

Economic Update, March 8, 2024  
Submitted by Michael Mount

Summary: This month's jobs report came in better than expected, with the U.S. adding 275,000 jobs, though the unemployment rate increased from 3.7 percent to 3.9 percent. Job openings remained about the same from December to January after trending down over the past two years. Chairman Jerome Powell said the Federal Reserve might start decreasing interest rates later this year, though fewer people think the U.S. economy is improving, according to a survey by RealClearMarkets. Regarding Tennessee, the Federal Reserve's Beige Book said the state had strong sales at the low end of the housing market.

**Federal Government Indicators and Reports**

U.S. Census

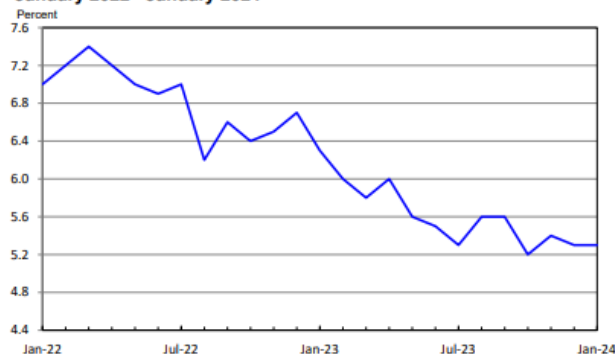
Tuesday, [Factory Orders](#): "New orders for manufactured goods in January, down three of the last four months, decreased \$21.5 billion or 3.6 percent to \$569.7 billion." Excluding transportation, new orders [decreased 0.8 percent](#).

Wednesday, [Wholesale Trade](#): "Total inventories of merchant wholesalers . . . were \$895.1 billion at the end of January, down 0.3 percent from the revised December level."

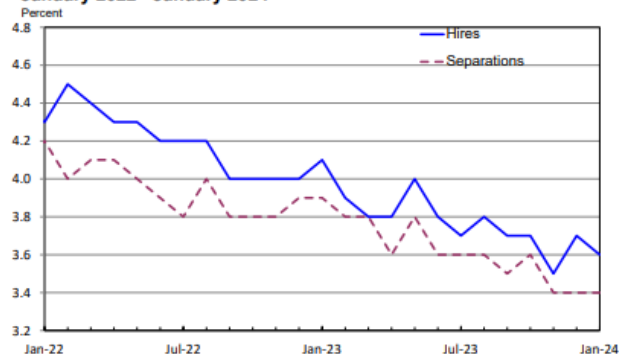
Bureau of Labor Statistics

Wednesday, [Job Openings and Labor Turnover](#): "The number of job openings changed little at 8.9 million on the last business day of January. . . . Over the month, the number of hires and total separations were little changed at 5.7 million and 5.3 million, respectively."

**Chart 1. Job openings rate, seasonally adjusted, January 2022 - January 2024**



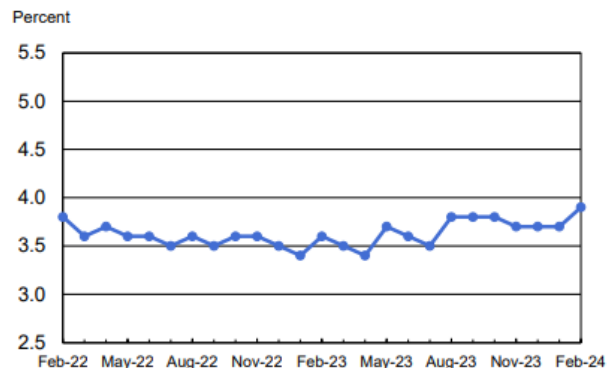
**Chart 2. Hires and total separations rates, seasonally adjusted, January 2022 - January 2024**



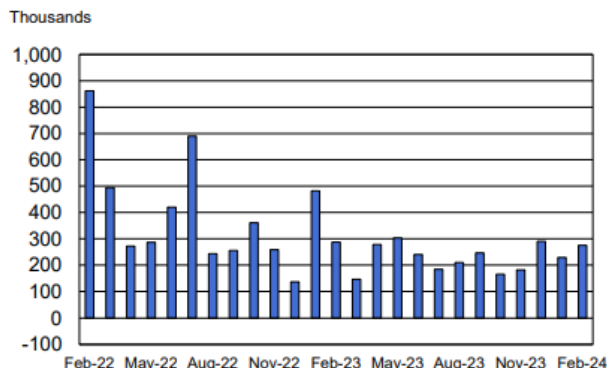
Thursday, [Productivity and Costs](#): "Nonfarm business sector labor productivity increased 3.2 percent in the fourth quarter of 2023 . . . as output increased 3.5 percent and hours worked increased 0.3 percent."

