



VICTORY PARTNERS

MIDDLE MARKET INSIGHT

What Business Owners Need To Know

JULY, 27

CENTRAL BANK WILL ANNOUNCE THE NEXT RATE DECISION

OFFICIALS HAVE SIGNALLED THAT THEY EXPECT TO PUSH THE RATES UP TO ~3.4% BY THE END OF THE YEAR

THE AVERAGE FOR 30-YEAR LOAN FELL BY 0.4%, DOWN FROM 5.7% LAST WEEK

THE AVERAGE 30-YEAR RATE HAS RISEN BY 2.6% COMPARED TO THE LAST YEAR WHEN THE RATES HOVERED AROUND 3.11%

7.3c/kW h

US AVG INDUSTRIAL ELECTRICITY PRICE IS PROJECTED TO INCREASE BY 5c BY Q3_2022

8.4%

SHARE OF TOTAL NON_FARM LABOR IN US MANUFACTURING JOBS AT ITS LOWEST SINCE 1939

Fed Moves Toward Another Big Rate Increase As Inflation Lingers

- The Fed raised interest rates by 0.75 percentage points in June, its first move of that size since 1994 and one fueled by a growing concern that fast inflation had failed to fade as expected and was at risk of becoming a more permanent feature of the economy.
- While there are encouraging signs that inflation might slow soon — inventories have built up at retailers, global commodity gas prices have fallen this week and consumer demand for some goods may be beginning to slow — those indicators may do little to comfort central bankers at this stage.
- Many officials at the June meeting of the Fed’s policy-setting committee “judged that a significant risk now facing the committee was that elevated inflation could become entrenched if the public began to question the resolve of the committee to adjust the stance of policy as warranted,” according to the minutes released on Wednesday.

US Mortgage Rates Plunge To 5.3% In Biggest Drop Since 2008

- The average for a 30-year loan fell to 5.3%, the lowest in a month and down from 5.7% last week, Freddie Mac said in a statement Thursday.
- Buyers are getting a slight reprieve from this year’s massive rise in rates that has started to cool parts of the US housing market. The jump in costs has pushed more buyers out of the real estate hunt, causing inventory to increase. Sellers have started to cut prices in certain areas.
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US Industrial Complex Buckles Up From High Power Costs

- Europe’s fertilizer plants, steel mills, and chemical manufacturers were the first to succumb. Massive paper mills, soybean processors, and electronics factories in Asia went dark. Now soaring natural gas and electricity prices are starting to hit the US industrial complex.
- At least two steel mills have begun suspending some operations to cut energy costs, according to one industry executive.
- There is a lot to blame for this year’s surge in US energy prices: Russia’s invasion of Ukraine; the ensuing surge in US natural gas exports to markets overseas; widespread extreme hot weather conditions; aging fossil-fuel-fired power plants retiring at a record pace. They’re all coinciding with a sharp rebound in post-pandemic demand.

Sources: www.bloomberg.com | www.nytimes.com | www.wsj.com