

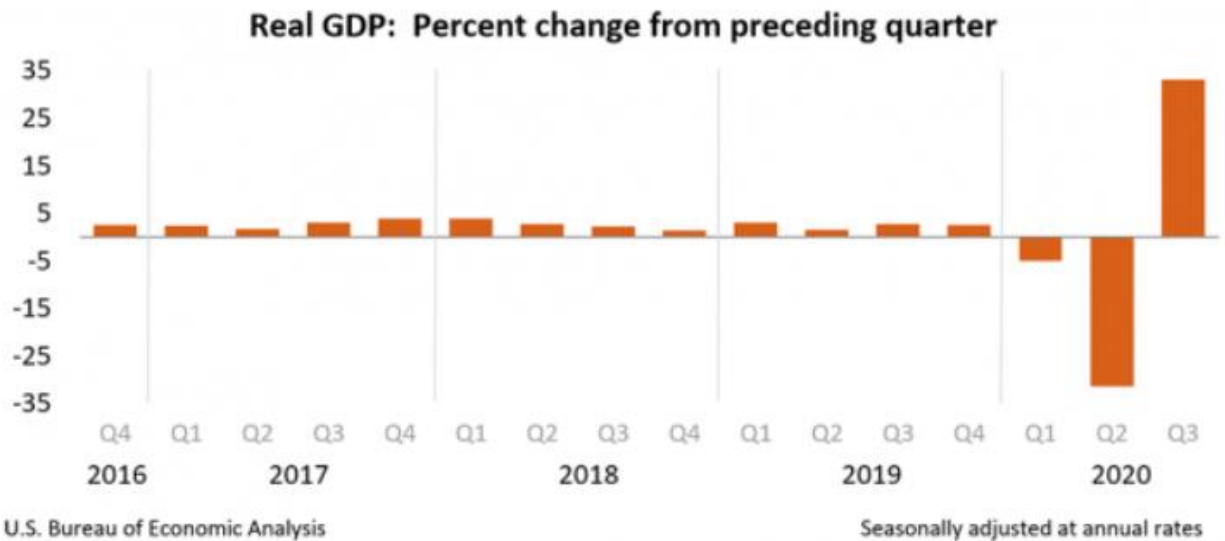
Summary: Happy Halloween! First the treat: Advanced estimates for gross domestic product show a 33.1 percent increase for the third quarter. Personal income and wages both increased, partially because of a large swath of Census workers covering the country. Freight shipments between the U.S., Mexico, and Canada increased, while the overall trade deficit decreased. Unemployment continues to decrease, and the housing market couldn't be better—lowest mortgage rates in history, forbearance rates declining, and both home builder and prospective home buyer confidence rising. However, Halloween also has tricks: This week, it's confidence in the future. Both consumer and investor confidence are down, as positive test results for COVID-19 hit all-time highs. Remember to set your clocks back Sunday.

Federal Government Indicators and Reports:

Bureau of Economic Analysis

Thursday, [Gross Domestic Product \(Advance Estimate\)](#): “Real gross domestic product (GDP) increased at an annual rate of 33.1 percent in the third quarter of 2020. . . . The increase in real GDP reflected increases in personal consumption expenditures (PCE), private inventory investment, exports, nonresidential fixed investment, and residential fixed investment that were partly offset by decreases in federal government spending (reflecting fewer fees paid to administer the Paycheck Protection Program loans) and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased.”

Real GDP: Percent change from preceding quarter, Q3 2020 (Adv)



Friday, [Personal Income and Outlays](#): “Personal income increased \$170.3 billion (0.9 percent) in September. . . . Disposable personal income (DPI) increased \$150.3 billion (0.9 percent) and personal consumption expenditures (PCE) increased \$201.4 billion (1.4 percent). The increase in personal income in September reflected increases in proprietors’ income, compensation of employees, and rental income of persons that were partly offset by a decrease in government social benefits. Within compensation, government wage and salary disbursements decreased \$7.4 billion in September, following an increase of \$23.9 billion in August.”

Bureau of Labor Statistics

Wednesday, [Metropolitan Area Employment and Unemployment](#): “Unemployment rates were higher in September than a year earlier in 388 of the 389 metropolitan areas and lower in 1 area. . . . A total of 73 areas had jobless rates of less than 5.0 percent and 31 areas had rates of at least 10.0 percent. Nonfarm payroll employment decreased over the year in 251 metropolitan areas and was essentially unchanged in 138 areas. The national unemployment rate in September was 7.7 percent, not seasonally adjusted, up from 3.3 percent a year earlier.” Unemployment rates for the ten metropolitan areas in Tennessee improved from August levels. Knoxville had the lowest unemployment rate in the state—4.7 percent. Memphis had the highest—8.9 percent.

