Economic Update, August 9, 2024
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Summary: Federal government indicators displayed an increase in imports and exports for the month of June while total wholesale inventories also increased that month. Initial unemployment claims decreased this week at both the national level and in Tennessee. The J.P.Morgan Global Composite Purchasing Managers' Index (PMI) for July revealed that "the rate of global economic expansion slowed for the second successive month in July, but remained among the best registered over the past year." Economic optimism increased slightly from July to August. In the housing market, mortgage application volumes increased 6.9 percent this week while mortgage rates dropped to their lowest level in more than a year.

Federal Government Indicators and Reports

Bureau of Economic Analysis

Tuesday, Balance of Trade: "June exports were $265.9 billion, $3.9 billion more than May exports. June imports were $339.0 billion, $2.0 billion more than May imports. . . . The June decrease in the goods and services deficit reflected a decrease in the goods deficit of $2.5 billion to $97.4 billion and a decrease in the services surplus of $0.6 billion to $24.2 billion. . . . Year-to-date, the goods and services deficit increased $22.7 billion, or 5.6 percent, from the same period in 2023. Exports increased $58.0 billion or 3.8 percent. Imports increased $80.7 billion or 4.2 percent."

Department of Labor Statistics

Thursday, Initial Claims: "In the week ending August 3, the advance figure for seasonally adjusted initial claims was 233,000, a decrease of 17,000 from the previous week's revised level." In Tennessee, the advance figure for initial claims in the week ending August 3 was 2,723, a decrease of 41 from the previous week's level.

U.S. Census Bureau

Thursday, Wholesale Inventories: "June 2024 sales of merchant wholesalers, except manufacturers' sales branches and offices, after adjustment for seasonal variations and trading day differences, but not for price changes, were $661.5 billion, down 0.6 percent (±0.4 percent) from the revised May level, but were up 2.4 percent (±0.7 percent) from the revised June 2023 level. . . . Total inventories of merchant wholesalers, except manufacturers' sales branches and offices, after adjustment for seasonal variations and trading day differences, but not for price changes, were $903.0 billion at the end of June, up 0.2 percent (±0.2 percent)* from the revised May level. Total inventories were up 0.1 percent (±0.7 percent)* from the revised June 2023 level."

Economic Indicators and Confidence

S&P Global

Monday, J.P.Morgan Global Composite PMI: "The rate of global economic expansion slowed for the second successive month in July, but remained among the best registered over the past year. Although jobs growth was sustained for the third consecutive month, business optimism dipped to its lowest level since last November amid heightened geopolitical uncertainty and slower growth of new business. . . . The J.P.Morgan Global Composite PMI Output Index—produced by J.P.Morgan and S&P Global in association with ISM and IFPSM—fell to 52.5 in July, down further from May's 12-month high of 53.7."

Monday, S&P Global U.S. Sector PMI: "As has been the case since May, six of the seven monitored sectors registered an expansion of output in July. Only Basic Materials recorded a decline in production, with a contraction seen for the first time since January. . . . Meanwhile, the Financials sector remained the top performer and signaled a marked increase in business activity at the start of the third quarter. . . . The Technology sector recorded a renewed rise in business activity, with firms posting a marginal upturn amid a sharper increase in new orders. At the same time, Healthcare and Industrials were the only sectors to see an acceleration in the rate of growth in output. . . . In contrast, the Consumer Goods and Consumer Services sectors both recorded slower expansions in output."

RealClearMarkets

Tuesday, Economic Optimism Index: "The RealClearMarkets/TIPP Economic Optimism Index, a leading gauge of consumer sentiment, ticked up slightly by 0.7 percent in August to 44.5. Since September 2021, the index has remained in negative territory for 36 consecutive months. August's reading of 44.5 is 9.4 percent lower than the historical average of 49.1. . . . Optimism among investors dropped 2.2 percent from 53.6 in July to 52.4 in August, while it increased by 3.3 percent among non-investors, from 39.4 in July to 40.7 in August."

Federal Reserve Bank of New York

Tuesday, Total Household Debt: "Total household debt rose by $109 billion to reach $17.80 trillion, according to the latest Quarterly Report on Household Debt and Credit. Mortgage balances were up $77 billion to reach $12.52 trillion, while auto loans increased by $10 billion to reach $1.63 trillion and credit card balances increased by $27 billion to reach $1.14 trillion."

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, Mortgage Applications: "The Market Composite Index, a measure of mortgage loan application volume, increased 6.9 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 6 percent compared with the previous week. The Refinance Index increased 16 percent from the previous week and was 59 percent higher than the same week one year ago. The seasonally adjusted Purchase Index increased 1 percent from one week earlier. The unadjusted Purchase Index increased 0.3 percent compared with the previous week and was 11 percent lower than the same week one year ago."

Freddie Mac

Thursday, Mortgage Rates: "The 30-year Fixed-Rate Mortgage (FRM) averaged 6.47 percent as of August 8, 2024, down from last week when it averaged 6.73 percent. A year ago at this time, the 30-year FRM averaged 6.96 percent. . . . The 15-year FRM averaged 5.63 percent, down from last week when it averaged 5.99 percent. A year ago at this time, the15-year FRM averaged 6.34 percent." According to Sam Khater, Freddie Mac's chief economist, "Mortgage rates plunged this week to their lowest level in over a year following the likely overreaction to a less than favorable employment report and financial market turbulence for an economy that remains on solid footing."