"A monthly survey of supply chain managers"

Welcome to your August report covering results from Creighton's July survey of supply managers. Creighton's monthly survey of supply managers and procurement experts in nine Mid-America states indicates economic growth is in a range indicating the regional economy is expanding at a very healthy pace, but with record high inflationary pressures. www.twitter.com/erniegoss.

The Six-Month President: From Ford to Biden

White House press secretary Jen Psaki recently celebrated the Biden Administration's first six months in office by extravagantly declaring that "......the president has acted to get America back on track by addressing the crises facing this nation." Continuing, she modestly declared that he had "rebuilt the economy." But how does Biden's first six months actually compare to that of his 7 predecessors?

In the table below I rank each of the U.S. presidents beginning in 1975 to today according to growth in the overall economy, jobs and in inflation adjusted wages for the first 6 months of their presidency. Also to gauge whether each president got "America bank on track," I compare each's growth rate to the last 6 months of their predecessor.

Table 1: Presidential 6-month economic performance and comparison to previous president's last 6 months

Presidents	GDP growth: First 6 months	GDP growth: Change from predecessor's last 6 months	Job growth: First 6 months	Job growth: Change from predecessor's last 6 months	Wage growth: First 6 months	Wage growth: Change from predecessor's last 6 months
Carter	3.148%	1.87%	2.66%	1.22%	1.08%	1.69%
Reagan	1.204%	-0.54%	0.62%	-0.70%	-1.65%	-2.25%
Bush (one)	1.460%	0.52%	0.85%	-0.68%	-1.43%	-1.62%
Clinton	0.750%	-1.29%	1.15%	0.23%	0.25%	0.18%
Bush (two)	0.295%	-0.40%	-0.39%	-0.74%	0.29%	0.26%
Obama	1.472%	0.03%	-2.53%	-0.03%	-0.94%	-5.71%
Trump	1.034%	-0.07%	0.77%	0.02%	1.33%	-0.17%
Biden	3.146%	-5.60%	2.86%	0.59%	-1.94%	-1.27%

Sources: GDP-U.S. Bureau of Economic Analysis; Job & wage growth-U.S. Bureau of Labor Statistics

GDP growth estimates listed in Table 1 indicate that President Carter experienced the top first 6 months with President Biden occupying a very close second. However, GDP growth under Biden suffered the largest negative turnaround with GDP declining by 5.6% between the last 6 months of Trump and the first 6 months of Biden. Job growth estimates listed in Table 1 indicate that Biden experienced the top 6 month beginning with Carter capturing a close second. Additionally, Biden's job growth was second only to Carter in terms of increases over the previous 6 months of the Trump by 0.59%. Average inflation adjusted wage growth estimates listed in Table 1 show that Biden suffered the worst experience in the first six months among the 7 presidents with Trump experiencing the top average inflation adjusted wage expansion in the first 6 months of occupying the White House.

Despite the fact the president lacks even modest control over national economic measures in the first six months, pundits and the median continue to gauge and compare the president's effectiveness by economic metrics over which it is argued that he and his predecessors have had little control. On these measures, President Biden has clearly not "rebuilt the economy."

Goss monthly interview at:

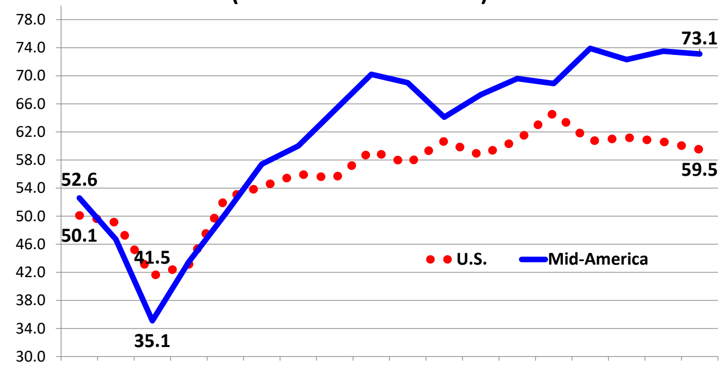
http://bit.ly/MidAmericaBCIJuly2021

Mid-America Wholesale Prices Soar to Mid-America Wholesale Prices Soar to Another Record High: Economic Outlook Plummets

