

Economic Outlook

Recent Performance

1.04%

Employment

% above pre-pandemic
levels

3.70%

**Unemployment
Rate**

7.80%

Inflation

% chg yr ago

3.90%

Fed Funds Rate

Multiple economic indicators flash warning signs

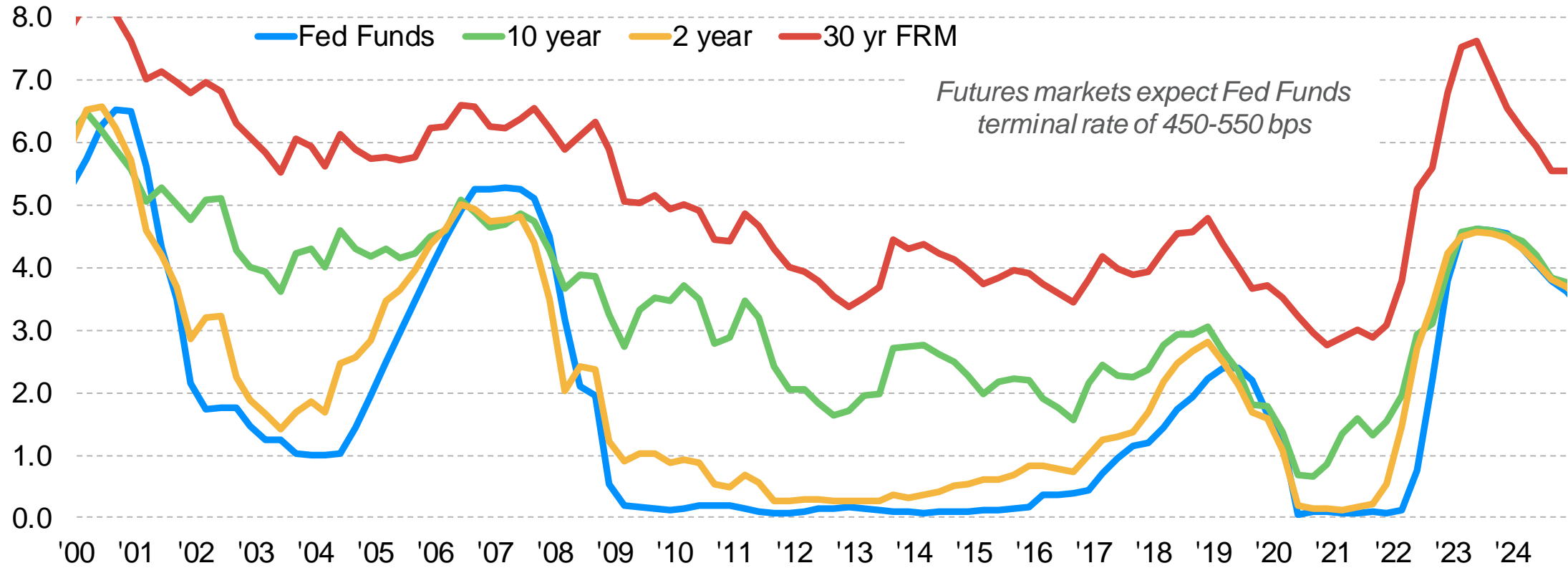
Indicator	Business Cycle Timing	Time to recession, mo	Threshold	Recent Value	Recession Risk
Chicago Fed financial conditions index	Leading	11 to 15	>0	-0.11	Moderate
Housing permits	Leading	10 to 12	yr-over-yr decline	-3.2%	High
Yield curve 10-yr minus 3-mo	Leading	8 to 15	<0	-0.1	High
Yield curve 10-yr minus 2-yr	Leading	8 to 14	<0	-0.4	High
TED spread	Leading	7 to 8	>100 bps	43.6	Moderate
Consumer confidence	Leading	5 to 10	20-point decline in 3 months	-1.1	Low
Jobless claims	Leading	4 to 5	>240k (breakeven)	206	Low
S&P 500	Leading	3 to 9	20% correction	-20%	High
ISM manufacturing index	Leading	3 to 6	43.2	50.9	Low
Hrs worked for manufacturing workers	Leading	1 to 10	yr-over-yr decline	-0.7%	High
Banks tightening lending standards	Leading	1 to 5	>20%	33.3%	High
Core capital goods orders	Coincident	0	yr-over-yr decline	7.9%	Low
Unemployment rate	Coincident	0	+50 bps yr-over-yr	-1.2%	Low
Industrial production	Coincident	0	yr-over-yr decline	5.3%	Low
ISM nonmanufacturing index	Lagging	1	49	56.7	Low
Employment	Lagging	2 to 4	yr-over-yr decline	3.9%	Low
Job quits rate	Lagging	2 to 4	>0.3 decline in 6 months	-0.2%	Low
Real monthly GDP - Potential GDP	Lagging	3 to 6	<0	-2.1%	High

