

## Economic Update, January 27, 2023

Submitted by Chris Belden

Summary: GDP rose by 2.9 percent in the fourth quarter of 2022, which was [higher than expected](#), riding increased government spending and private investment. Consumer spending fell by 0.2 percent in December, the second straight month. The personal consumption expenditures price index, which the Federal Reserve uses to gauge inflation for its interest rate decisions, rose by 5 percent in December after a 5.5 percent increase in November. Additionally, jobless claims fell last week, suggesting the presence of a persistently strong labor market.

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

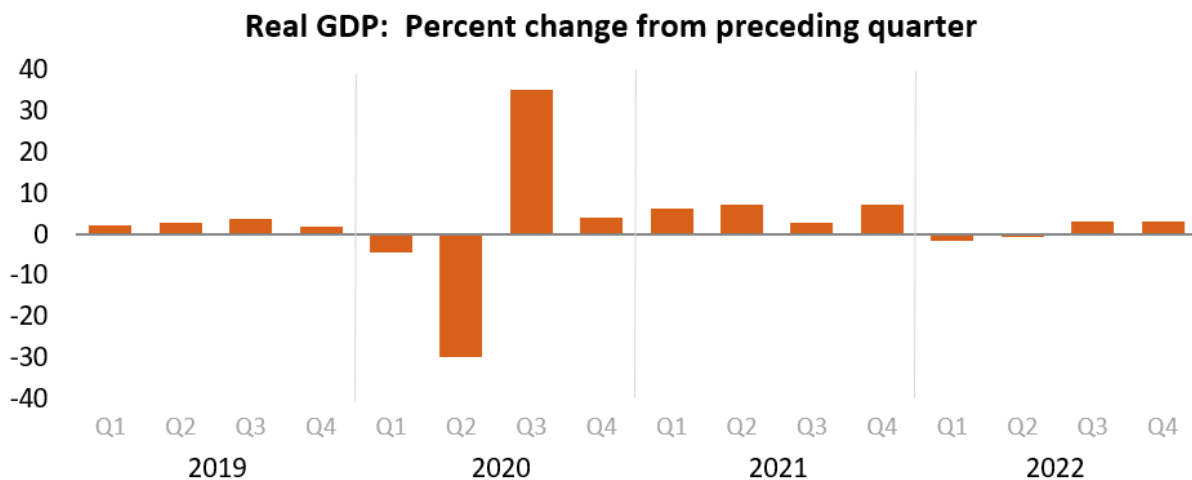
#### U.S. Census

Thursday, [Goods Trade](#): “The international trade deficit was \$90.3 billion in December, up \$7.3 billion from \$82.9 billion in November. Exports of goods for December were \$166.8 billion, \$2.6 billion less than November exports. Imports of goods for December were \$257.1 billion, \$4.7 billion more than November imports.”

Thursday, [Advance Report on Durable Goods](#): “New orders for manufactured durable goods in December, up four of the last five months, increased \$15.3 billion or 5.6 percent to \$286.9 billion. . . . This followed a 1.7 percent November decrease. Excluding transportation, new orders decreased 0.1 percent.” New orders for nondefense capital goods, excluding aircraft, decreased 0.2 percent.

#### Bureau of Economic Analysis

Thursday, [Gross Domestic Product](#): “Real gross domestic product increased at an annual rate of 2.9 percent in the fourth quarter of 2022. . . . The increase in real GDP reflected increases in private inventory investment, consumer spending, federal government spending, state and local government spending, and nonresidential fixed investment that were partly offset by decreases in residential fixed investment and exports. Imports, which are a subtraction in the calculation of GDP, decreased.”



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

Friday, [Personal Income and Outlays](#): “Personal income increased \$49.5 billion (0.2 percent) in December . . . [and] personal consumption expenditures decreased \$41.6 billion (0.2 percent). . . . The PCE price index increased 0.1 percent. Excluding food and energy, the PCE price index increased 0.3 percent.”

	2022				
	Aug.	Sept.	Oct.	Nov.	Dec.
	Percent change from preceding month				
Personal income:					
Current dollars	0.4	0.4	0.8	0.3	0.2
Disposable personal income:					
Current dollars	0.4	0.4	0.9	0.3	0.3
Chained (2012) dollars	0.1	0.0	0.5	0.2	0.2
Personal consumption expenditures (PCE):					
Current dollars	0.7	0.6	0.8	-0.1	-0.2
Chained (2012) dollars	0.5	0.3	0.4	-0.2	-0.3
Price indexes:					
PCE	0.3	0.3	0.4	0.1	0.1
PCE, excluding food and energy	0.6	0.5	0.3	0.2	0.3
	Percent change from month one year ago				
PCE	6.3	6.3	6.1	5.5	5.0
PCE, excluding food and energy	4.9	5.2	5.1	4.7	4.4

