games and allow the flow of imports in the U.S. immediately."

Firms continue to report difficulties in finding and hiring new workers. Approximately 27% of supply managers said finding and hiring qualified workers was the third most important factor accounting for supply chain bottlenecks and disruptions.

Employment: The regional employment index remained significantly above growth neutral for October expanding from 56.7 in September to 66.1 in October.

Even with strong manufacturing job growth, the region has yet to recover all job losses from the pandemic. The latest U.S. Bureau of Labor Statistics data indicate that compared to pre-COVID-19 levels, current nonfarm employment is down by 435,000 jobs, or 3.0%, for the region, and almost 5.0 million, or 3.3%, for the U.S.

Over the past 12 months, according to U.S. Bureau of Labor Statistics, regional manufacturing employment expanded by a strong 3.3% with a gain in average hourly wages of 3.9%.

Other October comments from supply managers were:

- "There is no good reason why we have a backlog of ships waiting to off load on the west coast."
- "All (supply chain) delays point to federal government (failures)."

Wholesale Prices: The wholesale inflation gauge for the month climbed to a very brisk 96.5 from October's 94.9. 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 20.5% over the last 12 months with fuels, farm products and metal products soaring by 44.3%, 24.4%, and 42.5%, respectively.

Confidence: Looking ahead six months, economic optimism, as captured by the October Business Confidence Index, was unchanged from September'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, soared to 64.4 from 48.3 in September.

Trade: Despite supply chain bottlenecks, regional export numbers were positive for the month. The new export orders index declined to a still positive 53.3 from September's 59.5 while the import reading rose to a solid 57.9 from 37.0 in September.

Other survey components of the October Business Conditions Index were: new orders fell to 50.0 from 64.4 in September; the production or sales index soared to 70.4 from 55.2 in September; and the index reading for the speed of deliveries of raw materials and supplies dipped to 75.0 from September's 83.4. A lower reading indicates more timely deliveries and fewer supply chain disruptions.

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 October Business Conditions Index for Arkansas declined to 59.0 from 60.0 in September. Components from the October survey of supply managers were: new orders at 48.8, production or sales at 69.9, delivery lead time at 72.6, inventories at 49.4, and employment at 54.4. Over the past 12 months, according to U.S. Bureau of Labor Statistics, Arkansas manufacturing employment expanded by 4.8%, tops in the region, with a gain in average hourly wages of 4.1%, fifth in the region.

IOWA

Iowa's Business Conditions Index for October climbed to 67.8 from 62.8 in September. Components of the overall October index were: new orders at 73.8, production, or sales, at 49.9, delivery lead time at 79.5, employment at 63.3, and inventories at 72.3. Over the past 12 months, according to U.S. Bureau of Labor Statistics, Iowa manufacturing employment advanced by 4.1%, third in the region, with a gain in average hourly wages of 3.2%, eighth in the region.

KANSAS

The Kansas Business Conditions Index for October rose to 66.5 from 62.0 in September. Components of the leading economic indicator from the monthly survey of supply managers were: new orders at 49.8, production or sales at 73.5, delivery lead time at 78.9, employment at 62.5, and inventories at 67.7. Over the past 12 months, according to U.S. Bureau of Labor Statistics, Kansas manufacturing employment grew by 3.9%, fourth in the region, with a gain in average hourly wages of 5.5%, second in the region.

MINNESOTA

The October Business Conditions Index for Minnesota jumped to a regional high of 70.4 from September's 68.5, also a regional high. Components of the overall October index were: new orders at 75.4, production or sales at 50.3, delivery lead time at 82.3, inventories at 77.3, and employment at 66.8. Over the past 12 months, according to U.S. Bureau of Labor Statistics, Minnesota manufacturing employment climbed by 3.7%, fifth in the region, with a gain in average hourly wages of 3.9%, seventh in the region.

MISSOURI

The October Business Conditions Index for Missouri rose to 64.4 from 61.4 in September. Components of the overall index from the survey of supply managers for October were: new orders at 49.5, production or sales at 72.5, delivery lead time at 77.2, inventories at 62.7, and employment at 60.3. Over the past 12 months, according to U.S. Bureau of Labor Statistics, Missouri manufacturing employment expanded by 2.0%, eighth in the region, with a gain in average hourly wages of 0.6%, lowest in the region.

NEBRASKA

Nebraska's overall index for October climbed to 67.5 from 65.5 in September. Components of the index from the monthly survey of supply managers for October were: new orders at 49.0, production or sales at 49.9, delivery lead time at 79.8, inventories at 70.2, and employment at 74.0. Over the past 12 months, according to U.S. Bureau of Labor Statistics, Nebraska manufacturing employment expanded by 3.4%, sixth in the region, with a gain in average hourly wages of 3.9%, also sixth in the region.