Wednesday, [Business Employment Dynamics](#): “From December 2019 to March 2020, gross job gains from opening and expanding private-sector establishments were 7.0 million, a decrease of 901,000 jobs from the previous quarter. . . . Over this period, gross job losses from closing and contracting private-sector establishments were 7.7 million, an increase of 685,000 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 loss of 773,000 jobs in the private-sector during the first quarter of 2020.” During the same period, Tennessee had a net loss of almost 11,200 jobs (128,960 jobs gained, less 140,158 lost).

Friday, [Employment Cost Index](#): “Compensation costs for civilian workers increased 0.5 percent, seasonally adjusted, for the 3-month period ending in September 2020. . . . Wages and salaries increased 0.4 percent and benefit costs increased 0.6 percent from June 2020.”

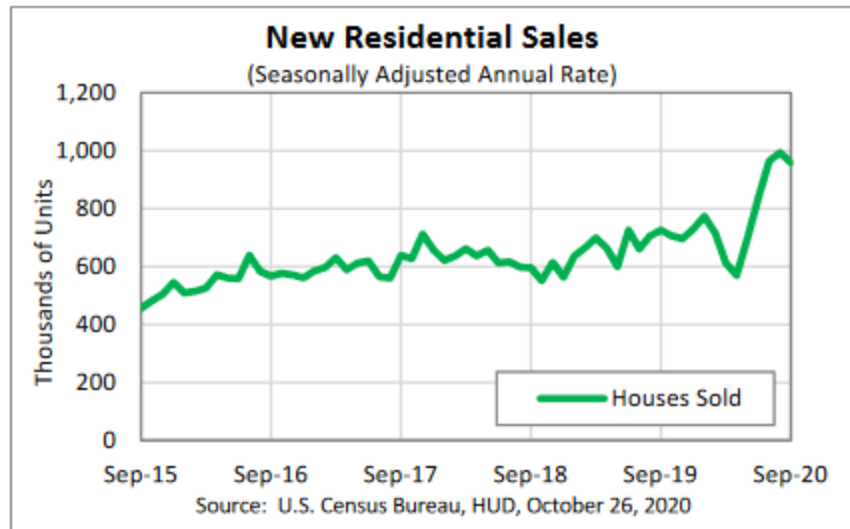
Transportation Statistics

Monday, [U.S. Domestic Air Fares](#): “U.S. domestic air fares declined in the second quarter of 2020 to \$259, the lowest inflation-adjusted quarterly air fare in Bureau of Transportation Statistics (BTS) records dating back to 1995. The previous low was \$334 in the first quarter of 2020. . . . Air fares declined along with passenger demand. Airlines reported 11.5 million originating passengers in the second quarter of 2020, down from 87.2 million passengers a year earlier.”

Tuesday, [North American Transborder Freight](#): There was \$93.4 billion in total transborder freight moved by all modes of transportation in August, up 2.7 percent from July 2020 and up 13.9% from June 2020. Transborder freight was down 11.1% in August compared to a year ago.

Census Bureau

Monday, [New Residential Sales](#): “Sales of new single-family houses in September 2020 were at a seasonally adjusted annual rate of 959,000. . . . This is 3.5 percent below the revised August rate of 994,000 but is 32.1 percent above the September 2019 estimate of 726,000. The median sales price of new houses sold in September 2020 was \$326,800. . . . The seasonally-adjusted estimate of new houses for sale at the end of September was 284,000. This represents a supply of 3.6 months at the current sales rate.”



Tuesday, [Durable Goods Manufacturers’ Shipments, Inventories, and Orders](#): “New orders for manufactured durable goods in September increased \$4.3 billion or 1.9 percent to \$237.1 billion. . . . This increase, up five consecutive months, followed a 0.4 percent August increase. Excluding transportation, new orders increased 0.8 percent. Excluding defense, new orders increased 3.4 percent. Transportation equipment, up four of the last five months, led the increase, \$3.0 billion or 4.1 percent to \$76.8 billion.”

Tuesday, [Residential Vacancies and Home Ownership](#): “National vacancy rates in the third quarter 2020 were 6.4 percent for rental housing and 0.9 percent for homeowner housing. The rental vacancy rate of 6.4 percent was 0.4 percentage points lower than the rate in the third quarter 2019 (6.8 percent) and 0.7 percentage points higher than the rate in the second quarter 2020 (5.7 percent). The homeowner vacancy rate of 0.9 percent was 0.5 percentage points lower than the rate in the third quarter 2019 (1.4 percent) and virtually unchanged from the rate in the second quarter 2020 (0.9 percent).”