Friday, [Jobs Report](#): "Total nonfarm payroll employment rose by 275,000 in February, and the unemployment rate increased to 3.9 percent. . . . Job gains occurred in health care, in government, in food services and drinking places, in social assistance, and in transportation and warehousing."

**Chart 1. Unemployment rate, seasonally adjusted, February 2022 – February 2024**



**Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, February 2022 – February 2024**



Department of Labor

Thursday, [Initial Claims](#): “In the week ending March 2, the advance figure for seasonally adjusted initial claims was 217,000, unchanged from the previous week's revised level.”

**Other Economic Indicators**

Institute for Supply Management

Tuesday, [Services Purchasing Managers’ Index \(PMI\)](#): “Economic activity in the services sector expanded in February for the 14th consecutive month as the [index] registered 52.6 percent. . . . The sector has grown in 44 of the last 45 months, with the lone contraction in December 2022.”

Logistics Managers’ Index

Tuesday, [Logistics Managers’ Index](#): “The [index] reads in at 56.5 in February 2024. This is up (+0.9) from January’s reading of 55.6 and is tied with October 2023 for the highest reading for the overall index in the last year.”

S&P Global

Tuesday, [Services PMI](#): “U.S. service providers signaled a further solid performance during February. . . . Output rose for a thirteenth successive month, the rate of growth falling only slightly from January’s seven-month high.”

Tuesday, [Sector PMI](#): “February data indicated a robust and accelerated upturn in production volumes in the Consumer Goods segment. . . . Technology was the weakest-performing category in February.”

RealClearMarkets

Tuesday, [Economic Confidence](#): The index “dropped 1.1 percent in March to 43.5. The index has remained in negative territory for 31 consecutive months since September 2021. . . . ‘Echoing the stock market’s strong performance, investor optimism increased in the March survey. The share of respondents who think the U.S. is in a recession remained steady at 43 percent in March, and the share who think the economy is improving dropped to 27 percent from 30 percent last month,’ said Raghavan Mayur, president of TechnoMetrica, who directed the survey.”

Federal Reserve

Wednesday, [Powell Testimony](#): “For 2023 as a whole, gross domestic product increased 3.1 percent, bolstered by solid consumer demand and improving supply conditions. . . . We believe that our

policy rate is likely at its peak for this tightening cycle. If the economy evolves broadly as expected, it will likely be appropriate to begin dialing back policy restraint at some point this year.”

Wednesday, [Beige Book](#): “The outlook for future economic growth remained generally positive, with contacts noting expectations for stronger demand and less restrictive financial conditions over the next 6 to 12 months. . . . Residential real estate sales have slowed since our previous report. Contacts in Arkansas and Tennessee reported that the low end of the market continues to be strong.”

ADP

Wednesday, [Private Sector Employment](#): “Private sector employment increased by 140,000 jobs in February and annual pay was up 5.1 percent year-over-year. . . . ‘Job gains remain solid. Pay gains are trending lower but are still above inflation,’ said Nela Richardson, chief economist, ADP. ‘In short, the labor market is dynamic, but doesn't tip the scales in terms of a Fed rate decision this year.’”

Challenger

Thursday, [Job Cuts](#): “U.S.-based employers announced 84,638 cuts in February, up 3 percent from the 82,307 cuts announced one month prior. It is 9 percent higher than the 77,770 cuts announced in the same month in 2023.”

### **Mortgages and Housing Markets**

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 9.7 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$766,550 or less) decreased to 7.02 percent from 7.04 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 6.66 percent from 6.70 percent.”

Fannie Mae

Thursday, [Home-Selling Sentiment](#): The index “increased 2.1 points in February to 72.8, inching higher for the third consecutive month, due primarily to increased optimism around home-selling conditions. In February, 65 percent of consumers said it’s a good time to sell a home, up from 60 percent last month.”

Freddie Mac

Thursday, [Mortgage Rates](#): “Mortgage rates continue to be one of the biggest hurdles for potential homebuyers looking to enter the market. . . . The 30-year FRM averaged 6.88 percent as of March 7, 2024, down from last week when it averaged 6.94 percent. A year ago at this time, the 30-year FRM averaged 6.73 percent. The 15-year FRM averaged 6.22 percent, down from last week when it averaged 6.26 percent. A year ago at this time, the 15-year FRM averaged 5.95 percent.”