

Summary: The news was mostly good this week. Initials claims decreased by 67,000 from last week, and personal income increased 0.6 percent from November to December 2020. Although consumer spending decreased 0.2 percent, the increase in savings may lead to greater spending later in the year. The national activity index remains above trend, and the leading economic index continued up but at a slower pace. Real GDP growth came in at 4 percent for the fourth quarter of 2020. For 2021, the International Monetary Fund expects even stronger GDP growth of 5.1 percent.

Federal Government Indicators and Reports

US Census

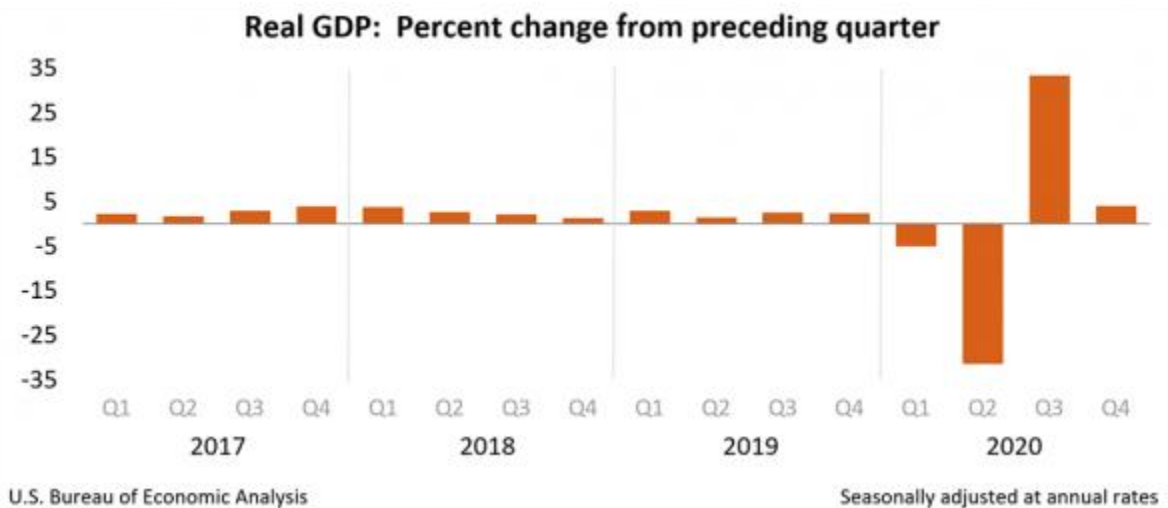
Wednesday, [Durable Goods](#): “New orders for manufactured durable goods in December increased \$0.4 billion or 0.2 percent to \$245.3 billion. . . . This increase, up eight consecutive months, followed a 1.2 percent November increase. Excluding transportation, new orders increased 0.7 percent. Excluding defense, new orders increased 0.5 percent. Machinery, also up eight consecutive months, drove the increase, \$0.8 billion or 2.4 percent to \$33.2 billion.”

Thursday, [Economic Indicators](#): “The international trade deficit was \$82.5 billion in December, down \$3.0 billion from \$85.5 billion in November. . . . Wholesale inventories for December . . . were estimated at an end-of-month level of \$650.4 billion, up 0.1 percent from November 2020, and were down 1.8 percent from December 2019. . . . Retail inventories for December . . . were estimated at an end-of-month level of \$624.1 billion, up 1.0 percent from November 2020, and were down 5.8 percent from December 2019.”

Thursday, [New Residential Sales](#): “Sales of new single-family houses in December 2020 were at a seasonally adjusted annual rate of 842,000. . . . This is 1.6 percent above the revised November rate of 829,000 and is 15.2 percent above the December 2019 estimate of 731,000.”

Bureau of Economic Analysis

Thursday, [Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 4.0 percent in the fourth quarter of 2020. . . . In the third quarter, real GDP increased 33.4 percent. . . . Real GDP decreased 3.5 percent in 2020 (from the 2019 annual level to the 2020 annual level), compared with an increase of 2.2 percent in 2019.”



Friday, [Personal Income and Outlays](#): “Personal income increased \$116.6 billion (0.6 percent) in December. . . . Disposable personal income (DPI) increased \$111.6 billion (0.6 percent) and personal consumption expenditures (PCE) decreased \$27.9 billion (0.2 percent).”

Bureau of Labor Statistics

Tuesday, [State Employment and Unemployment](#): “Unemployment rates were lower in December in 19 states, higher in 12 states and the District of Columbia, and stable in 19 states. . . . The national unemployment rate, 6.7 percent, was unchanged over the month but was 3.1 percentage points higher than in December 2019.” Tennessee’s unemployment rate increased from 5.2 percent in November 2020 to 6.4 percent in December 2020.

