

Economic Update, August 25, 2023  
Submitted by Chris Belden

Summary: According to the Mortgage Bankers Association, mortgage rates reached 7.31 percent last week, the highest since 2000. Applications for mortgages also fell to their lowest level since 1995. Meanwhile, central bankers from around the world met this week in Jackson Hole, Wyoming for the Kansas City Fed’s annual Economic Policy Symposium. Federal Reserve Chair Jerome Powell, who gave the keynote address, expressed uncertainty on whether the Fed will continue to raise interest rates or keep them at their current rate, saying, “We will proceed carefully as we decide whether to tighten further or, instead, to hold the policy rate constant and await further data.”

**Federal Government Indicators and Reports**

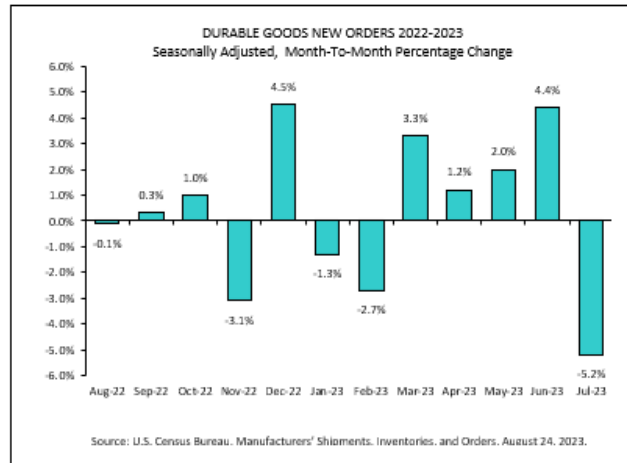
U.S. Census Bureau

Thursday, [Advance Report on Durable Goods](#): “New orders for manufactured durable goods in July, down following four consecutive monthly increases, decreased \$15.5 billion or 5.2 percent to \$285.9 billion. . . . This followed a 4.4 percent June increase.”

DURABLE GOODS – NEW ORDERS		
JULY 2023	\$285.9 billion	-5.2% <sup>o</sup>
JUNE 2023 (revised)	\$301.5 billion	+4.4% <sup>o</sup>

Next release: September 27, 2023

Data adjusted for seasonal variation but not for price changes.  
<sup>o</sup>Statistical significance is not measurable for this survey. The Manufacturers' Shipments, Inventories, and Orders estimates are not based on a probability sample, so the sampling error of these estimates cannot be measured nor can the confidence intervals be computed.  
Source: U.S. Census Bureau, Manufacturers' Shipments, Inventories and Orders, August 24, 2023.



Bureau of Labor Statistics

Wednesday, [County Employment and Wages](#): “From March 2022 to March 2023, employment increased in 325 of the 360 largest U.S. counties. . . . In March 2023, national employment increased to 151.4 million, a 2.5-percent increase over the year. . . . In the first quarter of 2023, average weekly wages for the nation increased to \$1,465, a 6.6-percent increase over the year.”

Department of Labor

Thursday, [Initial Unemployment Claims](#): “In the week ending August 19, the advance figure for seasonally adjusted initial claims was 230,000, a decrease of 10,000 from the previous

week's revised level. . . . The 4-week moving average was 236,750, an increase of 2,250 from the previous week's revised average."

### **Economic Indicators and Confidence**

Federal Reserve

Friday, [Jerome Powell Speech](#): Speaking at the Kansas City Fed's Economic Policy Symposium in Jackson Hole, Wyoming, Federal Reserve Chairman Jerome Powell said, "The ongoing episode of high inflation initially emerged from a collision between very strong demand and pandemic-constrained supply. By the time the Federal Open Market Committee raised the policy rate in March 2022, it was clear that bringing down inflation would depend on both the unwinding of the unprecedented pandemic-related demand and supply distortions and on our tightening of monetary policy, which would slow the growth of aggregate demand, allowing supply time to catch up. While these two forces are now working together to bring down inflation, the process still has a long way to go, even with the more favorable recent readings."

