

THE MIDAMERICA ECONOMIC REPORT

September
2024

A monthly survey of supply managers



Welcome to Creighton's September supply manager report covering August survey results. The August overall reading from supply managers in MidAmerica sank below growth neutral thus marking the 4th time in 2024 that reading has fallen below 50.0. Wholesale price growth also cooled. Thank you for your input. Ernie

MIDAMERICA

August's Mid-America Manufacturing Index Slumps: Manufacturing Job Losses Mount

- For the fourth time this year, the overall, or Business Conditions Index, sank below growth neutral.
- The wholesale price gauge fell for the sixth straight month to a level indicating cooling inflationary pressures.
- The employment index slumped below growth neutral for an 8th straight month.
- Supply managers expect input prices to expand by only 2.3% in the next 12 months after a 4.0% increase over the past 12 months.
- As a result of a weak 2024 economy and cooling inflationary pressures, I expects at least two rate cuts by the Federal Reserve for the remainder of 2024.

(continued next page)

Top U.S. Economic Presidents, 1929-2024: Wages, Profits, GDP and National Debt

Table 1 below ranks U.S. presidents in terms of compound annual growth rates (CAGR) in wages per fulltime workers, corporate profits, the overall economy and the national debt. All data are adjusted for inflation.

Wages. In terms of CAGR in wages per full-time worker, Eisenhower was tops expanding inflation adjusted wages by 3.1% over his presidency of eight years, while Kennedy at 2.5% CAGR and Roosevelt at 2.4% rounded out the leading three. The bottom three presidencies in terms of CAGR were Carter at -1.6%, Biden at -1.5% and Bush Sr at 0.0%.

Corporate Profits. In terms of CAGR in corporate profits, Kennedy excelled expanding inflation adjusted profits by 11.0% over his presidency of two years, while Ford at 9.6% CAGR and Johnson at 4.9% ranked two and three. The bottom three presidencies in terms of growth were Carter at -3.0%, followed by Nixon at 2.3%, and Biden at -1.5% .

Gross Domestic Product. In terms of CAGR in GDP, Johnson was tops expanding yearly inflation adjusted GDP profits by 5.3% over his presidency of five years, while Kennedy at 5.2% CAGR and Roosevelt at a CAGR of 4.7% rounded out the top three. The bottom three presidencies in terms of growth were Trump at 1.4%, followed by Truman at 1.5%, and Obama at 1.7%.

National Debt. In terms of lowest CAGR, Nixon was tops expanding inflation adjusted debt by -0.4% over his presidency of six years, followed by Carter at -0.4% CAGR and Clinton at 1.8%. The bottom three presidencies in terms of growth in debt were Reagan at 9.1%, Obama at 7.0%, and Bush Sr. at 7.1%.

Over the 95 years examined, Democrat presidents experienced an average 0.9% wage gain, and a 4.2% profit expansion. This compares to an average 1.1% wage increase, and profit boost of 2.4% for Republicans.

Table 1: Presidential economic performance CAGR) 1929-2024 (data adjusted for inflation)

Served	President	Per capita wages		Corporate Profits		Gross Domestic Product		National Debt	
		Growth	Rank	CAGR	Rank	CAGR	Rank	CAGR	Rank
1929-45	Roosevelt	2.4%	3	3.8%	8	4.7%	3	0.8%	0.8%
1946-52	Truman	0.9%	8	4.0%	7	1.5%	14	0.8%	0.8%
1953-60	Eisenhower	3.1%	1	2.8%	11	3.3%	6	0.8%	0.8%
1961-63	Kennedy	2.5%	2	11.0%	1	5.2%	2	0.8%	0.8%
1964-68	Johnson	2.1%	5	4.9%	3	5.3%	1	0.8%	0.8%
1969-74	Nixon	0.8%	9	-2.3%	14	2.8%	9	-0.6%	1
1975-76	Ford	0.1%	12	9.6%	2	2.6%	10	6.4%	7
1977-80	Carter	-1.6%	15	-3.0%	15	3.2%	7	-0.4%	2
1981-88	Reagan	0.9%	7	3.3%	10	3.5%	5	9.1%	10
1989-92	Bush Sr.	0.0%	13	-0.6%	13	2.2%	11	7.1%	8
1993-00	Clinton	1.3%	6	4.3%	5	3.9%	4	1.8%	3
2001-08	Bush Jr.	0.6%	11	3.4%	9	2.2%	12	4.2%	5
2009-16	Obama	0.8%	10	4.6%	4	1.7%	13	7.4%	9
2017-20	Trump	2.2%	4	0.8%	12	1.4%	15	5.5%	6
2021-24	Biden	-1.5%	14	4.2%	6	3.2%	8	2.2%	4

