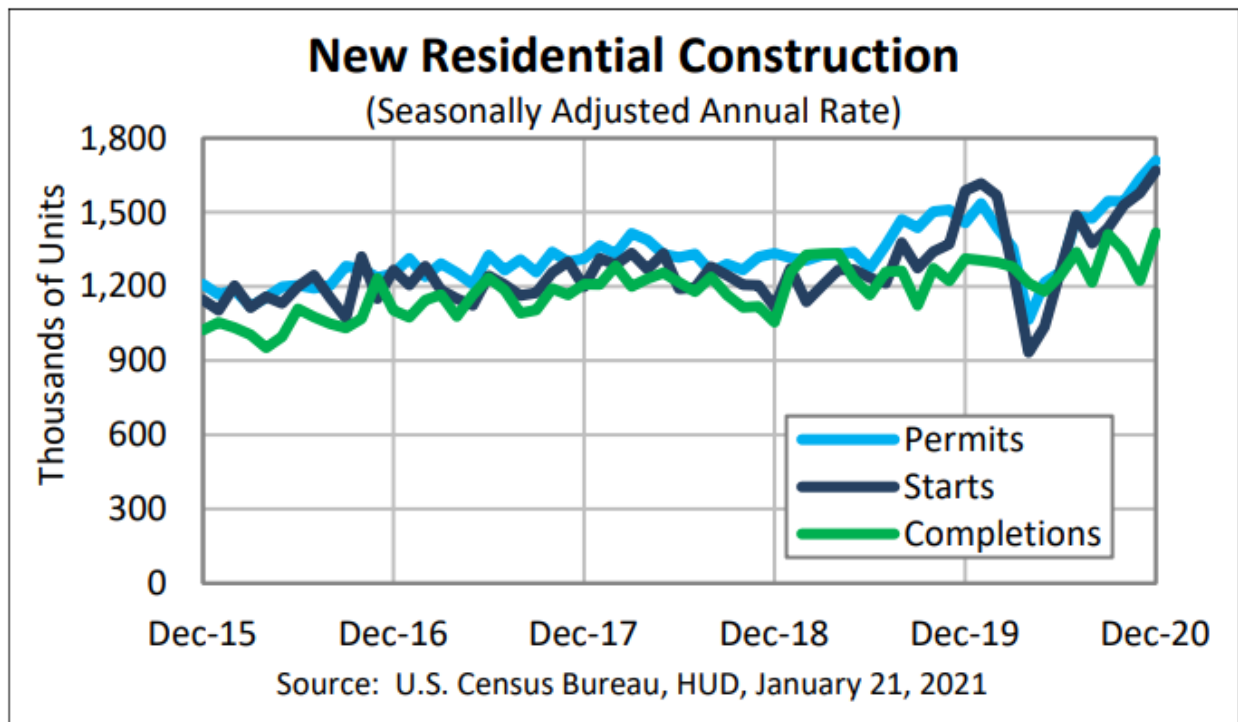


Summary: Economic news was mostly good this week, with initial claims for unemployment decreasing from the previous week. Both housing starts and existing home sales increased from November to December 2020, indicating continuing strength in the housing market. Although home builders' confidence decreased in January, it remains strong. Business activity increased to start the year, and according to the Institute for Supply Management, the overall economy will continue to improve in 2021, with the second half of the year projected to be stronger than the first half.

**Federal Government Indicators and Reports:**

US Census

Thursday, [New Residential Construction](#): "Privately-owned housing starts in December were at a seasonally adjusted annual rate of 1,669,000. This is 5.8 percent above the revised November estimate of 1,578,000 and is 5.2 percent above the December 2019 rate of 1,587,000."



Bureau of Labor Statistics

Thursday, [Weekly Earnings](#): "Median weekly earnings of the nation's 111.5 million full-time wage and salary workers were \$984 in the fourth quarter of 2020. . . . This was 5.1 percent higher than a year earlier, compared with a gain of 1.2 percent in the Consumer Price Index for All Urban Consumers (CPI-U) over the same period."

Friday, [Union Members](#): "In 2020, the percent of wage and salary workers who were members of unions—the union membership rate—was 10.8 percent, up by 0.5 percentage point from 2019. . . . The number of wage and salary workers belonging to unions, at 14.3 million in 2020, was down by 321,000, or 2.2 percent, from 2019. However, the decline in total wage and salary employment was 9.6 million (mostly among nonunion workers), or 6.7 percent."

## Department of Labor

Thursday, [Initial Claims](#): “In the week ending January 16, the advance figure for seasonally adjusted initial claims was 900,000, a decrease of 26,000 from the previous week’s revised level. . . . The 4-week moving average was 848,000, an increase of 23,500 from the previous week’s revised average.”

## **Economic Indicators and Confidence**

### Institute for Supply Management

Tuesday, [Economic Forecast](#): “Economic improvement in the United States will continue in 2021. . . . This expansion will continue a growth trend that began in June 2020. . . . Revenues are expected to increase in 15 of 18 manufacturing industries and 12 of 18 services-sector industries. Capital expenditures are expected to increase by 2.4 percent in the manufacturing sector (after a 2.4-percent decline in 2020) and increase by 12.7 percent in the services sector. The manufacturing employment base is expected to grow by 2.5 percent following a decline of 2.8 percent in 2019. Growth in the second half (H2) of the year is projected to be stronger than in H1.”