S&P Global

Wednesday, [Global Composite PMI](#): "U.S. firms signaled a slower rise in output during August, as activity teetered near stagnation across the private sector. Manufacturers dipped back into contraction as production fell again, while service providers saw growth slow to the weakest since February. Subdued client demand drove the slowdown across the economy, as total new orders declined for the first time in six months."

University of Michigan

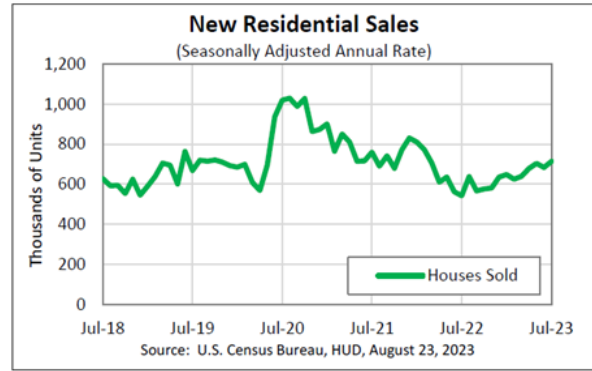
Friday, [Consumer Sentiment \(Final\)](#): "After rising sharply for the past several months, consumer sentiment moved sideways in August with a small decline that is not statistically different from July. Sentiment reached its second highest reading in 21 months and is now about 39 percent above the all-time historic low reached in June of 2022. While buying conditions for durables and expectations over living conditions both improved, the long-run economic outlook fell back about 12 percent this month but remains higher than just two months ago."

### **Mortgages and Housing Markets**

U.S. Census Bureau

Wednesday, [New Residential Sales](#): "Sales of new single-family houses in July 2023 were at a seasonally adjusted annual rate of 714,000. . . . This is 4.4 percent above the revised June rate of 684,000 and is 31.5 percent above the July 2022 estimate of 543,000. The median sales price of new houses sold in July 2023 was \$436,700. The average sales price was \$513,000."

NEW RESIDENTIAL SALES JULY 2023	
New Houses Sold <sup>1</sup> :	714,000
New Houses For Sale <sup>2</sup> :	437,000
Median Sales Price:	\$436,700
Next Release: September 26, 2023	
<sup>1</sup> Seasonally Adjusted Annual Rate (SAAR)	
<sup>2</sup> Seasonally Adjusted	
Source: U.S. Census Bureau, HUD, August 23, 2023	



### National Association of Realtors

Tuesday, [Existing Home Sales](#): “Existing-home sales fell 2.2 percent in July to a seasonally adjusted annual rate of 4.07 million. Sales receded 16.6 percent from one year ago. The median existing-home sales price rose 1.9 percent from one year ago to \$406,700. It was the fourth time the monthly median sales price eclipsed \$400,000, joining June 2023 (\$410,000), June 2022 (\$413,800) and May 2022 (\$408,600). The inventory of unsold existing homes increased 3.7 percent from the previous month to 1.11 million at the end of July, or the equivalent of 3.3 months’ supply at the current monthly sales pace.”

### Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications decreased 4.2 percent from one week earlier.” According to Joel Kan, MBA’s vice president and deputy chief economist, “Treasury yields continued to spike last week as markets grappled with illiquidity and concerns that the resilient economy will keep inflation stubbornly high. This spike pushed mortgage rates higher last week, with the 30-year fixed rate increasing to 7.31 percent – the highest level since December 2000. Applications for home purchase mortgages dropped to their lowest level since April 1995, as homebuyers withdrew from the market due to the elevated rate environment and the erosion of purchasing power. Low housing supply is also keeping home prices high in many markets, adding to the affordability hurdles buyers are facing.”



Source: <https://tradingeconomics.com/united-states/mortgage-rate>