

## Economic Update, August 23, 2024

Submitted by Bob Moreo

Summary: Minutes from the Federal Reserve’s July meeting revealed that “several” members “were ready to cut interest rates in July,” [according to MarketWatch](#), “and most believed a reduction next month is justified in light of slowing inflation and a weakening jobs market.” [The minutes](#) also showed that “many participants noted that reported payroll gains might be overstated.” Those suspicions were supported this week by the federal government’s annual revision to its nonfarm payroll figures, fueling concerns that the U.S. job market hasn’t been as strong as reports have indicated. “The U.S. economy created 818,000 fewer jobs than originally reported in the 12-month period through March 2024,” [CNBC reported](#) on Wednesday. A downward revision was expected, but “the revision to the total payrolls level of -0.5 percent is the largest since 2009.” Speaking at the Fed’s annual economic conference on Friday, Chair Jerome Powell said, “The time has come for policy to adjust.” According to an [AP News story](#), “Most economists expect the Fed to cut its benchmark rate by a quarter-point at each of its final three meetings this year.”

### **Federal Government Indicators and Reports:**

#### Bureau of Labor Statistics

Wednesday, [County Employment and Wages](#): “From March 2023 to March 2024, employment increased in 300 of the 369 largest U.S. counties. . . . In March 2024, national employment increased to 153.6 million, a 1.3-percent increase over the year. . . . Among the 369 largest counties, 357 had over-the-year increases in average weekly wages. In the first quarter of 2024, average weekly wages for the nation increased to \$1,527, a 4.2-percent increase over the year.” Six counties in Tennessee are among the 369 largest U.S. counties covered by this report. Employment grew the most in Williamson County and wages increased the most in Davidson County. See table below.

County	Establishments Q1 2024 (thousands)	Employment		Average Weekly Wage	
		March 2024 (thousands)	Pct. Change Mar 2023-24	Q1 2024	Pct. Change Q1 2023-24
Davidson	35.5	550.5	1.9	\$1,644	3.7
Hamilton	13.8	220.2	1.6	1,285	3.5
Knox	17.5	259.7	1.8	1,258	3.3
Rutherford	8.8	148.0	2.1	1,187	2.3
Shelby	24.9	484.7	0.0	1,380	2.2
Williamson	14.8	147.9	2.3	1,802	2.0

#### Bureau of Transportation Statistics

Wednesday, [North American Transborder Freight](#): In June 2024, \$134.2 billion of transborder freight moved by all modes of transportation between the U.S. and neighbors Canada and Mexico, down 0.4 percent compared to June 2023. Freight between the U.S. and Canada was down 3.0 percent, while freight between the U.S. and Mexico was up 2.1 percent.

Census Bureau

Wednesday, [Advance Services Report](#): “Advance U.S. selected services total revenue for the second quarter of 2024, adjusted for seasonal variation but not for price changes, was \$5,595.8 billion, an increase of 1.4 percent from the first quarter of 2024 and up 6.4 percent from the second quarter of 2023.”

Friday, [New Residential Sales](#): “Sales of new single-family houses in July 2024 were at a seasonally adjusted annual rate of 739,000. . . . This is 10.6 percent above the revised June rate of 668,000 and is 5.6 percent above the July 2023 estimate of 700,000. The median sales price of new houses sold in July 2024 was \$429,800.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending August 17, the advance figure for seasonally adjusted initial claims was 232,000, an increase of 4,000 from the previous week's revised level. . . . The 4-week moving average was 236,000, a decrease of 750 from the previous week's revised average.”

### **Economic Indicators and Confidence:**

Federal Reserve Bank of Chicago

Thursday, [Chicago Fed National Activity Index](#): “The Chicago Fed National Activity Index (CFNAI) decreased to  $-0.34$  in July from  $-0.09$  in June. Two of the four broad categories of indicators used to construct the index decreased from June, and three categories made negative contributions in July. The index's three-month moving average, CFNAI-MA3, was unchanged at  $-0.06$  in July.”

S&P Global

Thursday, [Flash U.S. Composite Purchasing Managers' Index \(PMI\)](#): “U.S. business activity growth remained robust in August . . . signaling a sustained economic expansion over the third quarter so far. Growth disparities widened further, however, with the service sector expanding at a solid and increased rate while manufacturing output declined at the fastest rate for 14 months. . . . The headline S&P Global Flash U.S. PMI Composite Output Index edged down from 54.3 in July to a four-month low of 54.1 in August. Output has now risen continually over the past 19 months. . . . Optimism about output in the year ahead lifted from July's three-month low, but remained below the survey's long-run average.”

### **Mortgages and Housing Markets:**

Fannie Mae

Wednesday, [Monthly Economic and Housing Outlook](#): “Despite the recent pullback in mortgage rates, total home sales are expected to come in lower than previously forecast through the rest of 2024, and then not pick up meaningfully until further out in 2025.” Fannie Mae's Economic and Strategic Research (ESR) Group “has downgraded its total home sales forecast to 4.78 million in 2024 and 5.19 million in 2025, with the expectation that homebuying will not pick up meaningfully until income growth begins to outpace home price growth and mortgage rates move closer to 6.0 percent. . . . On the macroeconomic side, the ESR Group upgraded its 2024 real gross domestic product (GDP) outlook to 1.9 percent from 1.6 percent.”

## Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “The 30-year FRM [fixed-rate mortgage] averaged 6.46 percent as of August 22, 2024, down from last week when it averaged 6.49 percent. A year ago at this time, the 30-year FRM averaged 7.23 percent.”

## Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications decreased 10.1 percent from one week earlier, according to data from the . . . week ending August 16, 2024. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$766,550 or less) decreased to 6.50 percent from 6.54 percent.”

## National Association of Home Builders

Thursday, [Cost of Housing Index](#): “In the second quarter of 2024, a family earning the nation’s median income of \$97,800 needed 38 percent of its income to cover the mortgage payment on a median-priced new home. The median price of a new home in the second quarter was \$412,300.”

## National Association of Realtors

Thursday, [Existing Home Sales](#): “Existing-home sales grew 1.3 percent in July to a seasonally adjusted annual rate of 3.95 million, stopping a four-month sales decline that began in March. However, sales slipped 2.5 percent from one year ago. . . . The inventory of unsold existing homes edged higher by 0.8 percent from the prior month to 1.33 million at the end of July, or the equivalent of 4.0 months’ supply at the current monthly sales pace.”