July Survey Highlights:

- Creighton's regional Business Conditions Index climbed into a range indicating very strong growth for the next three to six months.
- Confidence index plummets to lowest level in five months.
- The wholesale inflation gauge surged to another record high.
- More than half of supply managers expect soaring input prices to be pushed off on to their customers.
- Almost 38% of supply managers expect rocketing input prices to be absorbed by their company in the form of lower profits.
- On average, supply managers expect price for their companies' prices to advance by another 7.7%, over the next 12 months.

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



(Survey results continue on the following page)

More than half of supply managers expect soaring input prices to be pushed off on to their customers.

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, moved above growth neutral for 14 of the last 15 months.

Overall Index: The Business Conditions Index, which uses the identical methodology as the national ISM, ranges between 0 and 100, dipped to a still strong 73.1 from June's 73.5. However, as in previous months, between 80% and 90% of manufacturing supply managers report that labor shortages and supply bottlenecks continue to restrain growth.

Creighton's monthly survey results indicate the region is adding manufacturing business activity at a very healthy pace, and that regional growth will remain strong. Absent supply bottlenecks and labor shortages, that growth would be even stronger.

Employment: The regional employment index remained above growth neutral for July rising to 67.2, its highest level in more than two decades, from 61.7 in June. 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 current regional nonfarm employment is down by 540,000 jobs, or 3.9%, compared to pre-Covid-19 levels.

Even with healthy job growth for the month, firms continue to report difficulties in finding and hiring new workers. As stated by one supply manager, "Despite hiring incentives it is very difficult to attract anyone, we are turning business away due to capacity limitations."

Wholesale Prices: The wholesale inflation gauge for the month surged to a record high 98.7 from June's 98.4, the previous record high.

At the wholesale level, Creighton's survey is tracking higher and higher inflationary pressures. Commodity prices are up approximately 19.5% over the last 12 months according to U.S. Bureau of Labor Statistics data. Supply managers in Creighton's June survey expect prices for their firm's products to advance by 7.7% for the next 12 months.

As stated by one survey manager, "Price increases are rampant. Air filters have had three price increases in the last year. Delivery is taking 30-60 days."

In terms of the burden of soaring input prices, 58.6% of supply managers expect the gain to be borne primarily by their customers while 37.9% expect company profits to absorb most of the hit, and only 3.5% anticipate that the increase will result in lower wages for workers.

Confidence: Looking ahead six months, economic optimism, as captured by the July Business Confidence Index, slumped to 53.6 from June's 60.8 and May's very strong 88.6.

Supply bottlenecks, rapidly rising prices and labor shortages pushed economic confidence among manufacturing supply managers significantly lower for the month.

One supply manger said, "There are so many economic cross currents. It is very difficult to forecast beyond six months."

Said another supply manager, "The US economy is only going to get worse under the Biden Administration as they push their global agenda and new world order."

Inventories: The regional inventory index, reflecting levels of raw materials and supplies, climbed to 70.7 from last month's 67.9.

Trade: Despite supply chain bottlenecks, regional trade numbers were solid for the month. The new export orders index sank to a very healthy 63.9 from June's 72.2. An expanding domestic manufacturing sector boosted July's import reading to 65.3, which was up from June's 52.4.

Other survey components of the July Business Conditions Index were: new orders slipped to 73.5 from 75.9 in June; the production or sales index declined to 67.9 from June's 78.4; and the index reading for the speed of deliveries of raw materials and supplies rose to 84.5 from June's 83.9. A higher reading indicates slower deliveries.

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 July Business Conditions Index for Arkansas rose to 71.2 from 68.6 in June. Components from the July survey of supply managers were: new orders at 72.7, production or sales at 68.7, delivery lead time at 79.9, inventories at 64.4, and employment at 70.3. According to U.S. Bureau of Labor Statistics, average hourly wages for manufacturing production workers in Arkansas rose 6.5% over the past 12 months. Among the nine Mid-America states, this growth ranked fourth.

