

Economic Update, October 29, 2021

Submitted by Bob Moreo

Summary: Indicators this week generally show a slowly growing economy and an improving job market, but the latest group of confidence surveys reveals mixed feelings about current conditions and expectations going forward. After three months of declines, The Conference Board reported [consumer confidence increased in October](#). Lynn Franco, Senior Director of Economic Indicators at The Conference Board, said, “The proportion of consumers planning to purchase homes, automobiles, and major appliances all increased in October—a sign that consumer spending will continue to support economic growth through the final months of 2021. Likewise, nearly half of respondents (47.6%) said they intend to take a vacation within the next six months—the highest level since February 2020.” State Street reported a jump in investor confidence as well, but the University of Michigan’s Survey of Consumers found a small decline, and a Gallup survey found Americans’ confidence at its lowest since April 2020. Despite the uncertainty, *Business Insider* reporter Ben Winck says economists at UBS see three signs [“the US economy roared in October.”](#)

Federal Government Indicators and Reports:

Bureau of Economic Analysis

Thursday, [Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 2.0 percent in the third quarter of 2021 according to the ‘advance’ estimate. . . . In the second quarter, real GDP increased 6.7 percent. . . . From the second quarter to the third quarter, spending for goods turned down (led by motor vehicles and parts) and services decelerated (led by food services and accommodations).”

Bureau of Labor Statistics

Wednesday, [Business Employment Dynamics](#): “From December 2020 to March 2021, gross job gains from opening and expanding private-sector establishments were 8.2 million, a decrease of 667,000 jobs from the previous quarter. . . . Over this period, gross job losses from closing and contracting private-sector establishments were 6.5 million, a decrease of 288,000 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 gain of 1.7 million jobs in the private-sector during the first quarter of 2021.” In Tennessee, there were 144,611 gross job gains and 128,007 gross job losses in the first quarter of 2021, for a net gain of 16,604.

Friday, [Personal Income and Outlays](#): “Personal income decreased \$216.2 billion (1.0 percent) in September. . . . Personal consumption expenditures (PCE) increased \$93.4 billion (0.6 percent).”

Bureau of Transportation Statistics

Tuesday, [North American Transborder Freight](#): The total value of transborder freight between the U.S. and other North American countries (Canada and Mexico) in August 2021 was \$113.1 billion, up 21 percent compared to August 2020 and 7.6 percent higher than in August 2019.

Census Bureau

Tuesday, [New Residential Sales](#): “Sales of new single-family houses in September 2021 were at a seasonally adjusted annual rate of 800,000. . . . This is 14.0 percent above the revised August rate of 702,000 but is 17.6 percent below the September 2020 estimate of 971,000. The median sales price of new houses sold in September 2021 was \$408,800.”

Wednesday, [Advance Economic Indicators](#): “The international trade deficit was \$96.3 billion in September, up \$8.1 billion from \$88.2 billion in August. Exports of goods for September were \$142.2 billion, \$7.0 billion less than August exports. Imports of goods for September were \$238.4 billion, \$1.1 billion more than August imports. Wholesale inventories . . . were estimated at an end-of-month level of \$739.5 billion, up 1.1 percent from August. . . . Retail inventories . . . were estimated at an end-of-month level of \$602.9 billion, down 0.2 percent from August.”

Wednesday, [Advance Report on Durable Goods](#): “New orders for manufactured durable goods in September decreased \$1.0 billion or 0.4 percent to \$261.3 billion . . . following four consecutive monthly increases. . . . Transportation equipment, down two of the last three months, drove the decrease, \$1.8 billion or 2.3 percent to \$77.7 billion. Shipments of manufactured durable goods in September, up four of the last five months, increased \$1.1 billion or 0.4 percent to \$257.0 billion.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending October 23, the advance figure for seasonally adjusted initial claims was 281,000, a decrease of 10,000 from the previous week’s revised level. . . . The 4-week moving average was 299,250, a decrease of 20,750 from the previous week’s revised average.” Tennessee was the state with the second-largest increase in initial claims for the week ending October 16 (+1,688), but the advance, unadjusted, figure of 4,768 initial claims for the week ending October 23 was 812 less than the previous week.

Federal Reserve Bank of Chicago

Friday, [Advance Retail Trade](#): “In the second week of October, the Weekly Index of Retail Trade increased 0.5% on a seasonally adjusted basis after increasing 1.2% in the previous week. For the month of October, retail & food services sales excluding motor vehicles & parts (ex. auto) are projected to increase 2.3% from September on a seasonally adjusted basis and to increase 1.5% when adjusted for inflation.”

Economic Indicators and Confidence:

The Conference Board

Tuesday, [Consumer Confidence Survey](#): “The Conference Board Consumer Confidence Index increased in October, following declines in the previous three months. The Index now stands at 113.8, up from 109.8 in September. The Present Situation Index—based on consumers’ assessment of current business and labor market conditions—rose to 147.4 from 144.3 last month. The Expectations Index—based on consumers’ short-term outlook for income, business, and labor market conditions—improved to 91.3 from 86.7.”

