Q4 2021 - Community Bankers' Economic Outlook Inches Up Amid Ongoing Concerns

PRESS RELEASES

Q4 2021 - Community Bankers' Economic Outlook Inches Up Amid Ongoing Concerns

January 11, 2022
|
Download PDF
Share:

Washington, D.C. – Community bankers are slightly more optimistic about future business conditions and the economic outlook than they were at the end of last year but are more concerned about future profitability than at any point since the pandemic began, according to the most recent Community Bank Sentiment Index (CBSI).

The Conference of State Bank Supervisors (CSBS) released the fourth quarter 2021 CBSI results today, collecting data from community banks across the nation during the month of December. The results showed a positive sentiment index of 101 points, inching up only one point from the last quarter.

“There are likely several possible explanations for community bankers’ concerns about future profitability,” said CSBS Senior Economist Tom Siems. “They may be concerned that Paycheck Protection Program loans will not provide recurring income or excess liquidity means significantly curtailed loan demand. The score may also reflect concerns of higher inflation expectations or heavier regulatory burdens.”

The CBSI captures on a quarterly basis what community bankers nationwide think about the future. Participant answers are analyzed and compiled into a single number; an index reading of 100 indicates a neutral sentiment. Anything above 100 indicates a positive sentiment, and anything below 100 indicates a negative sentiment.

Key findings from the fourth quarter 2021 results include:

- The CBSI improved to 101, just one point higher than the level of 100 recorded in the third quarter of 2021. The current value is three points higher than Q4 2020.
- Expectations for higher capital expenditures increased the most, rising 13 points from 134 in Q3 2021 to 147 in Q4 2021.
- At 51, the profitability component is lower than its previous record low of 55 in Q2 2020, falling 15 points this quarter, which follows a drop of 41 points from Q2 2021 to Q3 2021.
- The regulatory burden component (22 points) remains the greatest concern among community bankers, remaining in the low 20s throughout 2021, and down 19 points when compared to a year prior.

For more on the CBSI, visit https://www.csbs.org/cbindex.

Media Contact: Susanna Barnett, 202-407-7156, sbarnett@csbs.org

Twitter: @CSBSNews

Related Topics
CBSI

Related Posts