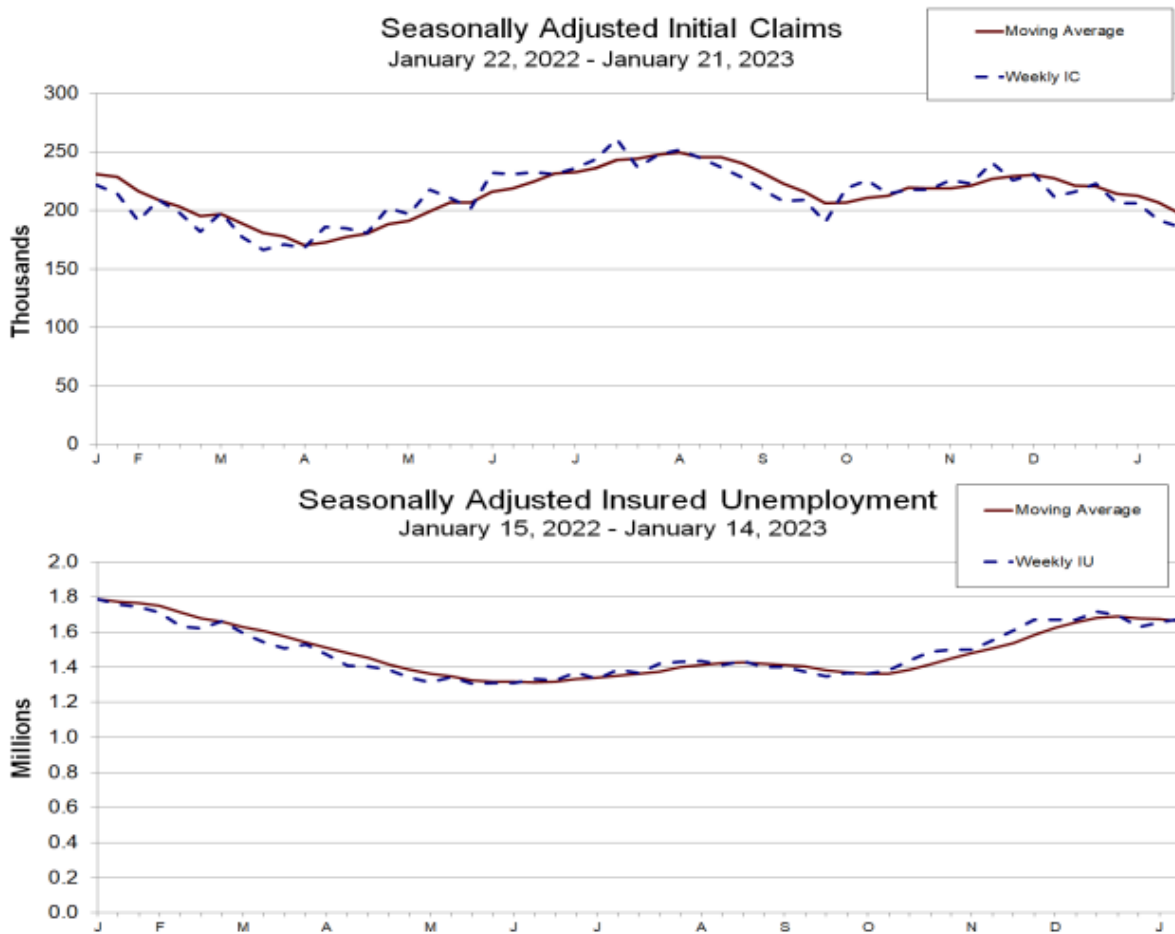
## Bureau of Labor Statistics

Tuesday, [State Employment and Unemployment](#): “Unemployment rates were higher in December in 7 states, lower in 5 states, and stable in 38 states and the District of Columbia.” Tennessee’s employment increased by 3.3 percent in December from the year prior.

Wednesday, [Quarterly Data Series on Business Employment Dynamics](#): “The difference between the number of gross job gains and the number of gross job losses yielded a net employment loss of 287,000 jobs in the private sector during the second quarter of 2022.”

## Department of Labor

Thursday, [Initial Jobless Claims](#): “In the week ending January 21, the advance figure for seasonally adjusted initial claims was 186,000, a decrease of 6,000 from the previous week’s revised level. The previous week’s level was revised up by 2,000 from 190,000 to 192,000. The 4-week moving average was 197,500, a decrease of 9,250 from the previous week’s revised average. The previous week’s average was revised up by 750 from 206,000 to 206,750.”



**Economic Indicators and Confidence**

S&P Global

Tuesday, [Composite Purchasing Managers’ Index \(PMI\)](#): “The headline Flash U.S. PMI Composite Output Index registered 46.6 in January, up from 45.0 at the end of 2022. The contraction in activity was solid overall, but the slowest since last October. Goods producers and service providers recorded similar rates of decline, with service sector firms indicating a notable slowdown in the pace of decrease since December.”

University of Michigan

Friday, [Consumer Sentiment \(Final\)](#): “Consumer sentiment confirmed the preliminary January reading, remaining low from a historical perspective but continuing to lift for the second consecutive month, rising 9 percent above December and reaching about 3 percent below a year ago.”

**Mortgages and Housing Markets**

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 7.0 percent from one week earlier.” Joel Kan, MBA’s vice president and deputy chief economist, said: “Mortgage rates declined for the third straight week, which is good news for potential homebuyers looking ahead to the spring homebuying season. Mortgage rates on most loan types decreased last week and the 30-year fixed rate reached its lowest level since September 2022 at 6.2 percent.”

National Association of Realtors

Friday, [Pending Home Sales](#): “Pending home sales improved for the first time since May, up 2.5 percent from November. . . . Month-over-month, contract signings fell in the Northeast and Midwest but climbed in the South and West. . . . Pending sales declined in all regions compared to one year ago.”