

Economic Update, July 18, 2025

Submitted by Bob Moreo

Summary: Inflation increased in June. [According to CNBC](#), “The numbers were right in line with the Dow Jones consensus, though the annual rate is the highest since February and still above the Federal Reserve’s 2 percent target.” Imported goods were among the contributors to this increase. “Commonly imported products like clothes, furniture and bed linens were among the goods that jumped in price last month,” [according to ABC News](#). “The price of toys—a product dependent almost entirely on imports—increased six times faster in June than it had just two months prior.” The producer price index for final demand was unchanged in June and up 2.3 percent year-over-year, with increases in final demand for goods offset by decreases in services. Real earnings decreased slightly in June. But June retail and food service sales were up both for the month and year-over-year. Mortgage rates increased slightly, and mortgage applications decreased from the week prior.

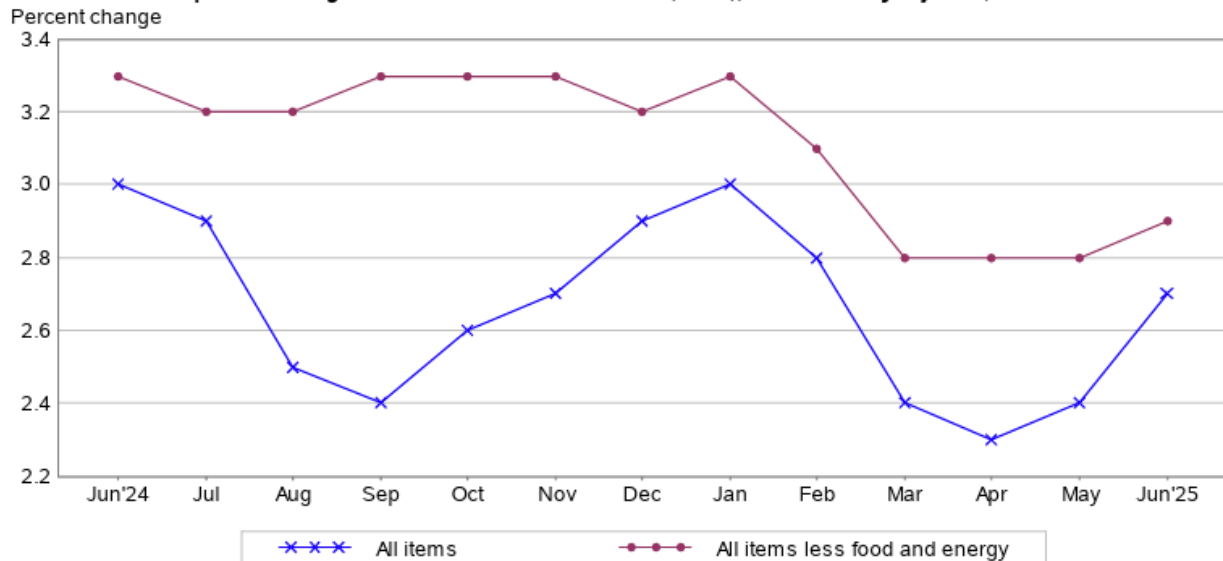
TACIR has an ongoing partnership with the Business and Economic Research Center at Middle Tennessee State University to provide an interactive [Tracking Tennessee’s Economy](#) dashboard, which was updated this week with data for May 2025. According to the latest from our partners, single-family housing permits and state sales tax collections increased, while building permits overall decreased, and unemployment ticked up. Please visit the website to learn more about Tennessee’s economic and labor market trends at the state, county, and metropolitan statistical area levels.

Federal Government Indicators and Reports:

Bureau of Labor Statistics

Tuesday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers increased 0.3 percent on a seasonally adjusted basis in June, after rising 0.1 percent in May. . . . Over the last 12 months, the all items index increased 2.7 percent before seasonal adjustment. . . . The index for all items less food and energy rose 0.2 percent in June, following a 0.1-percent increase in May. . . . The all items less food and energy index rose 2.9 percent over the last 12 months.”

