

HUDSON VALLEY PATTERN *for* PROGRESS

The PULSE of the ECONOMY

EDITION 48 | MAY 13, 2021

Pulse may not have used the word "broken" but there certainly are a number of supply chain issues in need of attention.

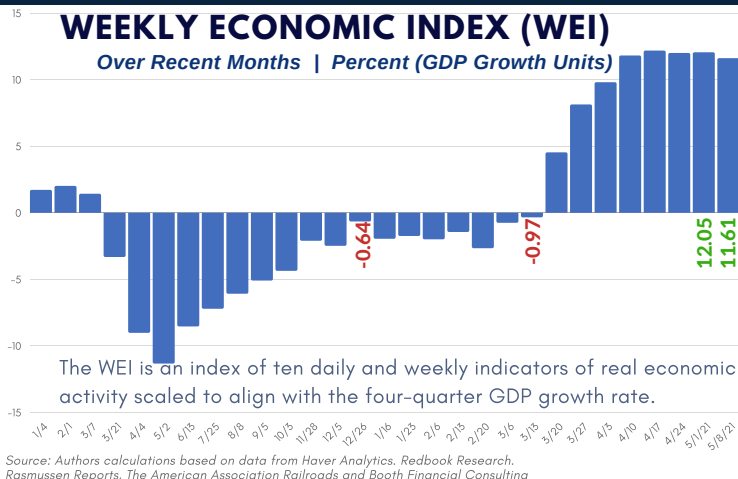
As demand picks up in numerous sectors, the high demand is causing supply chain issues. Semiconductors, lumber, and even chlorine for pools are all difficult to find and even if you can find them they are at a much higher cost.

The good news is, there is demand for the products.

The bad news is that if the supply does not increase it will lead to inflation as suppliers will charge more for products that they have an insufficient amount of.

In turn, this may lead to the Fed re-thinking its plan for interest rates, as increasing the rate is one strategy for reducing inflation.

Stay tuned.



STOCK MARKET DOW JONES

34,230 MAY 5 CLOSING NUMBER
33,564 MAY 12 CLOSING NUMBER
↓ **666**

COVID THE LATEST COUNT

	U.S. Numbers	14-Day Change	Hudson Valley Total Reported
Cases	32.8 M+	-29%	289,983
Deaths	582,362	-10%	

Updated May 12, 2021

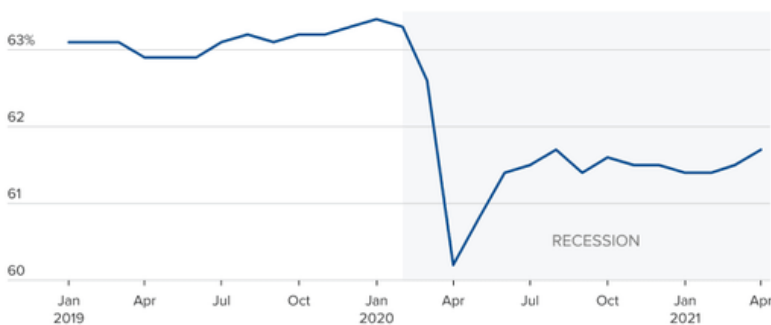
AS THE U.S. ECONOMY RESTARTS FROM THE PANDEMIC, PARTS OF IT ARE SEVERELY BROKEN

KEY POINTS

- The country faces major shortages in everything from labor to semiconductors, lumber and packaging materials.
- The scarcity is not only preventing the economy from reaching its full potential, but also raising fears of higher inflation as companies are forced to hike prices.
- "These shortages, both labor and non-labor, will affect the speed under which the economy recovers." - Barclays head of economics research Michael Gapen

Labor force participation rate

Share of U.S. civilian noninstitutional population 16 years and older that is working or actively looking for work

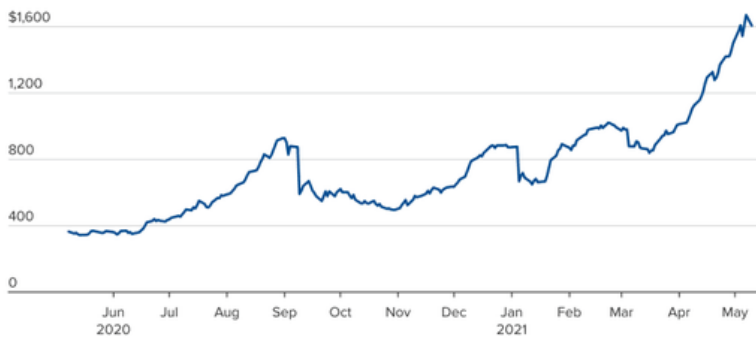


Source: Bureau of Labor Statistics. Data is seasonally adjusted.



Surge in lumber prices

Price per 1,000 board feet

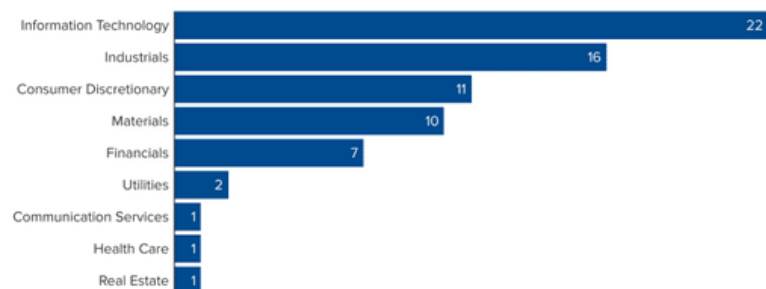


Source: FactSet. As of May 10, 2021.



Semiconductor concerns concentrated in tech, industrials sectors

Number of S&P 500 companies that referenced a chip shortage during an earnings call over the past three months

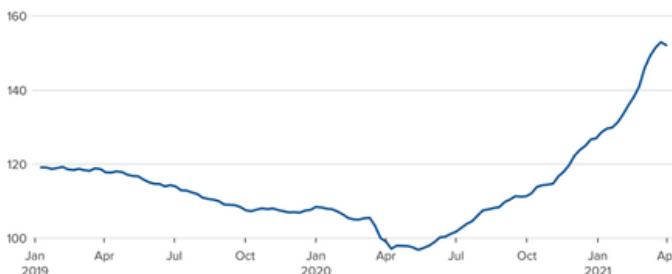


Source: FactSet, CNBC research. As of May 7, 2021.



Packaging materials prices soar

The cost of packaging materials is up 52% from March 2020, according to Mintec's Global Packaging Index, due to a sharp rise in prices of commodities including plastics, paper, and metal



Source: Mintec Analytics