Source of data: U.S. Bureau of Economic Analysis. U.S. debt not available before 1965

BULLISH NEWS

- Average August hourly earnings climbed by a strong 0.4%.
- The price of crude oil fell to its lowest level since August 2021 at \$68.
- According to the latest Case-Shiller home price index home prices jumped 5.4% year-over-year
- The U.S. economy added 142,000 jobs for August (manufacturing lost 24,000 jobs, government added 24,000), and the unemployment rate fell to 4.2%. But wait for a heavy revisions next month.

BEARISH NEWS

- U.S. employment gains for June & July were revised down 86,000. The BLS's initial job data are entering the Twilight Zone.
- The Congressional Budget Office (CBO) estimates that U.S. will lose \$65.2 billion on risky loans next year (e.g. student loans).
- Job openings hit a 42 month low in July.
- The CBO estimates that this year's budget deficit will top \$2.0 trillion.
- The July U.S. trade deficit widened to \$78.8 billion, its highest level in two years.



The overall index, much like the U.S. reading, has vacillated around growth neutral since December of 2023. Additionally, supply managers remained pessimistic regarding the 2024 outlook 60% expecting a recession in the coming months.

Employment: After climbing to growth neutral for December, the employment gauge has tumbled below 50.0 for the past eight months. The August employment index plummeted to 45.2 from 49.7 in July. Despite falling manufacturing employment, almost 18% reported shortage of workers in the August survey.

U.S. Bureau of Labor Statistics data show that regional manufacturing employment fell by 0.3% over the past 12 months. The gaining states were: Nebraska (+4.0%), North Dakota (+1.1%), Oklahoma (+0.9%), and Kansas (+0.3%). The losing states were: Minnesota (-1.9%), South Dakota (-1.3%), Missouri (-0.9%), and Iowa (-0.7%).

Comments from supply managers in August:

- "Business levels are holding steady. It seems everyone is waiting until after the election to make a significant move on projects."
- "Finding and keeping qualified applicants is a problem for us."
- "Business continues to be sluggish. The last 4 months have been slow."
- "We hope things pickup soon."
- "We are seeing an increasing slowdown in business and really no letup in inflation no matter what the Feds say is happening."

Wholesale Prices: The August price gauge dropped to 56.2 from 59.9 in July, indicating cooling inflationary pressures. This is the sixth straight month that the inflation gauge has fallen. The regional inflation yardstick has clearly declined into a range indicating inflationary pressures moving toward the Federal Reserve's (Fed) target. As a result, I expect the Fed to cut interest rates two times in the remaining months of 2024.

Confidence: Looking ahead six months, economic optimism, as captured by the August Business Confidence Index, slumped to 26.7 from July's 30.6. Approximately 60% of supply

Overall: The Business Conditions Index, which uses the identical methodology as the National Institute for Supply Management and ranges between 0 and 100 with 50.0 representing growth neutral, declined to 48.7 from July's 50.7 represents the 4th time in 2024 that the index has fallen below above growth neutral.

managers expect a recession or worsening business conditions over the next six months.