Wednesday, [Business Employment Dynamics](#): “From March 2020 to June 2020, gross job losses from closing and contracting private-sector establishments were 20.4 million, an increase of 12.6 million jobs from the previous quarter. . . . Over this period, gross job gains from opening and expanding private-sector establishments were 5.7 million, a decrease of 1.2 million jobs from the previous quarter. The difference between the number of gross job gains and the number of gross job losses yielded a net employment loss of 14.6 million jobs in the private-sector during the second quarter of 2020.” In Tennessee, gross job losses from March 2020 to June 2020 were 348,495, while gross job gains were 112,366, resulting in a net loss of 236,129 jobs.

Department of Labor

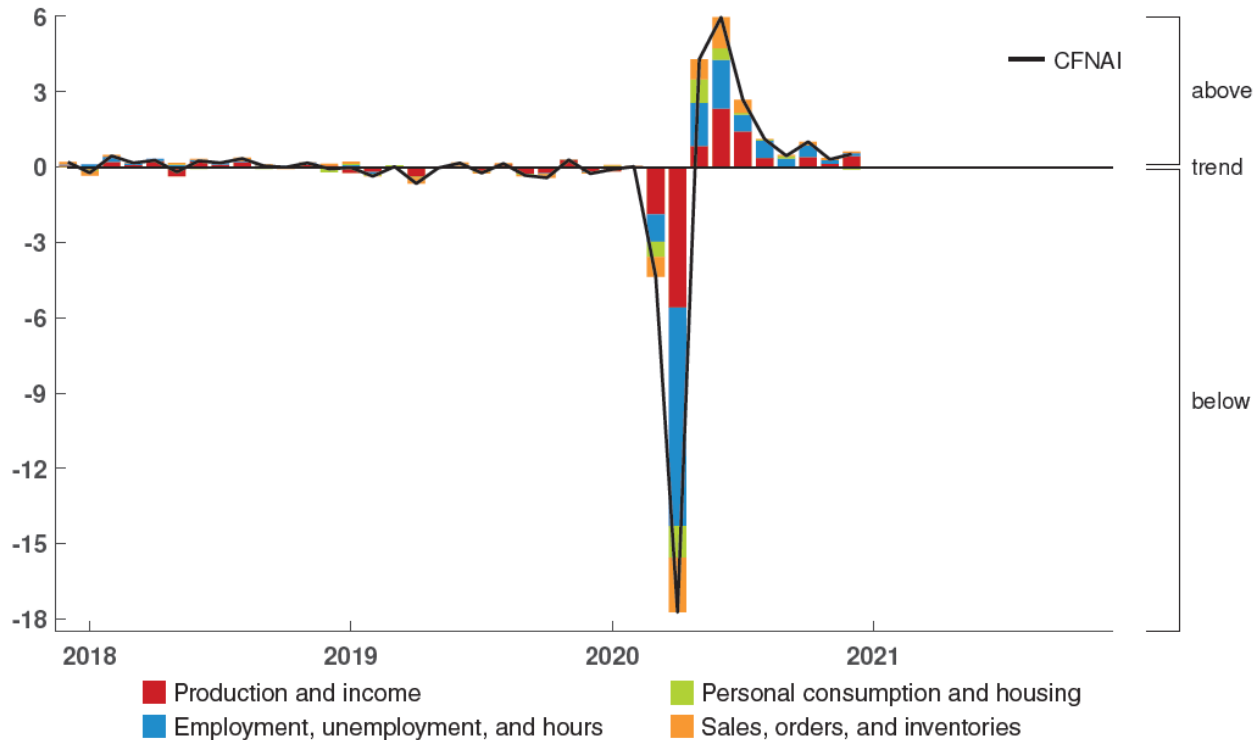
Thursday, [Initial Claims](#): “In the week ending January 23, the advance figure for seasonally adjusted initial claims was 847,000, a decrease of 67,000 from the previous week’s revised level. . . . The 4-week moving average was 868,000, an increase of 16,250 from the previous week’s revised average.”

Economic Indicators and Confidence

Federal Reserve

Monday, [National Activity Index](#): “Led by improvements in production-related indicators, the [index] increased to +0.52 in December from +0.31 in November.”

Chicago Fed National Activity Index, by Categories



International Monetary Fund (IMF)

Tuesday, [World Economic Outlook](#): The IMF projects that Gross Domestic Product (GDP) for the United States will increase 5.1 percent in 2021 and 2.5 percent in 2022 after decreasing 3.4 percent in 2020.

The Conference Board

Wednesday, [Consumer Confidence](#): The index “improved moderately in January, after decreasing in December. The Index now stands at 89.3 (1985=100), up from 87.1 in December. However, the Present Situation Index – based on consumers’ assessment of current business and labor market conditions – decreased from 87.2 to 84.4. The Expectations Index – based on consumers’ short-term outlook for income, business, and labor market conditions – increased from 87.0 in December to 92.5 this month.”

Thursday, [Leading Economic Index](#): The index “increased 0.3 percent in December to 109.5 (2016 = 100), following a 0.7 percent increase in November.” According to Ataman Ozyildirim, Senior Director of Economic Research at The Conference Board, “while the resurgence of COVID-19 and weak labor markets remain barriers to growth, The Conference Board expects the economy to expand by at least 2.0 percent (annual rate) in Q1 and then gain momentum throughout the year.”

