

Economic Update, July 3, 2025

Submitted by Bob Moreo

Summary: Wednesday's employment report from ADP revealed private-sector firms shed 33,000 jobs in June. [CNBC reported](#) Wednesday that economists had been expecting "an increase of 100,000 for the month," and that May's number "was revised even lower to just 29,000 jobs added from 37,000." The US Department of Labor, on the other hand, reported jobs increased by 147,000 in June. According to [FOX Business](#), economists "projected 110,000 jobs would be added." The government's report included 70,000 jobs added in state and local government that aren't counted by ADP. "Private sector payrolls grew by 74,000," FOX reported, "lower than the 105,000 jobs that LSEG economists projected for the private sector." Elsewhere, US construction spending is down from last year. Increases in global commodity prices were generally less than the long-term trend, and reported shortages of raw materials were less common in June. Global manufacturing expanded, as did output in the US, [although the cost of inputs](#) "rose sharply." "Mortgage rates fell last week to the lowest level since April," [CNBC reported](#), spurring an increase in refinance applications.

The TACIR Update staff would like to wish our readers a happy Independence Day! From our nation's founding, economics and independence have long been entwined. Among the "repeated injuries and usurpations" suffered by the American colonists under King George III, [the Declaration of Independence](#) cited several economic complaints. And economics have continued to shape life, liberty, and the pursuit of happiness in America.

Federal Government Indicators and Reports

Bureau of Economic Analysis

Thursday, [International Trade](#): "The goods and services deficit was \$71.5 billion in May, up \$11.3 billion from \$60.3 billion in April, revised. May exports were \$279.0 billion, \$11.6 billion less than April exports. May imports were \$350.5 billion, \$0.3 billion less than April imports. . . . Year-to-date, the goods and services deficit increased \$175.0 billion, or 50.4 percent, from the same period in 2024. Exports increased \$73.6 billion or 5.5 percent. Imports increased \$248.7 billion or 14.8 percent."

Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): "The number and rate of job openings were little changed at 7.8 million and 4.6 percent, respectively, in May. . . . The number and rate of hires were little changed at 5.5 million and 3.4 percent, respectively. . . . The number of total separations in May was little changed at 5.2 million. The total separations rate remained unchanged for the fifth month in a row at 3.3 percent."

Wednesday, [Metropolitan Area Employment and Unemployment](#): "Unemployment rates were higher in May than a year earlier in 285 of the 387 metropolitan areas, lower in 84 areas, and unchanged in 18 areas. . . . Nonfarm payroll employment increased over the year in 23 metropolitan areas, decreased in two areas, and was essentially unchanged in 362 areas. The national unemployment rate

in May was 4.0 percent, not seasonally adjusted, up from 3.7 percent a year earlier.” See table below for nonfarm payroll employment by state and metropolitan area in Tennessee.

ESTABLISHMENT DATA
NOT SEASONALLY ADJUSTED

Table 3. Employees on nonfarm payrolls by state and metropolitan area, not seasonally adjusted (in thousands)

State and area	April		May		Change from May 2024 to May 2025 ^(p)	
	2024	2025	2024	2025 ^(p)	Number	Percent
Tennessee	3374.7	3399.4	3379.4	3398.6	19.2	0.6
Chattanooga	296.1	296.7	296.5	297.2	0.7	0.2
Clarksville	106.3	108.9	106.6	109.5	2.9	2.7
Cleveland	47.3	47.1	46.7	47.0	0.3	0.6
Jackson	88.4	89.1	88.7	89.5	0.8	0.9
Johnson City	87.8	88.3	87.1	87.5	0.4	0.5
Kingsport-Bristol	125.4	126.8	125.5	127.1	1.6	1.3
Knoxville	451.7	455.5	451.3	455.6	4.3	1.0
Memphis	661.6	659.1	659.5	659.6	0.1	0.0
Morristown	50.5	51.4	50.7	51.6	0.9	1.8
Nashville-Davidson--Murfreesboro--Franklin	1182.2	1195.7	1185.9	1199.6	13.7	1.2

Source: US Bureau of Labor Statistics, July 2, 2025 ([XLSX](#)).

Thursday, [Employment Situation](#): “Total nonfarm payroll employment increased by 147,000 in June, and the unemployment rate changed little at 4.1 percent. . . . Job gains occurred in state government and health care. Federal government continued to lose jobs. . . . Employment in state government increased by 47,000, largely in education (+40,000). Employment in local government education continued to trend up (+23,000). . . . Average hourly earnings for all employees on private nonfarm payrolls rose by 8 cents, or 0.2 percent, to \$36.30 in June. Over the past 12 months, average hourly earnings have increased by 3.7 percent.”