Inventories: The regional inventory index, reflecting levels of raw materials and supplies, dropped to 45.5 from July's 50.8. As a result of falling sales expectations, supply managers reduced their supplies of raw materials and other inputs.

Trade: The strong dollar continues to make U.S. goods less competitively priced abroad and pushed the export index to 50.0 from 51.5 in July. A weakening regional economy pushed the import reading down to 45.1 from 47.6 in July.

According to the latest U.S. International Trade Administration data, the region's manufacturing sector expanded 2024 year-to-date exports to \$49.6 billion from \$47.7 billion for the same period in 2023 for a 4.2% gain.

Other survey components of the August Business Conditions Index were: new orders dipped to 50.9 from 51.1 in July; the production or sales index fell to 47.2 from 49.3 in July; and the speed of deliveries of raw materials and supplies rose to 55.0 from July's 52.7. This higher reading indicates a slight expansion in supply chain disruptions and delivery bottlenecks for the month.

Below are the state reports:

Arkansas: The state's Business Conditions Index slumped to 44.8 from 54.1 in July. Components from the August survey of supply managers were: new orders at 42.9; production or sales at 48.7; delivery lead time at 50.5; inventories at 39.8; and employment at 42.3. According to the latest U.S. International Trade Administration data, Arkansas' manufacturing sector expanded 2024 year-to-date exports to \$3.0 billion from \$2.7 billion for the same period in 2023 for a 11.2% gain (note: unchanged from last month?).

Iowa: The state's Business Conditions Index for August sank to 44.5 from 47.5 in July. Components of the overall August index were: new orders at 42.2; production or sales at 48.4; delivery lead time at 49.3; employment at 35.1; and inventories at 47.7. According to the latest U.S. International Trade Administration data, exports for

GOSS EGGS

RECENT DUMB Presidential Proosals

Harris:

\$25,000 credit for firsttime home buyers. This will push prices of unaffordable house even higher.

28% corporate tax rate from current 20%. This action would place the U.S.'s rate well above the 23.4% rate among 181 competing nations. The result will be exodus of U.S. firms to lower tax nations.

28% capital gains tax rate from current 20%. This will move investment out of the U.S.

Allow 2017 tax cuts to expire. Harris contends that this is only for those making more than \$400,000. This is not within her powers. This must be passed by Congress & signed by her. It won't happen.

Trump:

10% tariff on imported goods. This action will produce retaliation. Do we really want to raise bananas in Iowa. No we trade Iowa soybeans for Costa Rican bananas.

Cutting the corporate tax rate to 15% or 20% from current 21%. This would place the U.S. below the median for 38 OEC nations and increase the federal debt.

5 OF 5 GOSS EGGS



Iowa's manufacturing sector 2024 year-to-date fell to \$8.1 billion from \$8.6 billion for the same period in 2023 for a 5.9% **reduction**.

Kansas: The Kansas Business Conditions Index for August dropped to 46.5 from 48.0 July. Components of the leading economic indicators from the monthly survey of supply managers for August were: new orders at 49.1; production or sales at 44.2; delivery lead time at 52.5; employment at 54.6; and inventories at 32.3. According to the latest U.S. International Trade Administration data, Kansas' manufacturing sector expanded 2024 year-to-date exports to \$6.3 billion from \$6.0 billion for the same period in 2023 for a 5.7% **gain**.

Minnesota: The August Business Conditions Index for Minnesota fell to 44.9, from 46.4 in July. Components of the overall August index were: new orders at 47.7; production or sales at 40.2; delivery lead time at 46.1; inventories at 42.4; and employment at 47.8. According to the latest U.S. International Trade Administration data, Minnesota's manufacturing sector expanded 2024 year-to-date exports to \$12.9 billion from \$11.6 billion for the same period in 2023 for an 11.5% **gain**.

