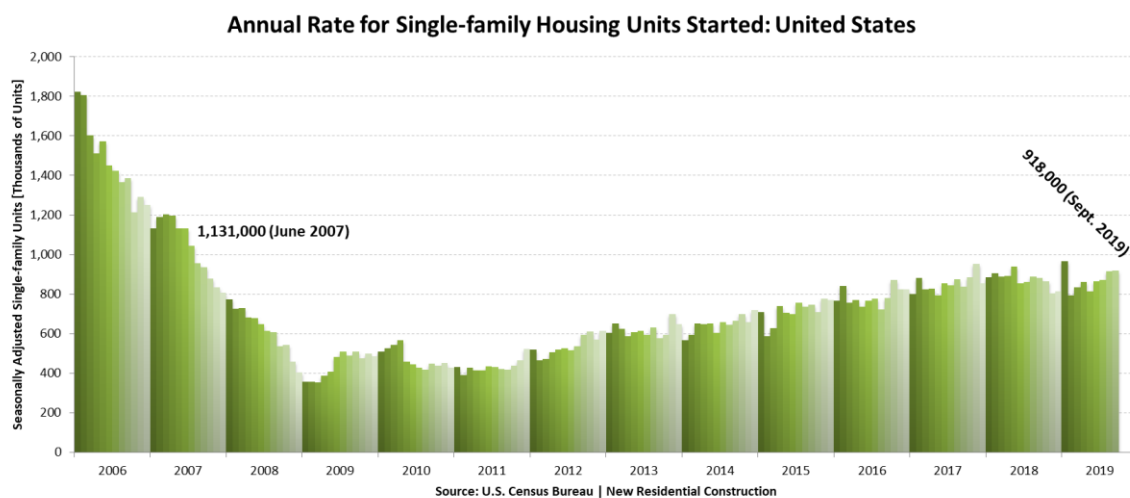


Summary: Decreasing orders for durable and capital goods last month may indicate a continuation of weak manufacturing output and business investment, but that hasn't seemed to affect the jobs market or the stock market, and there are signs that at least things don't seem to be getting worse. Less-than-expected new unemployment claims last week show that companies aren't laying off many workers or cutting jobs, ["even though the economy has slowed."](#) U.S. purchasing managers surveyed in October reported "the fastest expansion of manufacturing production for six months," giving reason to believe the downturn in the manufacturing sector might not continue to worsen. The S&P 500 inched closer to a record high on Friday after a [CNBC report](#) that the United States and China were close to finalizing some sections of a trade agreement.

Although mortgage rates have risen in recent weeks, they remain very low historically, and homebuilders may be responding to pent up demand for affordable housing. The median price of a newly built home was under \$300,000 for the first time since May 2016, [according to the National Association of Home Builders](#). However, with existing inventory tight, new construction is not keeping pace with overall demand, and prices for existing homes continue to climb. In an [interview earlier this year](#), NAHB chief economist Robert Dietz said, "We think that based on demographic demand, we should probably be building 1.1 million single-family homes this year," a rate that hasn't been reached since June 2007.



National Association of Realtors

Tuesday, [Existing-Home Sales](#): "Total existing-home sales . . . fell 2.2% from August to a seasonally adjusted annual rate of 5.38 million in September. Despite the decline, overall sales are up 3.9% from a year ago (5.18 million in September 2018)." September's decrease followed increased sales the previous two months. "Lawrence Yun, NAR's chief economist, said that despite historically low mortgage rates, sales have not commensurately increased, in part due to a low level of new housing options. . . . The median existing-home price for all housing types in September was \$272,100, up 5.9% from September 2018 (\$256,900), as prices rose in all regions. September's price increase marks 91 straight months of year-over-year gains. Total housing inventory at the end of September sat at 1.83 million, approximately equal to the amount of existing-homes available for sale in August, but a 2.7% decrease from 1.88 million one year ago."

Mortgage Bankers Association


Wednesday, [Weekly Mortgage Applications Survey](#): “Mortgage applications decreased 11.9 percent from one week earlier, according to data . . . for the week ending October 18, 2019. . . . ‘Last week, mortgage rates jumped 10 basis points and were above 4 percent for the first time since September,’ said Mike Fratantoni, MBA Senior Vice President and Chief Economist. ‘The increase in mortgage rates caused refinance applications to drop 17 percent, and by more than 20 percent for conventional loans.’ . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$484,350 or less) increased to 4.02 percent from 3.92 percent.”

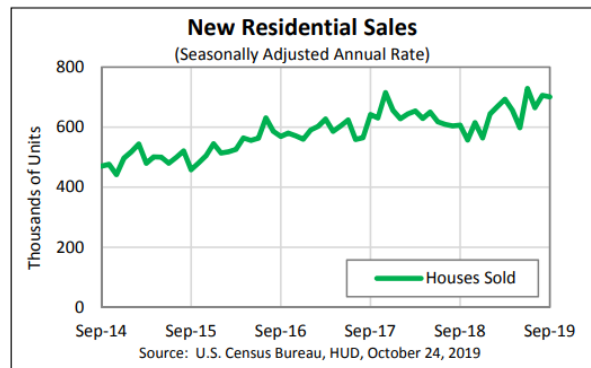
Federal Housing Finance Agency

Wednesday, [FHFA House Price Index](#): “U.S. house prices rose in August, up 0.2 percent from the previous month . . . [and up] 4.6 percent from August 2018 to August 2019.” However, in the East South Central Census Division, which includes Tennessee, prices dropped by 0.8 percent in August. For the 12-months from August 2018 to 2019, prices in the East South Central Census Division increased by 4.0 percent.