Source: Moody's Analytics

Moody's Analytics

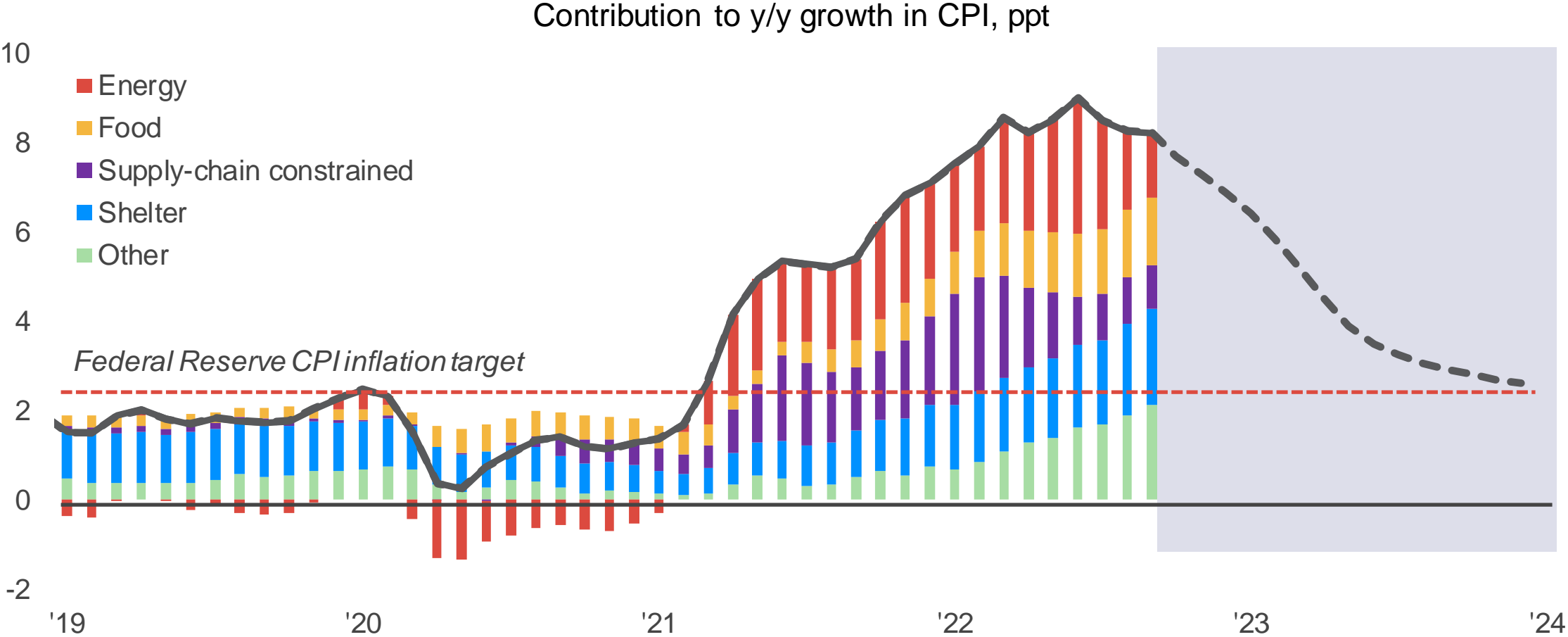
Fed to hike at least another 75 bps

Interest rates, %



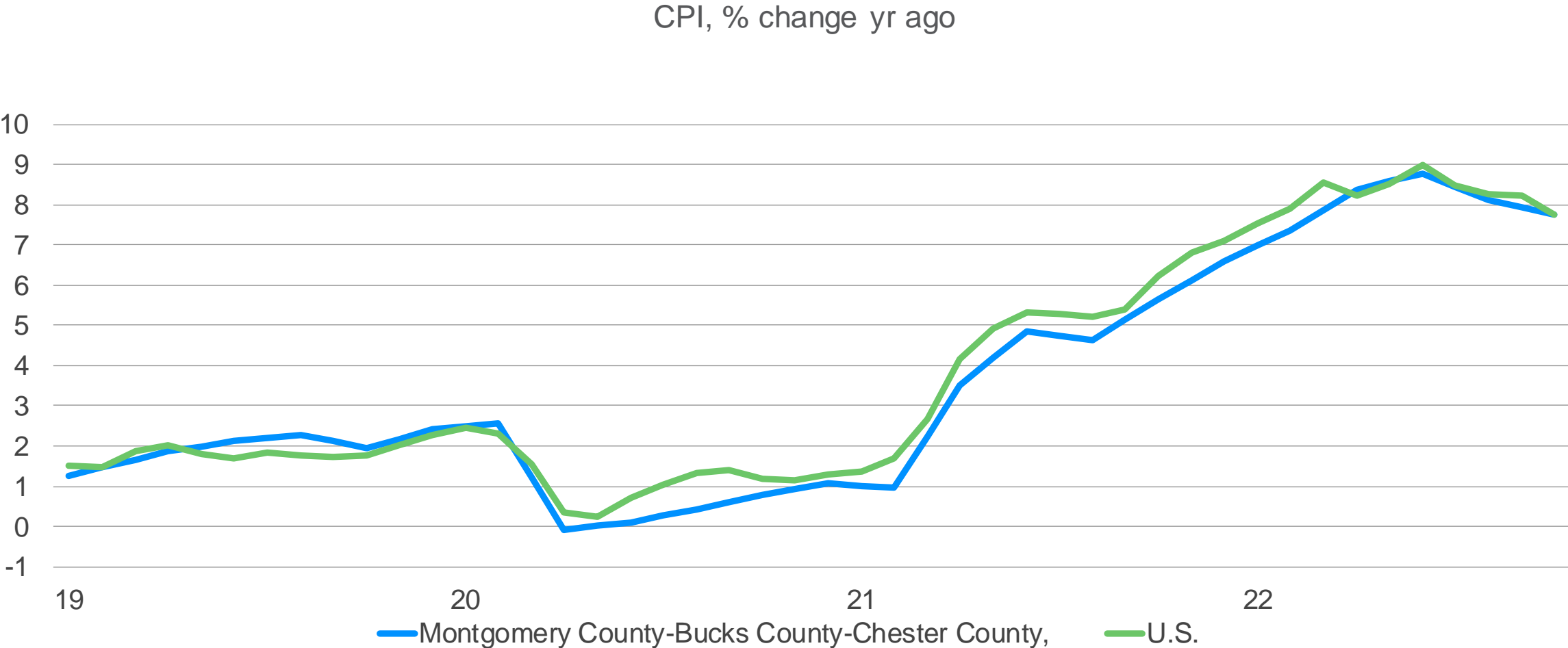
Source: Moody's Analytics

