

Economic Update, February 23, 2024

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Summary: Federal government indicators and reports this week show an increase in selected services total revenue in the fourth quarter of 2023. At the national level, initial unemployment claims decreased while the state estimates for Tennessee displayed a slight increase in claims. According to S&P Global's U.S. Composite Purchasing Managers' Index (PMI), businesses continued to report an expansion in activity, while cost burdens rose at their slowest rate since October 2020. In the housing market, mortgage rates increased from the previous week, and mortgage applications decreased. On the bright side, the total number of mortgage loans in forbearance decreased and existing home sales increased.

Federal Government Indicators and Reports

U.S. Census Bureau

Thursday, [Selected Services Revenue](#): "Advance U.S. selected services total revenue for the fourth quarter of 2023, adjusted for seasonal variation but not for price changes, was \$5,400.7 billion, an increase of 2.0 percent from the third quarter of 2023 and up 6.6 percent from the fourth quarter of 2022."

Department of Labor

Thursday, [Initial Claims](#): "In the week ending February 17, the advance figure for seasonally adjusted initial claims was 201,000, a decrease of 12,000 from the previous week's revised level." In Tennessee, the state estimate for initial claims filed during the week ending February 17 was 2,842, an increase of 433 from the previous week.

Economic Indicators and Confidence

S&P Global

Thursday, [U.S. Composite PMI](#): "U.S. companies continued to report an expansion in activity during February, albeit at a slower pace. Output rose marginally as a softer uptick in services business activity weighed on overall growth. . . . Demand conditions improved further, but at a softer rate as a less marked increase in service sector new business offset an improvement in manufacturing. . . . On the price front, cost burdens rose at the slowest pace since October 2020. Although selling price inflation picked up slightly, the rate of increase was the second-slowest since mid-2020."

Mortgage and Housing Market

Mortgage Bankers Association

Tuesday, [Mortgage Loans in Forbearance](#): "The Mortgage Bankers Association's monthly Loan Monitoring Survey revealed that the total number of loans now in forbearance decreased by 1 basis point from 0.23 percent of servicers' portfolio volume in the prior month to 0.22 percent as of January 31, 2024. According to MBA's estimate, 110,000 homeowners are in forbearance plans."

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, decreased 10.6 percent on a seasonally adjusted basis from one week earlier. . . . The Refinance Index decreased 11 percent from the previous week and was 0.1 percent higher than the same week one year ago. The seasonally adjusted Purchase Index decreased 10 percent from one week earlier.”

National Association of Realtors

Thursday, [Existing-Home Sales](#): “Total existing-home sales—completed transactions that include single-family homes, townhomes, condominiums and co-ops—elevated 3.1 percent from December to a seasonally adjusted annual rate of 4.00 million in January. Year-over-year sales slipped 1.7 percent. . . . Total housing inventory registered at the end of January was 1.01 million units, up 2.0 percent from December and 3.1 percent from one year ago (980,000). Unsold inventory sits at a 3.0-month supply at current sales pace, down from 3.1 months in December but up from 2.9 months in January 2023.”

Freddie Mac

Thursday, [Mortgage Rates](#): “The 30-year FRM [fixed-rate mortgage] averaged 6.90 percent as of February 22, 2024, up from last week when it averaged 6.77 percent. A year ago at this time, the 30-year FRM averaged 6.50 percent. . . . The 15-year FRM averaged 6.29 percent, up from last week when it averaged 6.12 percent. A year ago at this time, the 15-year FRM averaged 5.76 percent.”