Census Bureau

Thursday, [New Residential Sales](#): “Sales of new single-family houses in September 2019 were at a seasonally adjusted annual rate of 701,000 . . . 0.7 percent below the revised August rate of 706,000 [but] 15.5 percent above the September 2018 estimate of 607,000.” The seasonally-adjusted estimate of 321,000 new houses for sale at the end of September represents a supply of 5.5 months at the current sales rate.

 NEW RESIDENTIAL SALES SEPTEMBER 2019	
New Houses Sold¹:	701,000
New Houses For Sale²:	321,000
Median Sales Price:	\$299,400
Next Release: November 26, 2019	
¹ Seasonally Adjusted Annual Rates	
² Seasonally Adjusted	
Source: U.S. Census Bureau, HUD, October 24, 2019	



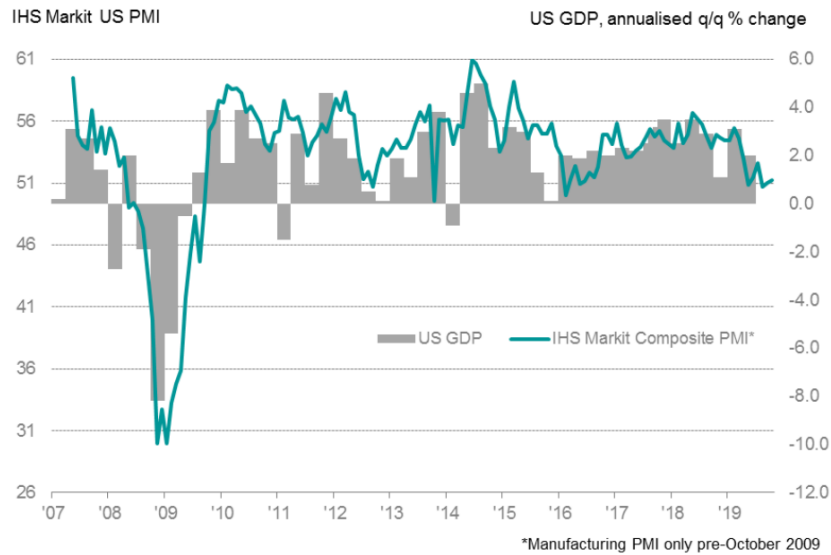
Thursday, [Advance Report on Manufacturers’ Shipments, Inventories and Orders](#): “New orders for manufactured durable goods in September decreased \$2.8 billion or 1.1 percent to \$248.2 billion . . . down following three consecutive monthly increases. . . . Transportation equipment, also down following three consecutive monthly increases, led the decrease, \$2.3 billion or 2.7 percent to \$84.5 billion. . . . Nondefense new orders for capital goods in September decreased \$2.1 billion or 2.8 percent to \$71.6 billion.”

IHS Markit

Thursday, [Purchasing Managers’ Index](#): “The IHS Markit Flash U.S. Composite PMI Output Index reached 51.2 in October, up from 51.0 during September, to signal the sharpest increase in business activity since July. Business expectations continued to edge up from the recent low in August, with optimism the highest for four months. Survey respondents mostly commented on hopes of improved domestic economic conditions. . . . Chris Williamson, Chief Business Economist at IHS Markit, said, ‘The overall subdued picture reflects a spreading of economic weakness from manufacturing to services, but

encouragingly we are now seeing some signs of manufacturing pulling out of its downturn, in part driven by a return to growth for exports and improved sentiment about the year ahead.”

IHS Markit Composite PMI and U.S. GDP



Sources: IHS Markit, U.S. Bureau of Economic Analysis.

Department of Labor

Thursday, [Unemployment Weekly Claims](#): “In the week ending October 19, the advance figure for seasonally adjusted initial claims was 212,000, a decrease of 6,000 from the previous week's revised level. . . . The 4-week moving average was 215,000, a decrease of 750 from the previous week's revised average.” CNBC called the decrease “unexpected,” saying economists had forecast claims would be 215,000 in the latest week.

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): The U.S. weekly average rate on a 30-year fixed-rate mortgage was 3.75 percent, an increase of 0.06 percent from the previous week but 1.11 percent lower than rates were a year ago.

University of Michigan

Friday, [Index of Consumer Sentiment](#): The index for October 2019 was 95.5, up from a reading of 93.2 in September. “The overall level of consumer confidence has remained quite favorable and largely unchanged during the past few years,” says Surveys of Consumers chief economist, Richard Curtin. “The October level was nearly identical to the 2019 average (95.6) and only a few Index-points below the average since the start of 2017 (97.0). The focus of consumers has been on income and job growth, while largely ignoring other news.”