

Economic Update, October 6, 2023

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Summary: Federal government indicators and reports this week show a slight increase in construction spending and orders for manufactured goods, as well as a decrease in the goods and services deficit, as exports increased and imports decreased. Other new data show that personal consumption expenditures (PCE) increased in all 50 states and the District of Columbia in 2022; the percent change in PCE from 2021 to 2022 in Tennessee was 9.6 percent. In the housing market, mortgage rates “[maintained their upward trajectory](#),” causing a decrease in mortgage applications. In terms of employment, job openings, payroll enrollment, and initial unemployment claims each displayed an increase at the national level, with unemployment claims decreasing slightly in Tennessee.

Federal Government Indicators and Reports

Census Bureau

Monday, [Construction Spending](#): “Construction spending during August 2023 was estimated at a seasonally adjusted annual rate of \$1,983.5 billion, 0.5 percent above the revised July estimate of \$1,973.7 billion. The August figure is 7.4 percent above the August 2022 estimate of \$1,847.3 billion. During the first eight months of this year, construction spending amounted to \$1,284.7 billion, 4.2 percent above the \$1,233.4 billion for the same period in 2022.”

Wednesday, [Manufacturers' Goods](#): “New orders for manufactured goods in August, up five of the last six months, increased \$6.7 billion or 1.2 percent to \$586.1 billion. . . . Shipments, up four consecutive months, increased \$7.7 billion or 1.3 percent to \$586.0 billion.”

Thursday, [U.S. International Trade In Goods and Services](#): “The goods and services deficit was \$58.3 billion in August, down \$6.4 billion from \$64.7 billion in July. . . . August exports were \$256.0 billion, \$4.1 billion more than July exports. August imports were \$314.3 billion, \$2.3 billion less than July imports.”

Bureau of Labor Statistics

Tuesday, [Job Openings](#): “On the last business day of August, the number and rate of job openings increased to 9.6 million and 5.8 percent, respectively. Over the month, job openings increased in professional and business services, finance and insurance, state and local government education, nondurable goods manufacturing, and federal government. . . . In August, the number of hires changed little at 5.9 million and the rate was unchanged at 3.7 percent.”

Friday, [Employment](#): “Total nonfarm payroll enrollment rose by 336,000 in September, and the unemployment rate was unchanged at 3.8 percent. . . . Job gains occurred in leisure

and hospitality; government; health care; professional, scientific, and technical services; and social assistance.”

Department of Labor

Thursday, [Weekly Claims](#): “In the week ending September 30, the advance figure for seasonally adjusted initial claims was 207,000, an increase of 2,000 from the previous week’s revised level.” There were 2,167 initial claims in Tennessee for the week ending in September 30, a decrease of 143 from the previous week.

Economic Indicators and Confidence

S&P Global

Monday, [Global U.S. Manufacturing Purchasing Managers’ Index \(PMI\)](#): “U.S. manufacturers reported a further deterioration in overall operating conditions during September. . . . The slower pace of contraction stemmed from a renewed rise in output following greater hiring activity and expanded capacity, alongside only a slight fall in new orders. . . . Meanwhile, input prices and output charges increased at quicker rates. Paces of inflation were historically muted, however, and far below those seen throughout the majority of the last three years. . . . The seasonally adjusted S&P Global U.S. Manufacturing Purchasing Managers’ Index (PMI) posted 49.8 in September, up from 47.9 in August.”

Bureau of Economic Analysis

Wednesday, [Personal Consumption Expenditures](#): “Nationally, personal consumption expenditures (PCE), in current dollars, increased 9.2 percent in 2022 after increasing 12.9 percent in 2021. PCE increased in all 50 states and the District of Columbia. . . . Expenditures on housing and utilities, food services and accommodations, and health care were the largest contributors to the increase nationally.” The percent change in PCE from 2021 to 2022 in Tennessee was 9.6 percent. Per capita PCE in Tennessee was \$46,280.

Institute for Supply Management

Wednesday, [Services PMI](#): “Economic activity in the services sector expanded in September for the ninth consecutive month as the Services PMI registered 53.6 percent. . . . The sector has grown in 39 of the last 40 months, with the lone contraction in December 2022.”

Mortgage and Housing Markets

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 6.0 percent from one week earlier.” According to Joel Kan, MBA’s vice president and deputy chief economist, mortgage applications dropped to the lowest level since 1996.

Freddie Mac

Thursday, [Mortgage Rates](#): “Mortgage rates maintained their upward trajectory as the 10-year Treasury yield, a key benchmark, climbed. Several factors, including shifts in inflation, the job market and uncertainty around the Federal Reserve’s next move, are contributing to the highest mortgage rates in a generation. Unsurprisingly, this is pulling back homebuyer demand.” The average rate for a 30-year fixed-rate mortgage is at 7.49 percent, up 0.18 percent from the previous week and up 0.83 percent from the same time last year. The average rate for a 15-year fixed-rate mortgage is 6.78 percent, up 0.06 percent from the previous week and up 0.88 percent from the same time last year.