Gallup

Wednesday, [Economic Confidence Index](#): “Americans’ confidence in the economy continues to weaken, and their mentions of a variety of economic issues as the nation’s most important problem are rising—even as a record-high 74% say it is a good time to find a quality job. . . . The current -25 reading is the lowest since -33 in April 2020 and . . . [t]he index has now fallen at least marginally for four consecutive months.”

State Street

Wednesday, [Investor Confidence](#): “The Global Investor Confidence Index increased to 114.4, a rise of 8.4 points from September’s revised reading of 106.0. The increase in investor confidence was led by North American ICI, which rose 8.0 points to 144.0.”

University of Michigan

Friday, [Survey of Consumers](#): “Consumer sentiment remained virtually unchanged from its mid month reading, gaining just 0.3 Index points, and just 0.1 Index points above the average in the past two months, and only 0.1 Index points below the April 2020 low. The positive impact of higher income expectations and the receding coronavirus has been offset by higher rates of inflation and falling confidence in government economic policies.”

Employment and Businesses:

American Staffing Association

Tuesday, [Staffing Index Monthly Report](#): “Staffing employment for the week of Oct. 11–17 edged up 0.2% from the prior week—bringing the ASA Staffing Index to a rounded value of 105. This marks the fifth consecutive week that the index has maintained a value over 100. . . . ‘Temporary jobs appear to have rebounded at sustained levels, indicating strong demand for staffing services and an economy on the mend,’ said Cynthia Davidson, ASA senior director of research.”

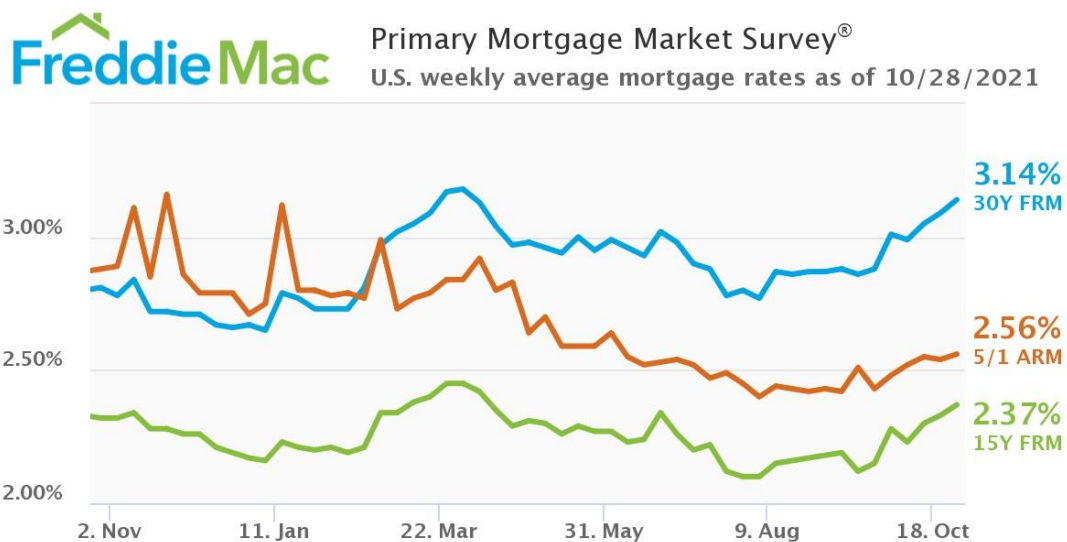
S&P Dow Jones

Wednesday, [S&P 500 LinkUp Jobs Index](#): The overall jobs index improved by 0.91% over the previous week’s level. Jobs in the utilities sector showed the biggest weekly gain.

Mortgages and Housing Markets:

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “30-year fixed-rate mortgage averaged 3.14 percent . . . for the week ending October 28, 2021, up from last week when it averaged 3.09 percent. A year ago at this time, the 30-year FRM averaged 2.81 percent.”



Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications Survey](#): “Mortgage applications increased 0.3 percent from one week earlier, according to data . . . for the week ending October 22, 2021. . . . The

average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$548,250 or less) increased to 3.30 percent from 3.23 percent.”

National Association of Realtors

Thursday, [Pending Home Sales Index](#): “Each of the four major U.S. regions saw contract activity decline month-over-month and year-over-year. . . . The Pending Home Sales Index . . . decreased 2.3% to 116.7 in September. Year-over-year, signings decreased 8.0%.”

S&P CoreLogic

Tuesday, [Case-Shiller National Home Price Index](#): The national index “reported a 19.8% annual gain in August, remaining the same as the previous month. . . . The 20-City Composite posted a 19.7% year-over-year gain, down from 20.0% in the previous month. Phoenix, San Diego, and Tampa reported the highest year-over-year gains.”