

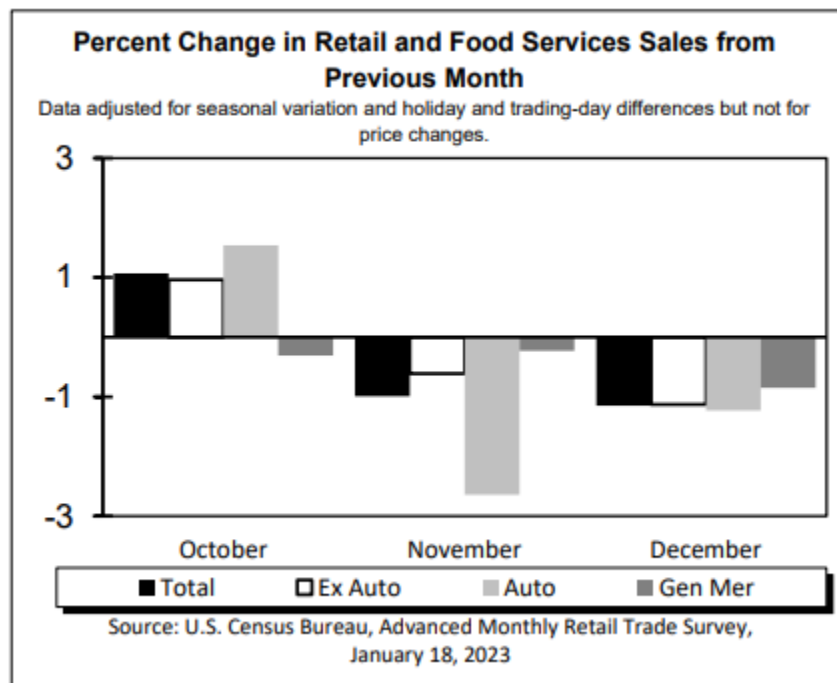
Economic Update, January 20, 2023  
Submitted by Michael Mount

Summary: Although producer prices have eased and initial claims for unemployment improved, economists expect slow growth in 2023, including a short and shallow recession. In December 2022, industrial production and retail sales both decreased. Mortgage rates are at their lowest levels since September, and though still weak, the market for single-family homes strengthened somewhat in January.

**Federal Government Indicators and Reports**

U.S. Census

Wednesday, [Retail Sales](#): “Advance estimates of U.S. retail and food services sales for December 2022 . . . were \$677.1 billion, down 1.1 percent from the previous month, but up 6.0 percent above December 2021.”



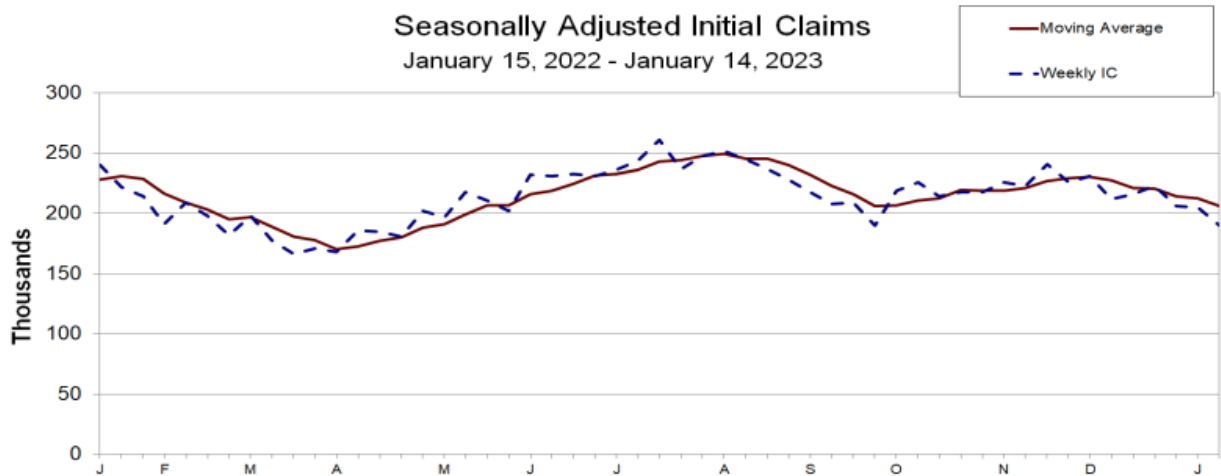
Wednesday, [Business Inventories](#): “Manufacturers’ and trade inventories for November . . . were estimated at an end-of-month level of \$2,476.5 billion, up 0.4 percent from October 2022 and were up 15.1 percent from November 2021.”

Bureau of Labor Statistics

Wednesday, [Producer Price Index](#): The index “declined 0.5 percent in December. . . . Final demand prices advanced 0.2 percent in November and 0.4 percent in October.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending January 14, the advance figure for seasonally adjusted initial claims was 190,000, a decrease of 15,000 from the previous week’s unrevised level of 205,000.”



### **Economic Indicators and Confidence**

Wall Street Journal

Sunday, [Economic Forecasting Survey](#): “On average, business and academic economists polled by the Journal put the probability of a recession in the next 12 months at 61 percent, little changed from 63 percent in October’s survey.”

Federal Reserve

Wednesday, [Industrial Production](#): “Industrial production decreased 0.7 percent in December and 1.7 percent at an annual rate in the fourth quarter. . . . Capacity utilization dropped 0.6 percentage point in December to 78.8 percent, a rate that is 0.8 percentage point below its long-run (1972–2021) average.”

Wednesday, [Beige Book](#): “On balance, contacts generally expected little growth in the months ahead. . . . Employment continued to grow at a modest to moderate pace for most Districts. . . . Contacts across Districts said they expected future price growth to moderate further in the year ahead.”

Thursday, [Lael Brainard Speech](#): “Inflation has declined in recent months, which is important for American households, businesses, and consumers. Inflation is high, and it will take time and resolve to get it back down to 2 percent. We are determined to stay the course.”

### **Mortgages and Housing Markets**

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 27.9 percent from one week earlier. . . . ‘Mortgage rates are now at their lowest level since September 2022, and about a percentage point below the peak mortgage rate last fall.’”

National Association of Home Builders

Wednesday, [Housing Market Index](#): The index increased from 31 to 35 from December 2022 to January 2023 but remains less than in January 2022 when it was 83.

U.S. Census

Thursday, [New Residential Construction](#): “Privately-owned housing units authorized by building permits in December were at a seasonally adjusted annual rate of 1,330,000. This is 1.6 percent below

the revised November rate of 1,351,000 and is 29.9 percent below the December 2021 rate of 1,896,000.”

National Association of Realtors

Friday, [Existing Home Sales](#): “Existing-home sales faded for the eleventh straight month to a seasonally adjusted annual rate of 4.02 million. Sales waned 1.5 percent from November and 34.0 percent from one year ago.”