NORTH DAKOTA

The October Business Conditions Index for North Dakota slumped to 52.4, a regional low, from September's 55.7, also a regional low. Components of the overall index for October were: new orders at 47.7, production or sales at 66.0, delivery lead time at 65.8, employment at 45.6, and inventories at 36.8. Over the past 12 months, according to U.S. Bureau of Labor Statistics, North Dakota manufacturing employment climbed by 2.8%, seventh in the region, with a gain in average hourly wages of 4.6%, fourth in the region.

OKLAHOMA

Oklahoma's Business Conditions Index expanded above growth neutral in October. The overall index rose to 63.0 from 58.6 in September. Components of the overall October index were: new orders at 49.3, production or sales at 71.8, delivery lead time at 58.7, inventories at 59.1, and employment at 76.9. Over the past 12 months, according to U.S. Bureau of Labor Statistics, Oklahoma manufacturing employment rose by 0.7%, slowest in the region, with a gain in average hourly wages of 4.6%, third in the region.

SOUTH DAKOTA

The October Business Conditions Index for South Dakota advanced to 62.9 from 59.6 in September. Components of the overall index from the October survey of supply managers in the state were: new orders at 48.9, production or sales at 70.3, delivery lead time at 55.3, inventories at 66.9, and employment at 73.4. Over the past 12 months, according to U.S. Bureau of Labor Statistics, South Dakota manufacturing employment expanded by 4.2%, second in region, with a gain in average hourly wages of 6.7%, tops in the region.

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THE BULLISH NEWS

- Total non-farm employment climbed by 531,000 in November as the unemployment rate sank to 4.6%, its lowest level since the beginning of pandemic.
- February'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.
- For the first time in more than one year, the Case-Shiller national home price index cooled to a still strong growth of 19.7% for the 12 months ending in August.



THE BEARISH NEWS

- Surging food costs, energy, and rent pushed the U.S. inflation rate, as measured by the September CPI, to 5.4%, its highest level in 13 years.
- Third quarter, annualized and seasonally adjusted U.S. gross domestic product slowed to 2%, its slowest pace since the beginning of the pandemic.
- The U.S. trade deficit struck an all-time high of \$80.9 billion in September as imports rose 0.5% and exports sank by 3.0%.
- The 2021 U.S. budget deficit hit \$2.8 trillion, its second highest on record.

THE OUTLOOK

Christmas and Holiday Sales Outlook Strong. "Despite consumer and retailer concerns about pandemic-related supply issues, 2021 U.S. holiday retail sales are expected to vault over last year's total, potentially growing by double digits. The National Retail Federation (NRF) projects November/December retail sales of \$843.4 billion to \$859 billion, up 8.5% to 10.5% from 2020 results. NRF said its forecast — excluding automobile dealers, gas stations and restaurants and covering Nov. 1 to Dec. 31— tops the previous high of \$777.3 billion, up 8.2%, in 2020 as well as the average gain of 4.4% over the past five years. Likewise, business consultancy Deloitte forecasts significantly higher holiday sales for 2021, estimating growth of 7% to 9% to between \$1.28 and \$1.3 trillion during the November-to-January time span. That's well over Deloitte's 1% to 1.5% projection for 2020 and the U.S. Census Bureau's November 2020-to-January 2021 sales growth measure of 5.8% to \$1.19 trillion (seasonally adjusted, excluding autos and fuel)." <https://www.supermarketnews.com/consumer-trends/us-holiday-retail-sales-outlook-brings-good-tidings>

Goss November 2021): **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, 2021. **Annualized and seasonally adjusted Q1 2022 GDP growth will range between 1% to 2%.

KEEP AN EYE ON

- **U.S. Inflation Report.** On Dec. 10, the U.S. Bureau of Labor Statistics releases its consumer price index (CPI) for November. We may see a slight slowing in the rate of growth. Very good for Fed. Chair Jerome Powell.
- **U.S. Jobs Report.** On Dec. 3, the U.S. Bureau of Labor Statistics releases its job numbers for November. A weak reading may be in the offing as some workers quit due to vaccination mandates.
- **Retail Sales.** On Nov. 16, the U.S. Census Bureau releases its retail sales for October. You should expect a healthy increase from October of 2020 (above 8.5%) with all of that stimulus money sloshing around.

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GOSS EGGS (for recent dumb economic moves)

Biden’s multi-trillion dollar “Build Back Better Plan” would raise the cap on state and local tax deductions from its current \$10,000 to \$80,000. This has the impact of assisting the well-to-do since according to TurboTax only approximately 10% of U.S. taxpayers (mostly high income) itemized deductions in 2020. Furthermore, high tax states such as New York and New Jersey can shift a portion of their higher taxes onto the lower tax states such as Florida and Texas. Four of five Goss Eggs



SUPPLY MANAGERS READING ROOM

“Supply chain chaos is already hitting global growth, and it’s about to get worse,” *Thanks to the rollout of coronavirus vaccines, the global economy is slowly starting to emerge from the Covid-19 pandemic. *But the pandemic has left one very destructive issue in its wake: disruption to global supply chains.* The rapid spread of the virus in 2020 prompted shutdowns of industries around the world. Thanks to the rollout of coronavirus vaccines, the global economy is slowly starting to emerge from the Covid-19 pandemic. <https://tinyurl.com/2ts3s6hm>

STATISTIC OF THE MONTH

-1.63% Since January 2021, U.S. nonfarm worker wages expanded at a healthy compound annual growth rate of 4.47%. However, consumer prices advanced at an even stronger compound annual growth rate of 6.10% producing an inflation adjusted hourly wage loss of 1.63%.