Inflation is the primary risk



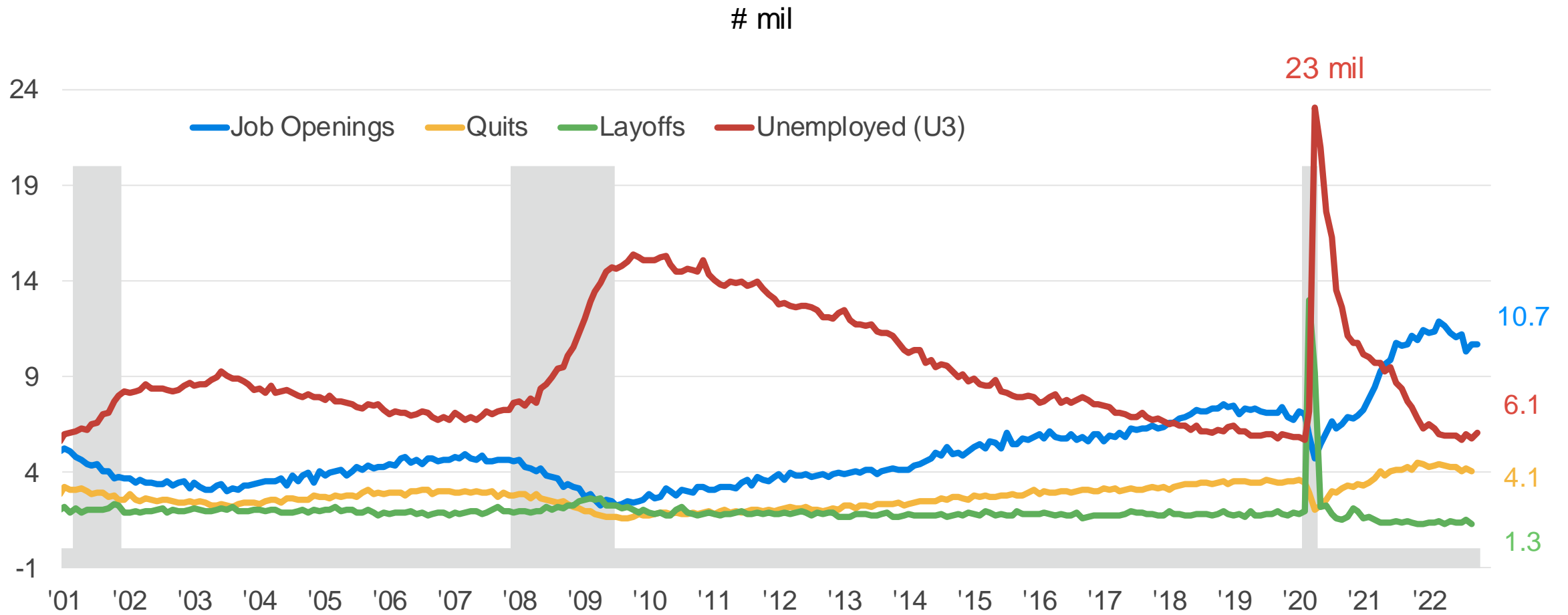
Sources: BLS, Moody's Analytics

Montgomery County-Bucks County-Chester County Inflation Traces U.S. Rate



Sources: BLS, Moody's Analytics