Missouri: The state's August Business Conditions Index dropped to 45.5 from 56.1 in July. Components of the overall index from the survey of supply managers for August were: new orders at 48.3; production or sales at 41.8; delivery lead time at 48.7; inventories at 57.2; and employment at 31.5. According to the latest U.S. International Trade Administration data, Missouri's manufacturing sector expanded 2024 year-to-date exports to \$8.9 billion from \$7.7 billion for the same period in 2023 for a 15.2% **gain**.

Nebraska: For the fourth time in the past five months, Nebraska's overall index rose above growth neutral. The state's August Business Conditions Index climbed to 56.4 from July's 53.3. Components of the index from the

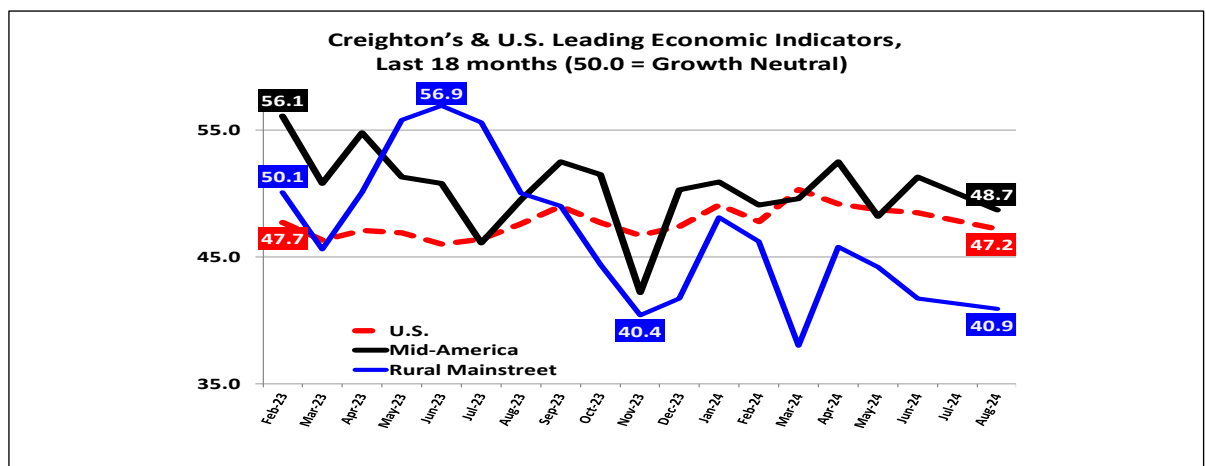
monthly survey of supply managers for August were: new orders at 50.8; production or sales at 49.4; delivery lead time at 61.0; inventories at 70.5; and employment at 50.3. According to the latest U.S. International Trade Administration data, Nebraska's manufacturing sector expanded 2024 year-to-date exports to \$3.7 billion from \$3.5 billion for the same period in 2023 for a 6.6% **gain**.

North Dakota: After five straight months of below growth neutral readings, the state's overall index advanced above growth neutral. The state's overall, or Business Conditions Index, increased to 50.7 from 49.8 in July. Components of the overall index for August were: new orders at 49.3; production or sales at 44.8; delivery lead time at 53.6; employment at 60.9; and inventories at 44.9. According to the latest U.S. International Trade Administration data, North Dakota 2024 year-to-date exports sank to \$2.4 billion from \$3.6 billion for the same period in 2023 for a 33.4% **reduction**.

Oklahoma: The state's Business Conditions Index sank to 48.0 from 49.3 in July. Components of the overall August index were: new orders at 49.2; production or sales at 44.5; delivery lead time at 53.1; inventories at 34.8; and employment at 58.1. According to the latest U.S. International Trade Administration data, Oklahoma's manufacturing sector expanded 2024 year-to-date exports to \$3.9 billion from \$2.9 billion for the same period in 2023 for an 16.9% **gain** (corrected from last month's release).