IOWA

Iowa's Business Conditions Index for July decreased to 67.9 from 69.5 in June. Components of the overall June index were: new orders at 72.5 production, or sales, at 65.2, delivery lead time at 79.0, employment at 60.9, and inventories at 61.9. According to U.S. Bureau of Labor Statistics, average hourly wages for manufacturing production workers in Iowa rose 7.9% over the past 12 months. Among the nine Mid-America states, this growth ranked second.

KANSAS

The Kansas Business Conditions Index for July declined to 73.3 from 76.9 in June. Components of the leading economic indicator from the monthly survey of supply managers were: new orders at 73.6, production or sales at 66.0. delivery lead time at 84.3, employment at 66.9, and inventories at 75.9. According to U.S. Bureau of Labor Statistics, average hourly wages for manufacturing production workers in Kansas declined 0.9% over the past 12 months. Among the nine Mid-America states, this growth ranked ninth, or last.

MINNESOTA

The July Business Conditions Index for Minnesota climbed to 77.4 from 73.7 in June. Components of the overall July index were: new orders at 76.3, production or sales at 69.1, delivery lead time at 96.6, inventories at 64.4, and employment at 80.9. According to U.S. Bureau of Labor Statistics, average hourly wages for manufacturing production workers in Minnesota rose 2.8% over the past 12 months. Among the nine Mid-America states, this growth ranked seventh.

MISSOURI

The July Business Conditions Index for Missouri rose to 71.3 from 67.7 in June. Components of the overall index from the survey of supply managers for July were: new orders at 73.2, production or sales at 65.5, delivery lead time at 82.3, inventories at 70.8, and employment at 64.7. According to U.S. Bureau of Labor Statistics, average hourly wages for manufacturing production workers in Missouri rose 6.2% over the past 12 months. Among the nine Mid-America states, this growth ranked fifth.

NEBRASKA

Nebraska's overall index for July dropped to 70.4 from 74.5 in June. Components of the index from the monthly survey of supply managers for July were: new orders at 73.1, production or sales at 65.3, delivery lead time at 81.5, inventories at 68.6, and employment at 63.8. According to U.S. Bureau of Labor Statistics, average hourly wages for manufacturing production workers in Nebraska rose 5.2% over the past 12 months. Among the nine Mid-America states, this growth ranked sixth.

NORTH DAKOTA

The July Business Conditions Index for North Dakota fell to 74.0 from June's 75.1. Components of the overall index for July were: new orders at 74.7, production or sales at 67.2, delivery lead time at 89.0, employment at 70.1, and inventories at 68.8. According to U.S. Bureau of Labor Statistics, average hourly wages for manufacturing production workers in North Dakota rose 7.4% over the past 12 months. Among the nine Mid-America states, this growth ranked third

OKLAHOMA

Oklahoma's Business Conditions Index expanded above growth neutral in July. However, the overall index dipped to 72.7 from 73.6 in June. Components of the overall June index were: new orders at 73.7, production or sales at 66.1, delivery lead time at 84.7, inventories at 77.1, and employment at 62.1. According to U.S. Bureau of Labor Statistics, average hourly wages for manufacturing production workers in Oklahoma rose 9.9% over the past 12 months. Among the nine Mid-America states, this growth ranked first.

SOUTH DAKOTA

The July Business Conditions Index for South Dakota fell to 72.5 from 74.0 in June. Components of the overall index from the July survey of supply managers in the state were: new orders at 73.5, production or sales at 65.8, delivery lead time at 83.5, inventories at 73.8, and employment at 66.0. According to U.S. Bureau of Labor Statistics, average hourly wages for manufacturing production workers in South Dakota rose 2.4% over the past 12 months. Among the nine Mid-America states, this growth ranked eighth.