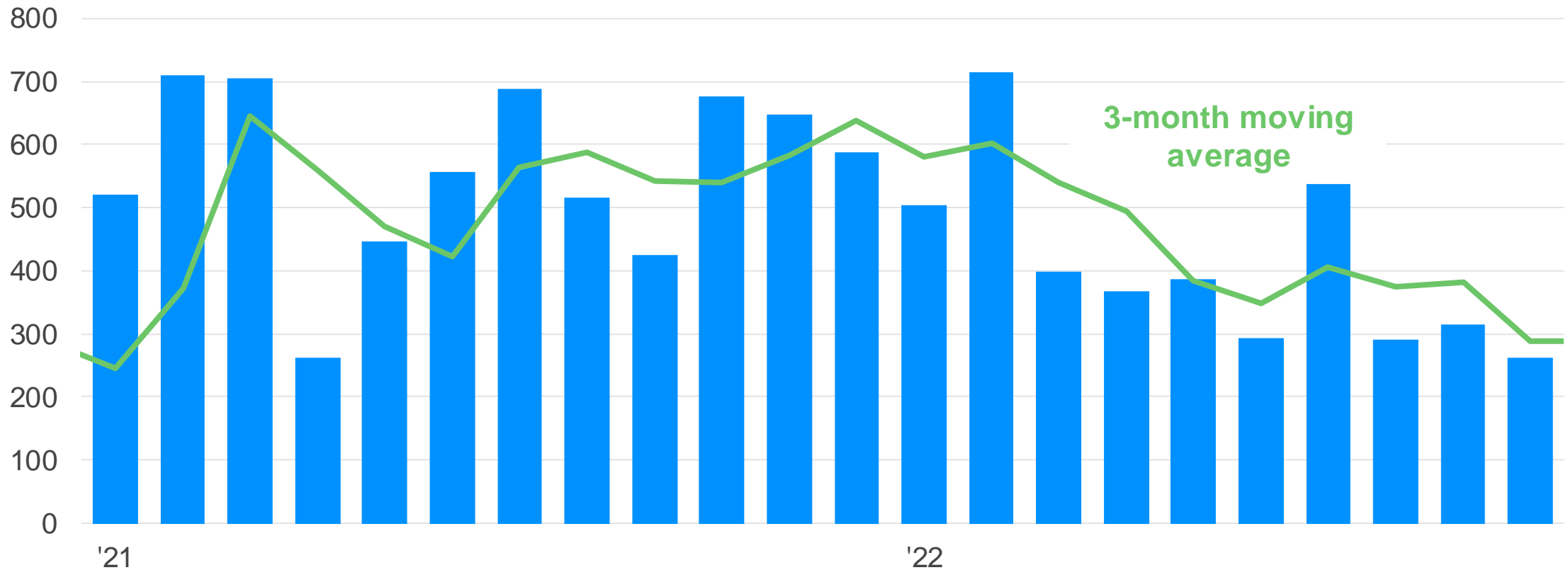
Labor demand strong, but cooling



Sources: BLS, Moody's Analytics

Businesses continue to create hundreds of thousands of jobs

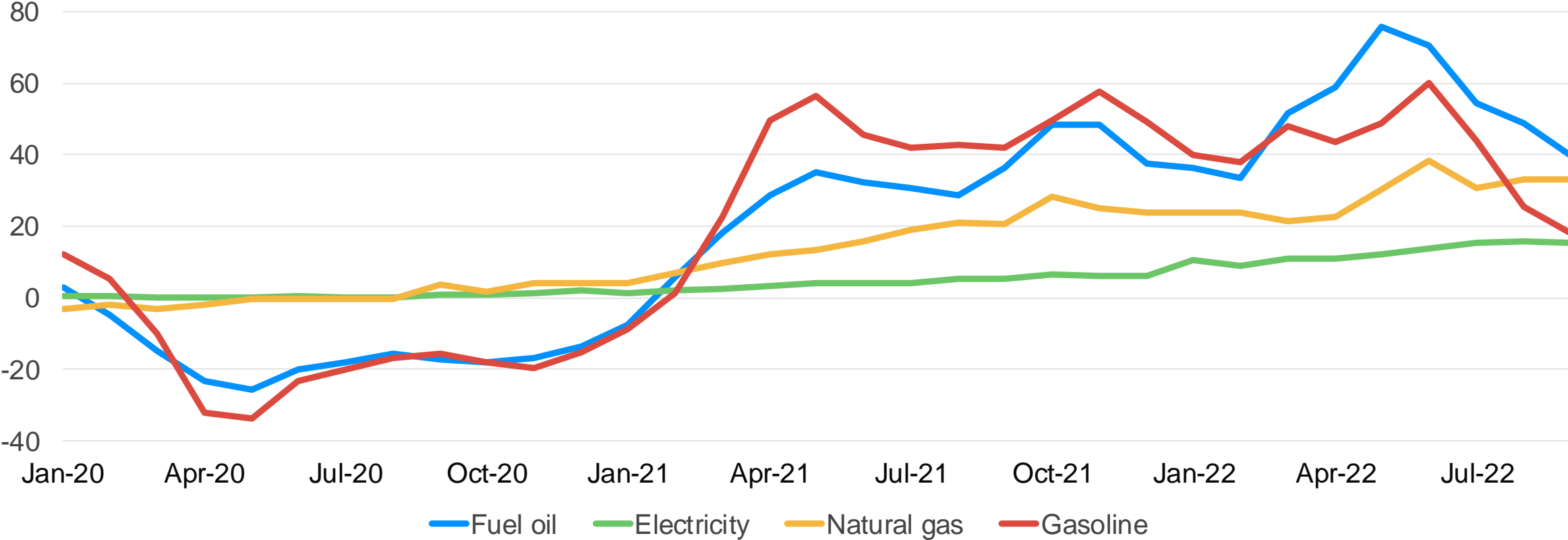