South Dakota: The August Business Conditions Index for South Dakota declined to 44.5 from July's 46.7. Components of the overall August index were: new orders at 41.2; production or sales at 48.1; delivery lead time at 47.6; inventories at 46.7; and employment at 38.7. According to the latest U.S. International Trade Administration data, exports for South Dakota's manufacturing sector 2024 year-to-date fell to \$1.0 billion from \$1.2 billion for the same period in 2023 for a 12.3% **reduction**.

Survey results for the month of September will be released on October 1, 2024, the first business day of the month.





THE OUTLOOK

The Conference Board. August 14, 2024. “GDP Growth to Slow, Not Plunge, in 2024. Recent financial market gyrations notwithstanding, the US is likely not on the cusp of recession. Nonetheless, the economy is expected to lose momentum in H2 2024 as high prices and elevated interest rates sap domestic demand. Real GDP growth rose by an unexpected 2.8 percent quarterly annualized in Q2 2024 (from 1.4 percent in Q1 2024), led by stronger domestic demand and a surge in inventories. But there were some signs of weakness, especially as consumers dialed back on services spending, which has been a key contributor to real GDP growth over the last two years. Consumers and businesses are likely to continue cutting spending and investments ahead, suggesting economic growth decelerated to 0.6 percent annualized in Q3 2024.”

“GDP growth probably will be lackluster in Q4 2024, expanding at a tepid pace of about 1 percent annualized. The slightly faster pace relative to Q3 reflects some expectation that falling mortgage rates might stoke modest increases in home sales, and a cheaper US dollar supports slightly faster exports growth. However, growth should rise slightly above 2 percent by the end of 2025, reflecting achievement of the Fed’s 2-percent inflation target, and lower interest rates.” <https://www.conference-board.org/research/us-forecast>

KEEP AN EYE ON

>Keep an eye on the yield on the 10-yr U.S Treasury bond. It is falling due to soaring risks. Yields below 3.6% signal recession risks much higher (current 3.69%).

>On Oct. 17, the U.S. Census Bureau releases retail sales for Sept. Continuing negative inflation-adjusted values growth rates are a significant problem.

> Consumer price index (CPI). On Oct. 10, the U.S. BLS releases its CPI for September. Another monthly moderation will support a Fed rate cut on Nov. 7 (which I expect).

>Employment Report for May. On Oct. 4 th , the U.S. BLS releases its job estimates for Sept. employment. I expect softer job growth and an uptick in the nation’s unemployment rate making a November rate cut much more likely.

Supply Manager Reading Room

Supply Manager Job Market

“ISM® Expanding Offerings in Mexico and Latin America,”

To support the growing needs of the global supply chain management community, Institute for Supply Management® (ISM®) will expand its offerings in Mexico and Latin America as of September 2024. This will include providing supply chain skill-building courses, ISM certification preparation programs, and executive-level events.

<https://tinyurl.com/48xkahn4>

Supply Chain and Fulfillment Manager. Fiserv Solutions LLC, Omaha, NE. Responsibilities: >You'll provide consulting and project management services to Fiserv clients across the globe while coordinating with supply chain partners and overseeing the day-to-day operations of gift card fulfillment. >By managing relationships with suppliers and internal teams and maintaining high standards of customer service, you'll ensure that all client service level agreements are met. >Through maintaining key performance indicators (KPIs), generating detailed reports, and ensuring data accuracy, you'll be a key factor in driving continuous improvement in our supply chain processes 8 more items(s)