Census Bureau

Tuesday, [Construction Spending](#): “Construction spending during May 2025 was estimated at a seasonally adjusted annual rate of \$2,138.2 billion, 0.3 percent below the revised April estimate of \$2,145.5 billion. The May figure is 3.5 percent below the May 2024 estimate of \$2,215.4 billion. During the first five months of this year, construction spending amounted to \$841.5 billion, 2.1 percent below the \$859.6 billion for the same period in 2024.”

Thursday, [Manufacturers’ Shipments, Inventories, & Orders](#): “New orders for manufactured goods in May, up five of the last six months, increased \$48.5 billion or 8.2 percent to \$642.0 billion. . . . This followed a 3.9 percent April decrease. Shipments, up following two consecutive monthly decreases, increased \$0.7 billion or 0.1 percent to \$599.4 billion. . . . Unfilled orders, up ten of the last eleven months, increased \$47.7 billion or 3.4 percent to \$1,455.4 billion. . . . Inventories, up seven of the last eight months, increased \$0.8 billion or 0.1 percent to \$944.1 billion.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending June 28, the advance figure for seasonally adjusted initial claims was 233,000, a decrease of 4,000 from the previous week’s revised level. . . . The 4-week moving average was 241,500, a decrease of 3,750 from the previous week’s revised average.” In Tennessee, there were 3,166 initial claims for the week ending June 28, an increase of 426 from the week prior.

Economic Indicators and Confidence

S&P Global

Tuesday, [US Manufacturing PMI](#): The index increased to 52.9 in June from 52.0 in May. “The US manufacturing sector expanded again in June, with operating conditions improving to the greatest degree in over three years. Output increased for the first time since February, and to a solid degree, whilst new orders increased for a sixth successive month due to improved domestic and international demand. . . . Latest data showed manufacturers raising their input buying activity to the greatest extent since April 2022, at times reflective of efforts to build up inventories given ongoing trade and price uncertainty. Nonetheless, input costs still rose sharply, with inflation hitting its highest level for nearly three years.”

Tuesday, [Global Manufacturing PMI](#): “June saw conditions in the global manufacturing sector stabilize as the levels of both output and new orders returned to growth and employment registered its weakest decrease since August 2024. . . . The Global Manufacturing Output Index rose by 2.3 points to a four-month high of 51.3 in June, up from 49.0 in May. This was the best month-on-month gain in its level since June 2022.”

Tuesday, [PMI Commodity Price & Supply Indicators](#): “Price pressures ticked lower for the second successive month, with the Global Price Pressures Index dipping to the lowest since February 2024. Of the 26 monitored indices, only six commodities registered a price increase above the long-run trend. . . . Coming in at an unchanged reading of 0.6 in June, the Global Supply Shortages Index highlighted that shortfalls of raw materials remained less common than the long-run average.”

Thursday, [US Services PMI](#): “A further increase in US service sector business activity was recorded in June, although the rate of growth lost some momentum compared to May and remained well below levels recorded in the second half of 2024. . . . [The] Business Activity Index registered 52.9 in June. That was down from 53.7 in May.”

Thursday, [US Sector PMI](#): “Four out of seven US sectors registered an upturn in business activity during June, down from six in May and the lowest number since September 2024. Technology was the best-performing segment (index at 57.4), with the rate of output growth accelerating to its highest for just over two years. Production of Consumer Goods also gained momentum in June. . . . Meanwhile, lower levels of business activity were seen in the Healthcare, Consumer Services and Basic Materials sectors.”

Employment

ADP

Wednesday, [National Employment Report](#): “Private sector employment shed 33,000 jobs in June, and annual pay was up 4.4 percent year-over-year. . . . Job losses in professional and business services, and education and health services led the decline. Leisure and hospitality, and manufacturing showed gains.”

Challenger, Gray, & Christmas

Wednesday, [Job Cuts Report](#): “US-based employers announced 47,999 job cuts in June, down 49 percent from May’s 93,816. It is down 2 percent from 48,786 announced in the same month last year. . . . The second quarter saw 247,256 job cuts, the highest Q2 total since 1,238,364 cuts announced in 2020. . . . So far this year, companies have announced 744,308 job cuts, the highest YTD since 2020

when 1,585,047 were announced. Outside of 2020, it is the highest YTD since 896,675 cuts were announced in the first six months of 2009.

Paychex | IHS Markit

Tuesday, [Small Business Employment Watch](#): “The small business labor market has remained stable with minimal changes observed through the first half of 2025. . . . The pace of job growth in US businesses with fewer than 50 employees has fluctuated less than half a percentage point over the last six months, reporting a 99.65 index level for June. At the same time, hourly earnings growth for small business workers continued to trend below three percent at 2.79 percent.”

Mortgages and Housing Markets:

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 2.7 percent from one week earlier, according to data from the . . . week ending June 27, 2025. . . . The Refinance Index increased 7 percent from the previous week and was 40 percent higher than the same week one year ago. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$806,500 or less) decreased to 6.79 percent from 6.88 percent.”