Monthly change in payrolls, ths



Sources: BLS, Moody's Analytics

Most Energy Prices Decelerate

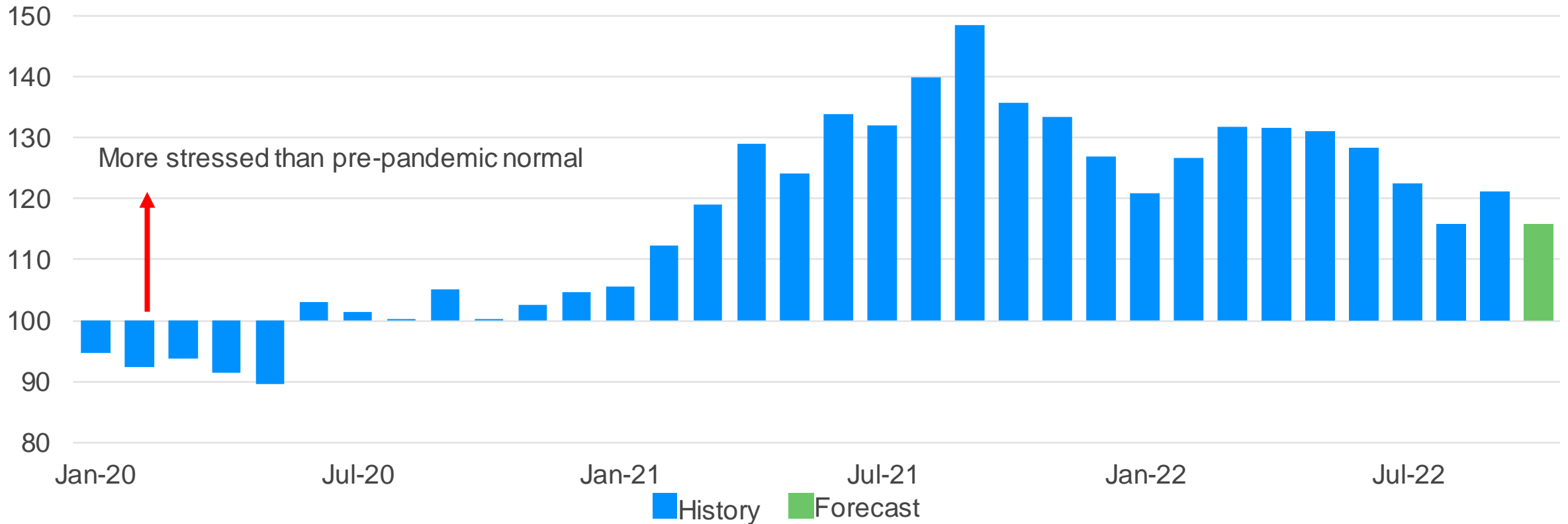
CPI, % change yr ago



Sources: BLS, Moody's Analytics