KEEP AN EYE ON

- **U.S. Inflation Report.** On September 14, the U.S. Bureau of Labor Statistics (BLS) releases its consumer price index (CPI) for August. Recent readings are signaling inflation well above the Federal Reserve's acceptable level (transitory or not!).
- **U.S. Jobs Report**. On September 3, the BLS releases its job numbers for August. Another stronger than expected reading (above 700,000) will push the Federal Reserve to begin the taper of their quantitative easing program raising long-term interest rates.
- **Case-Shiller Home Price Index.**On August 31, S&P CoreLogic Case-Shiller will release its home price index for June. The housing bubble will continue to get bigger raising to possibility of is getting bigger. Recent releases indicate the extent of a bubble in U.S. home prices.

THE BULLISH NEWS

- U.S. job openings surged to 10.1 million for the first time ever in June and exceeded the 9.5 million unemployed workers.
- The nation added 943,000 jobs in July, the highest gain in the last 12 months.
- The Case-Shiller home price index soared by 16.6% in May compared to 12 months earlier.
- Continuing claims for unemployment insurance fell to below 3 million for the first time since March 14, 2020.

THE BEARISH NEWS

- The consumer price index rocketed 2.5% higher over the past two months.
- Creighton's wholesale inflation gauge from the July Mid-America manufacturing supply manager survey soared to another record high.
- The CBO projects that the federal budget deficit for fiscal 2021will be $3 trillion. That would be nearly triple the 2019 shortfall.

THE OUTLOOK

SUMMARY: ""The results of the July NABE Business Conditions Survey show that conditions remained strong during the second quarter of 2021," said NABE President Manuel Balmaseda, CBE, chief economist, CEMEX. "Two-thirds of respondents report that sales at their firms increased in the second quarter of 2021, while only 3% indicate sales declined. In addition, most anticipate a strong trajectory for inflation-adjusted gross domestic product, or real GDP, through the spring of 2022. Eighty-six percent of respondents expect real GDP growth over the next year will equal 3% or more. A record-high share of respondents reports that profit margins increased at their firms in the second quarter of 2021," added NABE Business Conditions Survey Chair Eugenio J. Aleman, chief economist, Energy Information Administration (EIA). "At the same time, materials costs rose at a majority of respondents' firms. "Respondents continue to be optimistic about the near-term outlook for employment," continued Aleman. "A third of respondents reported their firms had added workers in the second quarter, and an even higher share expects an increase in their workforce in the next three months." https://tinyurl.com/47dnu552

Goss (August 2021):**While I expect solid wage growth for the rest of 2021, inflation adjusted wage growth will be close to zero due to soaring inflation. **The Democrat $3.5 trillion reconciliation infrastructure bill (i.e. passed without Republican support) will be scaled back to obtain Senator Manchin's support). Even so, it will add more disincentives to work and encourage many potential workers to remain out of the workforce. **The Fed will begin scaling back (e.g. tapering) its monthly purchases of MBS and U.S. Treasury bonds in the fourth quarter of 2021.

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

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GOSS EGGS
(for recent dumb economic moves)

After grinding the Supreme Court's collective nose in the nation's Constitution by prolonging the moratorium on rental evictions, the Biden Administration next extended the moratorium on student loan payments. Secretary of Education, Miguel Cardona, argued that the extension was necessary to give borrowers time to plan a restart. Only 10% of the 43 million borrowers were making payments on their $1,100 billion debt accumulated while attending schools ranging from Harvard to Buttrub Community College. Score: Four Goss Eggs.

STATISTIC OF THE MONTH

1,398,000. In July there were 1,398,000 more job openings than unemployed workers (1.2 jobs for each unemployed worker). The U.S. worker shortage has become extreme as the federal government incentivizes joblessness with $300 enhanced jobless benefits, expanded healthcare subsidies, child care payments, child tax credits, food stamps, rental eviction moratorium, rental assistance, utility assistance, and others.