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, June 2024 - June 2025



Tuesday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 0.1 percent from May to June, seasonally adjusted. . . . This result stems from an increase of 0.2 percent in average hourly earnings combined with an increase of 0.3 percent in the Consumer Price Index for All Urban Consumers. . . . Real average hourly earnings for production and nonsupervisory employees were unchanged from May to June, seasonally adjusted. . . . Real average weekly earnings decreased 0.6 percent over the month due to the change in real average hourly earnings combined with a decrease of 0.6 percent in the average workweek.”

Wednesday, [Producer Price Index](#): “The Producer Price Index for final demand was unchanged in June. . . . On an unadjusted basis, the index for final demand rose 2.3 percent for the 12 months ended in June. In June, a 0.3-percent advance in prices for final demand goods offset a 0.1-percent decrease in the index for final demand services. . . . Within intermediate demand in June, prices for processed goods edged up 0.1 percent, the index for unprocessed goods rose 0.7 percent, and prices for services declined 0.1 percent.”

Thursday, [US Import and Export Price Indexes](#): “Import prices ticked up 0.1 percent in June. . . . Prices for US imports fell 0.2 percent from June 2024 to June 2025. . . . Prices for nonfuel imports ticked up 0.1 percent in June. . . . Higher prices for nonfuel industrial supplies and materials and consumer goods more than offset lower prices for foods, feeds, and beverages and automotive vehicles. Nonfuel import prices increased 1.2 percent for the year ended June 2025. . . . Prices for US exports increased 0.5 percent in June. . . . Export prices increased 2.8 percent from June 2024 to June 2025. . . . Over the past 12 months, the price index for agricultural exports advanced 1.5 percent. . . . Prices for nonagricultural exports increased 2.9 percent.”

Friday, [State Employment and Unemployment](#): “Unemployment rates were lower in June in 2 states, higher in 1 state, and stable in 47 states and the District of Columbia. . . . Nineteen states and the District had jobless rate increases from a year earlier, 4 states had decreases, and 27 states had little change. The national unemployment rate, 4.1 percent, changed little over the month and was the same as in June 2024.” Tennessee’s unemployment rate in June was 3.5 percent, unchanged from April and May but up from 3.3 percent in June 2024.

Census Bureau

Thursday, [Advance Monthly Sales for Retail and Food Services](#): “Advance estimates of US retail and food services sales for June 2025 . . . were \$720.1 billion, up 0.6 percent from the previous month, and up 3.9 percent from June 2024. Total sales for the April 2025 through June 2025 period were up 4.1 percent from the same period a year ago.”

Thursday, [Manufacturing and Trade Inventories and Sales](#): “The combined value of distributive trade sales and manufacturers’ shipments for May . . . was estimated at \$1,913.9 billion, down 0.4 percent from April 2025, but was up 3.1 percent from May 2024. . . . [Inventories] were estimated at an end-of-month level of \$2,656.7 billion, virtually unchanged from April 2025, but were up 1.7 percent from May 2024.”

Friday, [New Residential Construction](#): “Privately-owned housing units authorized by building permits in June were at a seasonally adjusted annual rate of 1,397,000. This is 0.2 percent above the revised May rate of 1,394,000 but is 4.4 percent below the June 2024 rate of 1,461,000. Single-family authorizations in June were at a rate of 866,000; this is 3.7 percent below the revised May figure of 899,000. . . . Single-family housing starts in June were at a rate of 883,000; this is 4.6 percent below the revised May figure of 926,000. . . . Single-family housing completions in June were at a rate of 908,000; this is 12.5 percent below the revised May rate of 1,038,000.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending July 12, the advance figure for seasonally adjusted initial claims was 221,000, a decrease of 7,000 from the previous week’s revised level. . . . The 4-week moving average was 229,500, a decrease of 6,250 from the previous week’s revised average. . . . The advance number for seasonally adjusted insured unemployment during the week ending July 5 was 1,956,000, an increase of 2,000 from the previous week’s revised level. . . . The 4-week moving average was 1,957,500, an increase of 4,750 from the previous week’s revised average. This is the highest level for this average since November 20, 2021 when it was 2,004,250.”

With 6,187 initial claims filed the week ending July 5, Tennessee had the second-highest increase among all states from the previous week (+3,039). The advance figure for initial claims the week ending July 12 fell to 3,578.