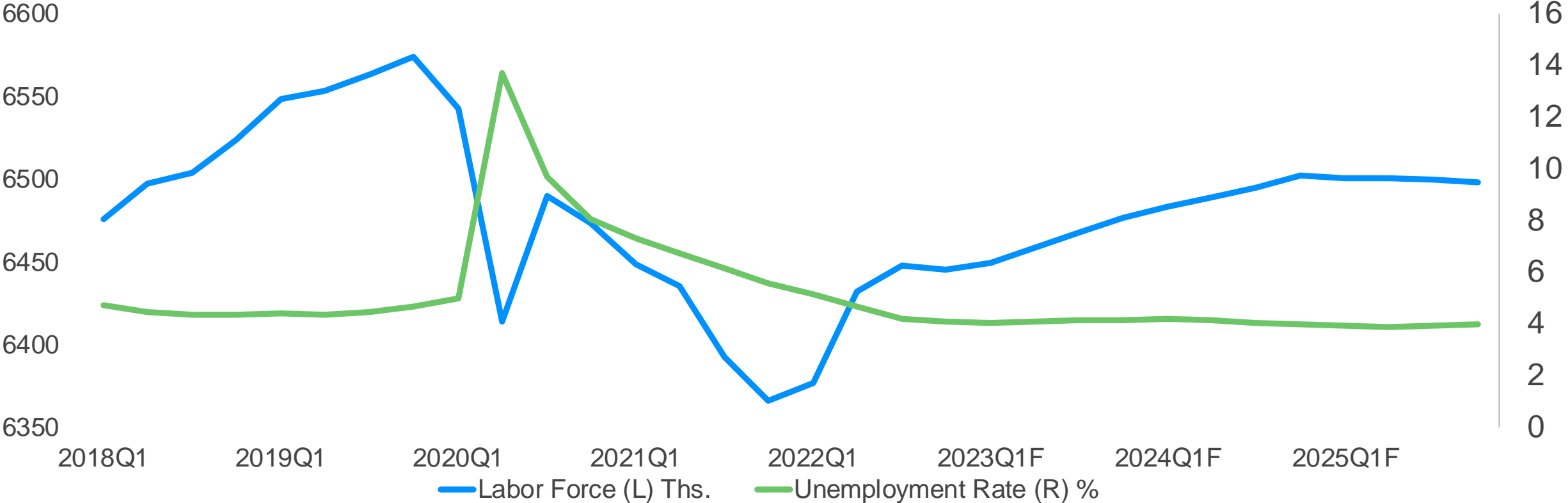
Supply Chains Continue to Ease

U.S. Supply-Chain Stress Index, 2019Q4=100



Sources: Multiple sources, Moody's Analytics

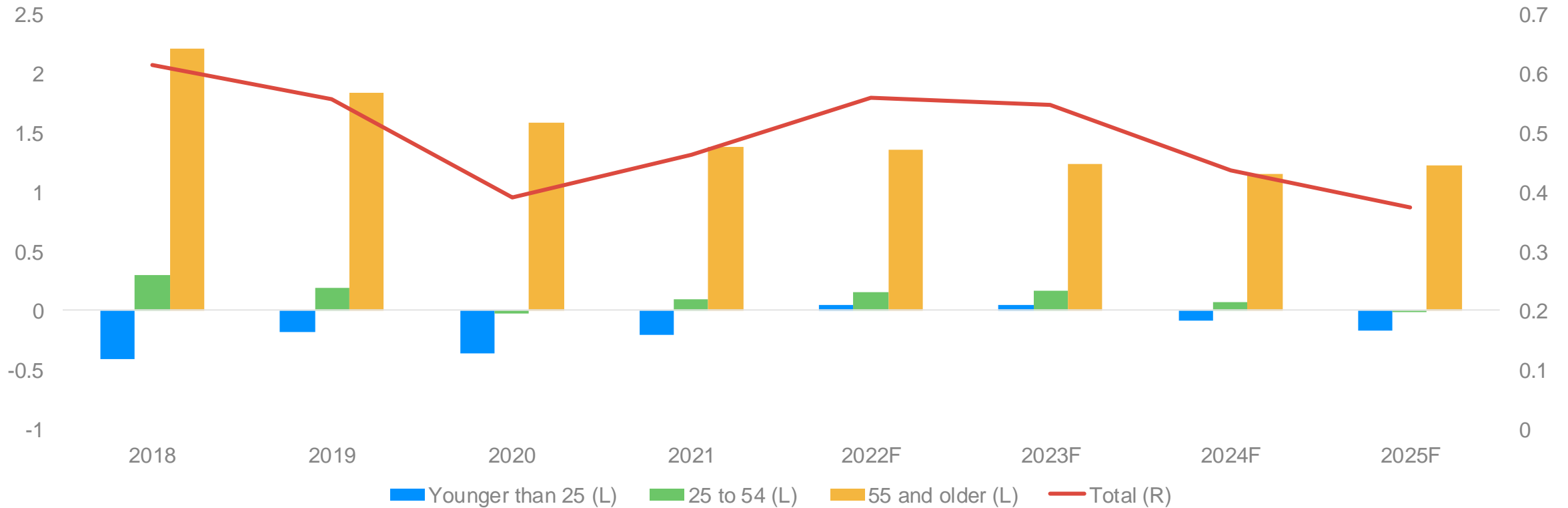