### Markit

Friday, [Purchase Managers Index](#): “Private sector businesses in the U.S. indicated a strong start to 2021, as output and new orders rose further. Rates of expansion in business activity accelerated at manufacturers and service providers, with goods producers registering the sharpest upturn in output since August 2014.” The composite index “posted 58.0 in January, up from 55.3 in December.” The service index “registered 57.5 in January, up from 54.8 at the end of 2020. The rise in output was often linked to another monthly increase in customer demand.” The manufacturing index increased to 59.1 from 57.1. “Significant supply chain delays, raw material shortages and evidence of stockpiling at goods producers pushed input prices up.”

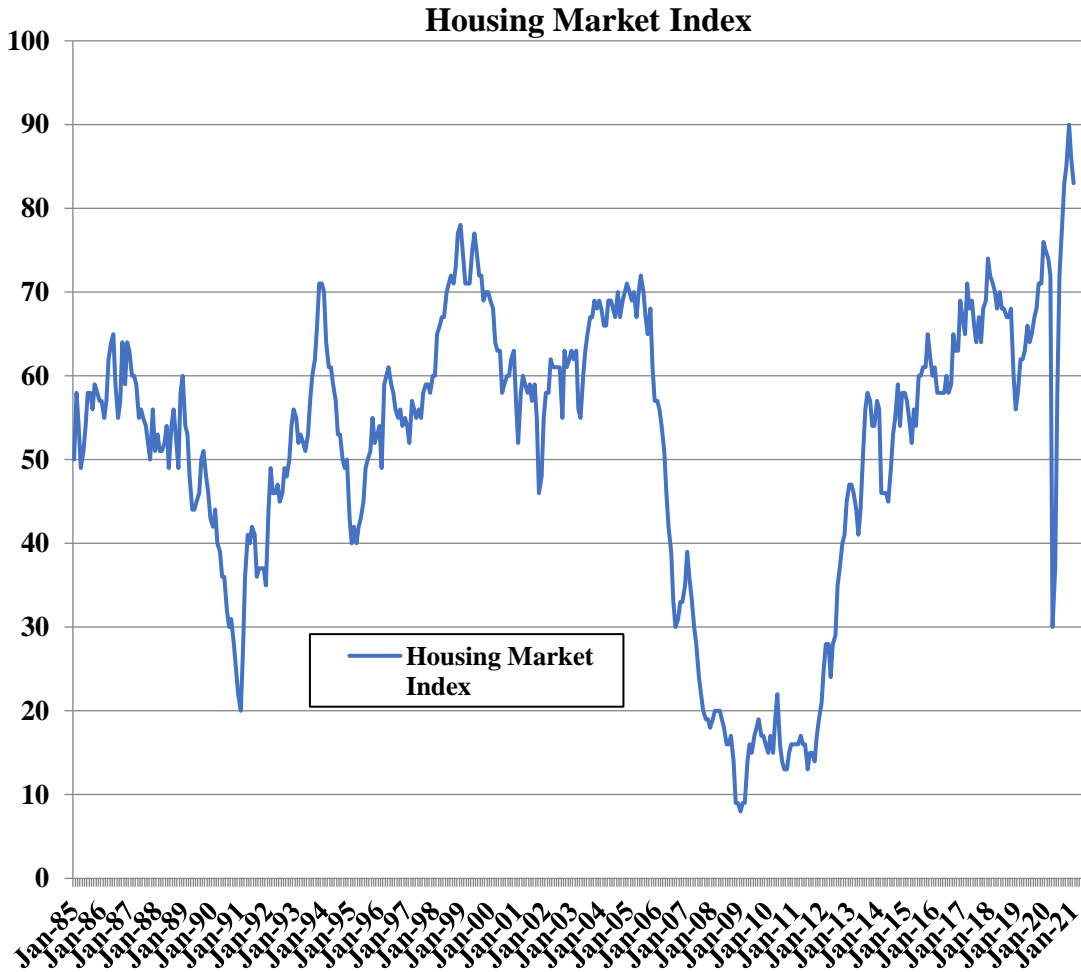
## **Mortgages and Housing Markets**

### Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 1.9 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$510,400 or less) increased to 2.92 percent from 2.88 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 2.48 percent from 2.39 percent.”

### National Association of Home Builders

Wednesday, [Housing Market Index](#): “Rising material costs led by a huge upsurge in lumber prices along with a resurgence of the coronavirus across much of the nation pushed builder confidence in the market for newly built single-family homes down three points to 83 in January. . . . Despite the drop, builder sentiment remains at a strong level.”



Source: NAHB

National Association of Realtors

Friday, [Existing Home Sales](#): “Existing-home sales rose in December, with home sales in 2020 reaching their highest level since 2006. . . . Total existing-home sales . . . increased 0.7% from November to a seasonally-adjusted annual rate of 6.76 million in December. Sales in total rose year-over-year, up 22.2% from a year ago (5.53 million in December 2019).”