UNADJUSTED INITIAL CLAIMS FOR WEEK ENDED JULY 5, 2025

STATES WITH AN INCREASE OF MORE THAN 1,000

State	Change	State Supplied Comment
MI	+8,854	Layoffs in manufacturing and in management of companies and enterprises industries.
TN	+3,039	No comment.
KY	+2,982	Layoffs in the manufacturing industry.
NY	+2,279	Layoffs in transportation and warehousing, educational services, and health care and social assistance industries.
OH	+1,889	Layoffs in the manufacturing industry.
CA	+1,443	No comment.

Federal Reserve Board

Wednesday, [Industrial Production and Capacity Utilization](#): “Industrial production (IP) increased 0.3 percent in June after remaining unchanged in April and May; for the second quarter as a whole, IP increased at an annual rate of 1.1 percent. In June, manufacturing output ticked up 0.1 percent, and the index for mining decreased 0.3 percent. The index for utilities rose 2.8 percent. . . . Total IP in June was 0.7 percent above its year-earlier level.”

Wednesday, [The Beige Book](#): “Economic activity increased slightly from late May through early July. . . . That represented an improvement over the previous report. . . . Uncertainty remained elevated, contributing to ongoing caution by businesses. . . . Employment increased very slightly overall. . . . Hiring remained generally cautious, which many contacts attributed to ongoing economic and policy uncertainty. . . . Prices increased across Districts, with seven characterizing price growth as moderate and five characterizing it as modest.”

- In the Sixth District (Atlanta), which includes Middle and East Tennessee, there was little change. “Labor markets and wages were steady. Prices rose moderately. Consumer spending softened, but travel and tourism increased modestly.”
- There was also little change in the Eighth District (St. Louis), which includes West Tennessee. “Employment levels were generally unchanged. Prices continued to increase moderately, and most contacts continued to expect higher nonlabor costs in the coming months as a result of tariffs. The outlook among contacts remains highly uncertain and slightly pessimistic.”

Other Indicators and Confidence:

Federal Reserve Bank of Dallas

Thursday, [Weekly Economic Index](#): “The WEI is currently 2.37 percent, scaled to four-quarter GDP growth, for the week ended July 12 and 2.63 percent for July 5. The 13-week moving average is 2.21 percent. This is compared with 1.99 percent four-quarter GDP growth through first quarter 2025.”

University of Michigan

Friday, [Index of Consumer Sentiment \(Preliminary\)](#): “Consumer sentiment was little changed from June, inching up about one index point to 61.8. While sentiment reached its highest value in five months, it remains a substantial 16 percent below December 2024 and is well below its historical average. Short-run business conditions improved about 8 percent, whereas expected personal finances fell back about 4 percent. . . . Year-ahead inflation expectations fell for a second straight month, plunging from 5.0 percent last month to 4.4 percent this month.”

Preliminary Results for July 2025

	Jul	Jun	Jul	M-M	Y-Y
	2025	2025	2024	Change	Change
Index of Consumer Sentiment	61.8	60.7	66.4	+1.8%	-6.9%
Current Economic Conditions	66.8	64.8	62.7	+3.1%	+6.5%
Index of Consumer Expectations	58.6	58.1	68.8	+0.9%	-14.8%

Mortgages and Housing Markets:

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “The 30-year FRM averaged 6.75 percent as of July 17, 2025, up from last week when it averaged 6.72 percent. A year ago at this time, the 30-year FRM averaged 6.77 percent.” According to Sam Khater, Freddie Mac’s Chief Economist, “The 30-year fixed-rate mortgage inched up this week and continues to stay within a narrow range under 7 percent. While overall affordability headwinds persist, rate stability coupled with moderately rising inventory may sway prospective buyers to act.”

Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications decreased 10.0 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$806,500 or less) increased to 6.82 percent from 6.77 percent.”

National Association of Home Builders

Thursday, [Housing Market Index](#): “Builder confidence in the market for newly built single-family homes was 33 in July, up one point from June. . . . Sales expectations in the next six months increased three points to 43. . . . 38 percent of builders reported cutting prices in July, the highest percentage since NAHB began tracking this figure on a monthly basis in 2022.”