

Economic Update, October 1, 2021  
Submitted by Michael Mount

Summary: Much of the news was good for the nation's economy this week, and Tennessee got a big boost with the [announcement](#) that Ford is going to invest \$5.6 billion to develop a battery and vehicle manufacturing campus at the Memphis Regional Megasite. Nationally, manufacturing continues to strengthen, as indicated by new orders for nondefense capital goods, excluding aircraft, and by ISM's Purchasing Managers' Index (PMI). Real GDP increased at an annual rate of 6.7 percent in the second quarter of 2021, an improvement from 6.3 percent in the first quarter. The primary negative news this week was seen in consumer surveys, which showed that the Delta variant, inflation, and the long-term prospects of the national economy remain concerns for consumers.

**Federal Government Indicators and Reports**

U.S. Census

Monday, [Durable Goods](#): "New orders for manufactured durable goods in August increased \$4.6 billion or 1.8 percent to \$263.5 billion." New orders for nondefense capital goods, excluding aircraft, increased 0.5 percent ([charted](#) below).



Tuesday, [International Trade](#): "The international trade deficit was \$87.6 billion in August, up \$0.8 billion from \$86.8 billion in July. Exports of goods for August were \$149.0 billion, \$1.1 billion more than July exports. Imports of goods for August were \$236.6 billion, \$1.9 billion more than July imports."

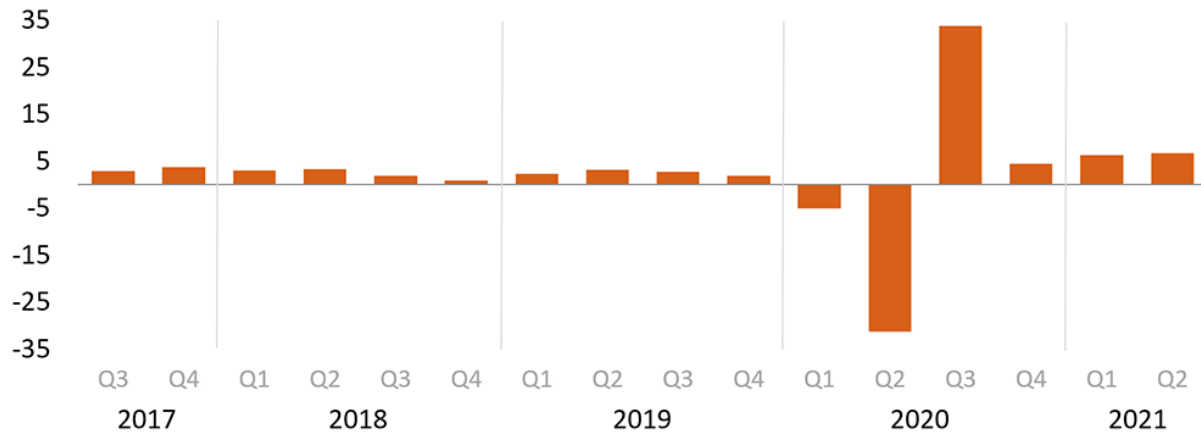
Friday, [Construction Spending](#): "Construction spending during August 2021 was estimated at a seasonally adjusted annual rate of \$1,584.1 billion, virtually unchanged from the revised July estimate of \$1,584.0 billion."

Bureau of Economic Analysis

Tuesday, [International Investment Position](#): "The U.S. net international investment position, the difference between U.S. residents' foreign financial assets and liabilities, was -\$15.42 trillion at the end of the second quarter of 2021. . . . The -\$1.12 trillion change . . . mostly reflected U.S. stock price increases that exceeded foreign stock price increases."

Thursday, [Gross Domestic Product](#): "Real gross domestic product (GDP) increased at an annual rate of 6.7 percent in the second quarter of 2021. . . . In the first quarter, real GDP increased 6.3 percent."

### Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Friday, [Personal Income and Outlays](#): “Personal income increased \$35.5 billion (0.2 percent) in August. Disposable personal income (DPI) increased \$18.9 billion (0.1 percent) and personal consumption expenditures (PCE) increased \$130.5 billion (0.8 percent).”

Bureau of Labor Statistics

Wednesday, [Metro Area Employment and Unemployment](#): “Unemployment rates were lower in August than a year earlier in 385 of the 389 metropolitan areas, higher in 3 areas, and unchanged in 1 area.” Tennessee’s unemployment rate decreased from 4.7 percent to 4.3 percent from July to August 2021. Rates for Tennessee’s metro areas in August ranged from 3.5 percent (Nashville-Davidson—Murfreesboro-Franklin and Knoxville) to 6.1 percent (Memphis).

Department of Labor

Thursday, [Initial Claims](#): “In the week ending September 25, the advance figure for seasonally adjusted initial claims was 362,000, an increase of 11,000 from the previous week’s unrevised level of 351,000.”

### Economic Indicators and Confidence

The Conference Board

Tuesday, [Consumer Confidence](#): The Index “declined again in September, following decreases in both July and August. The Index now stands at 109.3, down from 115.2 in August. . . . ‘Consumer confidence dropped in September as the spread of the Delta variant continued to dampen optimism,’ said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. ‘Concerns about the state of the economy and short-term growth prospects deepened, while spending intentions for homes, autos, and major appliances all retreated again. Short-term inflation concerns eased somewhat, but remain elevated.’”

## Consumer Confidence Index®

Index, 1985 = 100



\*Shaded areas represent periods of recession.  
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### ISM

Friday, [Manufacturing PMI](#): “Economic activity in the manufacturing sector grew in September, with the overall economy notching a 16th consecutive month of growth. . . . Companies and suppliers continue to deal with an unprecedented number of hurdles to meet increasing demand. All segments of the manufacturing economy are impacted by record-long raw materials lead times, continued shortages of critical materials, rising commodities prices and difficulties in transporting products.”

### University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment edged upward in late September, although the overall gain still meant the continuation of depressed optimism, initially sparked by the Delta variant and supported by persistent inflation and unfavorable long-term prospects for the national economy.”

### Mortgages and Housing Markets

#### Federal Housing Finance Administration

Tuesday, [House Price Index](#): “House prices rose nationwide in July, up 1.4 percent from the previous month. . . . House prices rose 19.2 percent from July 2020 to July 2021.”

#### S&P/Case-Shiller

Tuesday, [Home Price Index](#): The index “reported a 19.7% annual gain in July, up from 18.7% in the previous month.”

#### Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 1.1 percent from one week earlier. . . . Increased optimism about the strength of the economy pushed Treasury yields higher following last week’s [Federal Open Market Committee] meeting. Mortgage rates in response rose across all loan types.”

National Association of Realtors

Wednesday, [Pending Home Sales](#): “Contract signings rose 8% in August from July after two consecutive monthly declines” but “were 8.3% lower than this time last year. . . . ‘Rising inventory and moderating price conditions are bringing buyers back to the market,’ said Lawrence Yun, NAR’s chief economist. ‘Affordability, however, remains challenging as home price gains are roughly three times wage growth.’”