



Hello everyone. Thank you for joining us once again here at Seifried & Brew for our weekly briefing. I am Jamie Sumner, Chief Analyst. For this week's briefing, we just want to go over some of the releases from last week, and also a release that came out this morning.

So, first we want to look at the **ISM Non-Manufacturing** and **Manufacturing Indexes** in here (Slide 2). This is something that we like to follow, and gives us a good indication as far as the economy and how it is humming along. So, this is the August index. And the one thing we can see is that both the non-manufacturing and the manufacturing increased month-over-month. So, we are up 1.4% on the non-manufacturing and then up 2.5% on the manufacturing. So, overall positive increases in the two. When we look at the **Business Activity/Production**, both up, for the manufacturing as well as the non-manufacturing. Another positive were **New Orders** for the non-manufacturing, up 2.0% (that's a positive). On the manufacturing though, we are down just 0.1%. So a little bit of a pullback but nothing too drastic. The **employment** numbers here, up 2.6% for the non-manufacturing and 4.7% for the manufacturing, so that is a positive.

Overall, when we look at these indexes, that is the individual components, it's just pointing to a positive third quarter in here. You can see the full report of this at the following link:

<https://www.instituteforsupplymanagement.org/ISMReport/NonMfgROB.cfm?SSO=1>

(and included in the downloaded version of this PowerPoint presentation). Overall the economy here is suggesting the takers of the survey growing faster and that's a positive. And that is for both the overall and the non-manufacturing sector in here. So, this is pointing to a fairly positive third quarter number.

When we look at the release that came out this morning of the **Small Business Optimism Index** (Slide 3) we can see that we had a slight bit of an uptick in here. When we look at August compared to July, we're up at that 105.3. So, we have a little bit of pickup. We had a huge pickup right after the election, kind of pushed it up. A little bit of a fall down during the beginning of this year but we've steadily seen this number picking up in here.

When we look at the individual components up here (Slide 4), we have a pretty good segment and some good information. **Plans to Increase Employment** came down just by 1%, so not a too terribly large move but it was negative. However, look at **Plans to Make Capital Outlays**, 32%, up 4%. That is a positive, particularly for the banking industry, with the loans in here. We want to see if we can capture this in that loan growth when we look at that those numbers when they come out for the third quarter. Inventories, that is, **Plan to Increase Inventories**, actually came down. That would be a slight negative for GDP. **Expect Economy to Improve**; this is neutral in here. When we look at August to July, **Expect Real Sales to be Higher**, 27%, up 5%. So, they're very optimistic on the next couple of months, with earnings or sales in here. **Current Inventory** down, the jobs opening also down by 4% when we're looking at July moving to August. So that is a take away; that's a negative. But the overall earnings trends - 11% and this is coming down 1% in here. So, overall a little lower but we're still seeing those sales kind of ramp along in here. This could be an indication that those margins are being compressed, which is happening at the banking environments as well with that narrowing of the treasury curve. We see the potential for continued narrowing of banks' net interest margin.

Well that's what we have for you today. There's a couple of extra numbers coming out later this week. We have **CPI** or we have **retail sales**, and as well as the **inventories** numbers coming out. So it will be interesting to see how this rolls out. We'll report on that next week but overall for right now it seems like the third quarter is producing



some pretty strong numbers. That's what we have for you this week. We hope everyone has a great week. We'll see you next week.

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