PA Labor Market Recovers at a Below-Average Pace



Sources: BLS, Moody's Analytics

Demographic Trends Remain a Headwind to Hiring

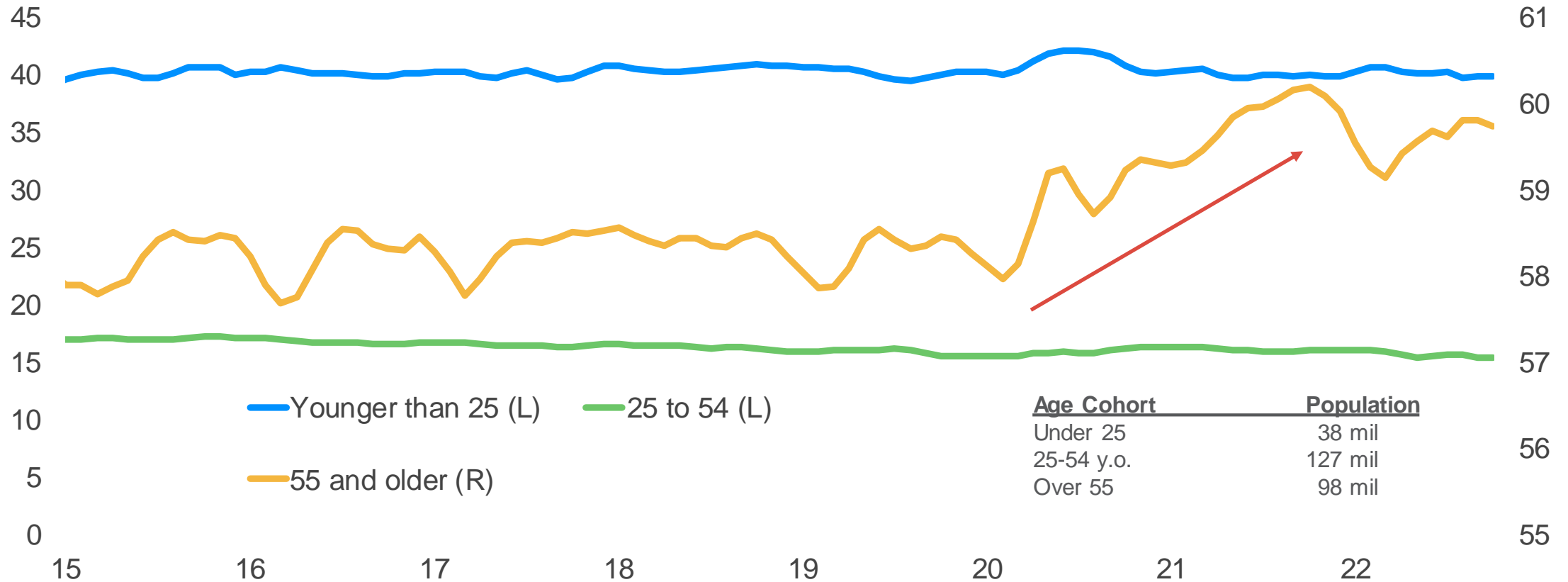
Chester County population, % change yr ago