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SUPPLY MANAGER CAREERS

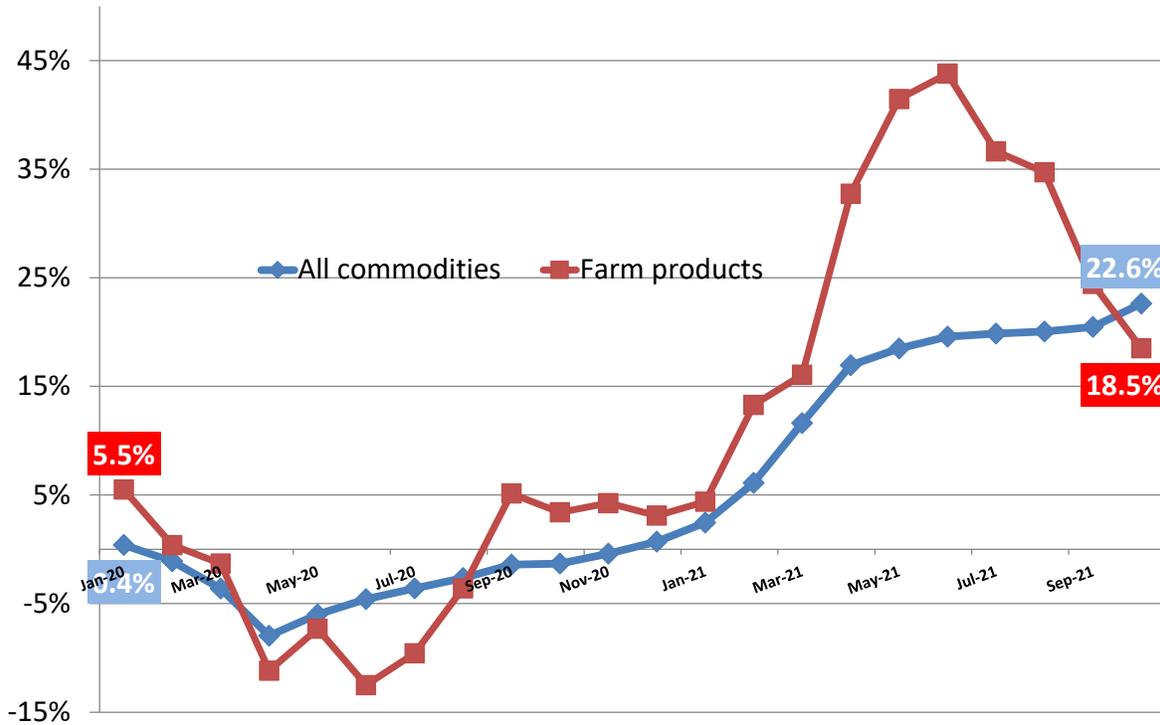
Site Logistics Manager, DB&A-DeWolff, Boberg & Associates, Kansas City, MO. We are seeking a Site Logistics Manager. As a leader, you will be responsible for overseeing multiple facilities and all core logistic processes at the respective site. Responsibilities: These activities will test your management skills, your work efficiency and the dynamics of problem solving. Roles And Responsibilities • Lead a safety first culture • Ensure all command media provides for 100% employee safety • Provide facilities layout and appropriate equipment to minimize risks to employees • Monitor customer feedback for issues and opportunity for improvement • Establish policies, procedures, work instructions and forms to define processes • Establish self-audits and assessment to ensure consistent compliance • Maintain Key Metrics (KPIs) • Establish budgets, analyze variance and track performance • Implement strategic initiatives to drive affordability • Monitor direct to indirect cost ratio –Qualifications: Bachelor’s degree in Logistics or relevant field • 9 or more years of experience in Logistics, with at least 3 years management experience; experience in the Aerospace and Defense industry preferred • Demonstrated experience managing inventory, production scheduling, warehouse management (people & product), procurement, transportation/fleet, logistics systems (i.e. Oracle) • Demonstrated increasing responsibilities over time reflected in new work assignments, career advancements, and larger scope of work • Track record of consistently meeting or exceeding performance metrics (KPIs). <https://tinyurl.com/25jc2ctb>

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

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



Year-over-year price change, fuels and metal products, 2020 – Oct. 2021