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

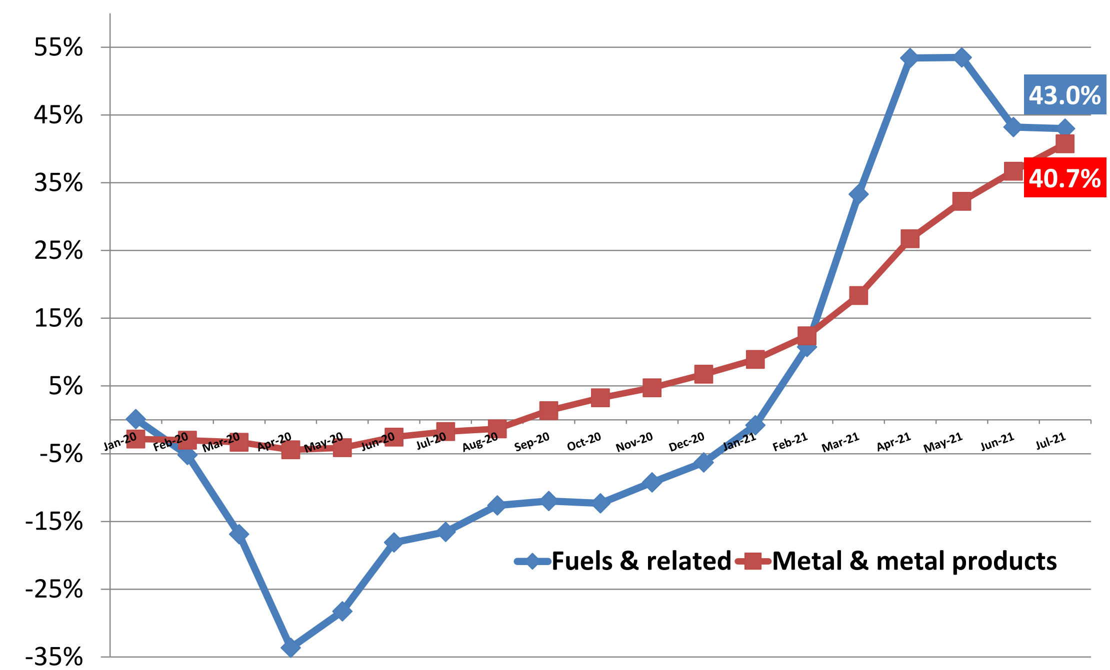
SUPPLY MANAGERS READING ROOM

"Biden-Harris Administration Announces Supply Chain Disruptions Task Force to Address Short-Term Supply Chain Discontinuities," "Today, the Biden-Harris Administration is announcing key findings from the reviews directed under Executive Order (E.O.) 14017 "America's Supply Chains," as well as immediate actions the Administration will take to strengthen American supply chains to promote economic security, national security, and good-paying, union jobs here at home. On February 24, 2021, the President signed E.O. 14017, directing a whole-of-government approach to assessing vulnerabilities in, and strengthening the resilience of, critical supply chains. Stemming from that effort, the Biden-Harris Administration has already begun to take steps to address supply chain vulnerabilities: The Administration's COVID-19 Response Team has drastically expanded the manufacture of vaccines and other essential supplies, enabling more than 137 million Americans to get fully vaccinated. The Administration has also worked with companies that manufacture and use semiconductor chips to identify improvements in supply chain management practices that can strengthen the semiconductor supply chain over time."
https://tinyurl.com/2u6k74wb

SUPPLY MANAGER CAREERS

Ag Processing, Inc. (AGP) Omaha, NE. AGP is currently seeking a skilled individual to coordinate and manage the supply chain functions including scheduling and logistics for the Refined Oils and Renewable Fuels groups. This non-supervisory role coordinates transportation efforts in a manner which will support the efficient operation of the production plants. Responsibilities • Integrate sales, production, and inventory plans with all functional teams for optimal business results. • Coordinate the development and implementation of the supply chain process strategies. • Manage the crude oil inventory and logistics at all the crush plant locations to ensure adequate supply at refinery locations and plan for scheduled refinery downtime. • Ensure shipments and deliverables are communicated throughout the organization, including plant management, sales, logistics and transportation. • Participate in and facilitate weekly scheduling, along with making monthly, quarterly and yearly forecasts for a company Free to Sell position. • Liaison between Sales, Production, and Transportation. Manage the execution of the plan and make necessary changes due to disruption of supply or demand.
https://tinyurl.com/7b6bh4be

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



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