Sources: BOC, Moody's Analytics

Will Workers Return from Retirement?

% not in labor force and don't want a job, 3-mo MA

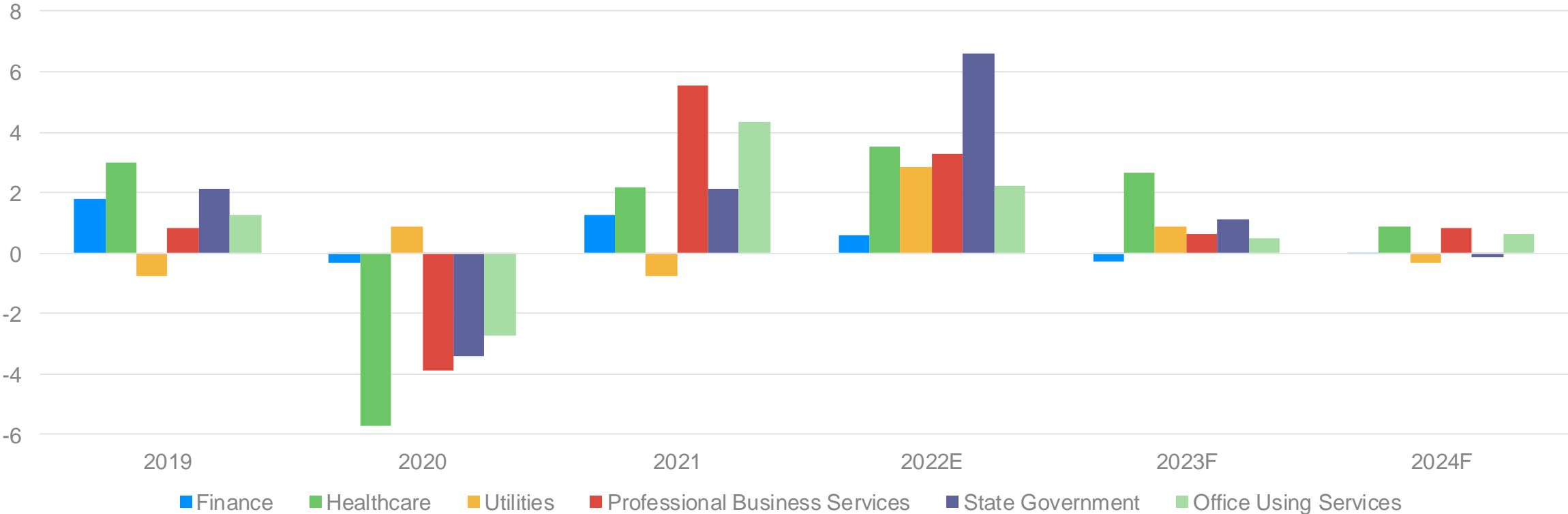


Age Cohort	Population
Under 25	38 mil
25-54 y.o.	127 mil
Over 55	98 mil

Sources: BLS, Moody's Analytics

Short-Term Outlook by Sector

Montgomery County-Bucks County-Chester County employment, % change yr ago



Sources: BOC, Moody's Analytics



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