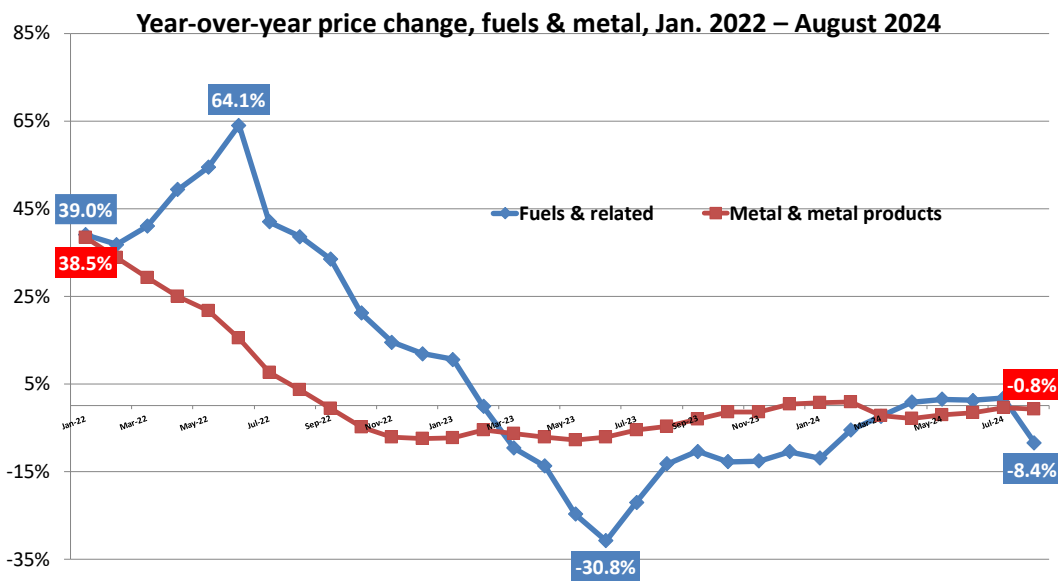
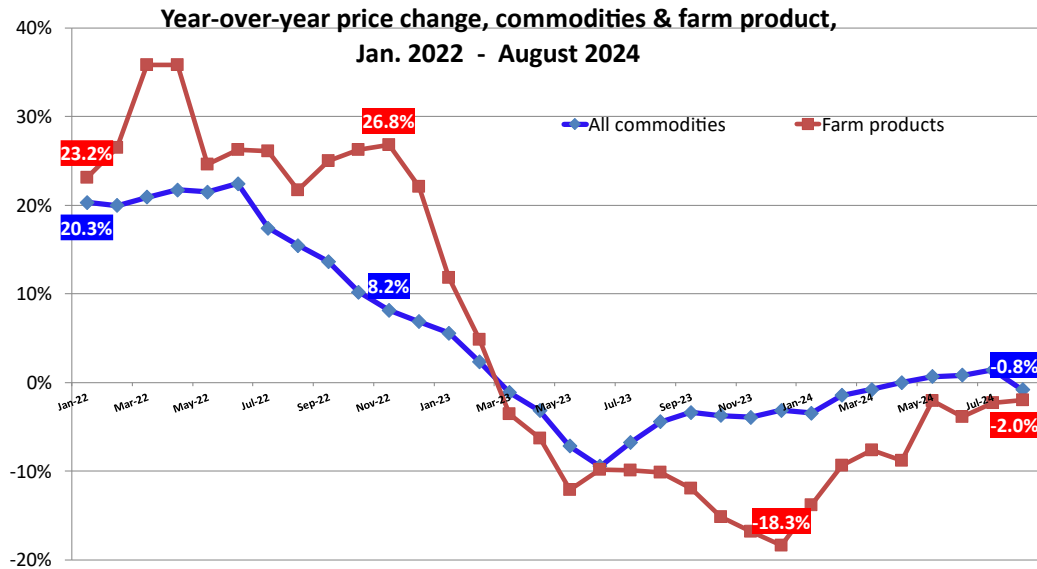
Qualifications: >5+ years of experience in project management and leadership. >5+ years of client-facing experience in a relevant client service role >5+ years of experience coordinating between clients and suppliers.

<https://tinyurl.com/4exne3we>

STATISTIC(S) OF THE MONTH

39.6%

Over the last 2 years, according to Bureau of Labor Statistics, the cost of automobile insurance has soared by 39.6%.



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Goss monthly interview at: <https://bit.ly/MidAmericaBCIAugust2024YouTube>

This month's survey results will be released on October 1st