Wednesday, [Advance Economic Indicators](#): “The international trade deficit was \$79.4 billion in September, down \$3.7 billion from \$83.1 billion in August. . . . Wholesale inventories for September, adjusted for seasonal variations but not for price changes, were estimated at an end-of-month level of \$634.8 billion, down 0.1 percent from August 2020, and were down 4.5 percent from September 2019. . . . Retail inventories for September, adjusted for seasonal variations but not for price changes, were estimated at an end-of-month level of \$607.0 billion, up 1.6 percent from August 2020, and were down 9.1 percent from September 2019.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending October 24, the advance figure for seasonally adjusted initial claims was 751,000, a decrease of 40,000 from the previous week’s revised level. . . . The 4-week moving average was 787,750, a decrease of 24,500 from the previous week’s revised average. . . . The advance seasonally adjusted insured unemployment rate was 5.3 percent for the week ending October 17, a decrease of 0.5 percentage point from the previous week’s revised rate.” In Tennessee, the advance figure for seasonally adjusted initial claims the week ending October 24 was 7,770—2,642 fewer than the week prior. For the same week, the advance number of Pandemic Unemployment Assistance claims was 2,836, which was 282 fewer than the

previous week. The following table counts Tennesseans claiming benefits in all programs for the week ending October 10 (unadjusted):

Tennessee: Total Claims for the Week Ending October 10 (not seasonally adjusted)

88,163	Advance Insured Unemployment
97	Unemployment Compensation program for Federal Employees (UCFE)
68	Unemployment Compensation for Ex-servicemembers (UCX)
84,416	Pandemic Unemployment Assistance (PUA) Continued Claims
49,239	Pandemic Emergency Unemployment Compensation (PEUC) Claims
2,506	Extended Benefits (EB) Claims
224,489	

Federal Reserve Bank of Chicago

Monday, [National Activity Index](#): “Led by some further moderation in the growth of production- and employment-related indicators, the Chicago Fed National Activity Index (CFNAI) declined to +0.27 in September from +1.11 in August. Three of the four broad categories of indicators used to construct the index made positive contributions in September, but three of the four categories decreased from August. The index’s three-month moving average, CFNAI-MA3, moved down to +1.33 in September from +3.22 in August.” Positive values for the index are associated with above-average growth.

Wednesday, [National Financial Conditions Index](#): “The NFCI ticked down to –0.52 in the week ending October 23.” Negative values for the index are associated with looser-than-average financial conditions.

Economic Indicators and Confidence:

The Conference Board

Tuesday, [Consumer Confidence](#): The Index “declined slightly in October, after increasing sharply in September. The Index now stands at 100.9 (1985=100), down from 101.3 in September. The Present Situation Index—based on consumers’ assessment of current business and labor market conditions—increased from 98.9 to 104.6. However, the Expectations Index—based on consumers’ short-term outlook for income, business, and labor market conditions—decreased from 102.9 in September to 98.4 this month.”

State Street

Wednesday, [Investor Confidence Index](#): The Index “decreased to 80.1, down 3.8 points from September’s revised reading of 83.9. The drop in Investor Confidence was primarily driven by a 17.4 drop in European ICI to 92.8. The North American ICI fell a more modest 2.0 points to 76.8. Meanwhile Asian ICI increased to 91.7 from 84.5. . . . ‘Aggregate risk appetite slipped in October, and the decline in sentiment was seemingly driven by US and European investors, as a second wave COVID infections rose sharply and simultaneously across regions, again elevating concerns about growth,’ said Rajeev Bhargava, head of Investor Behavior Research, State Street Associates.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment remained virtually unchanged from the first half of October (+0.6 points) and was insignificantly different from last month's figure (+1.4 points). . . . Fears were generated by rising COVID infection and death rates.”

Mortgages and Housing Markets:

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): The “30-year fixed-rate mortgage averaged 2.81 percent . . . for the week ending October 29, 2020, up slightly from last week when it averaged 2.80 percent. A year ago at this time, the 30-year FRM averaged 3.78 percent.”

Mortgage Bankers Association

Monday, [Forbearance and Call Volume Survey](#): “The total number of loans now in forbearance decreased by 2 basis points from 5.92% of servicers’ portfolio volume in the prior week to 5.90% as of October 18, 2020. According to MBA’s estimate, 3.0 million homeowners are in forbearance plans.”

Wednesday, [Weekly Mortgage Applications Survey](#): “Mortgage applications increased 1.7 percent from one week earlier . . . for the week ending October 23, 2020. . . . The refinance share of mortgage activity increased to 66.7 percent of total applications from 66.1 percent the previous week.”

National Association of Home Builders

Tuesday, [Housing Trends](#): “More than one-in-four prospective buyers (28%) in the third quarter of 2020 expect their search for a home to become easier in the months ahead, while 61% percent expect it will be harder or stay the same. . . . Strong new and existing home sales in the summer of 2020 may have been a factor contributing to buyers’ improved expectations for housing availability. By contrast, a year earlier, fewer buyers (21%) expected availability improvements and more (68%) thought it would be difficult to search for a home.”

Thursday, [Builder Confidence](#): “Builder confidence in the single-family 55+ housing market reached an all-time high in the third quarter, jumping 18 points to 83. . . . ‘We saw 55+ buyers come out in force in the third quarter of this year, driving strong growth in sales at 55+ communities,’ said Harry Miller III, chairman of NAHB’s 55+ Housing Industry Council and president of Regal Builders LLC in Dover, Del. ‘However, shortages of key building materials are contributing to affordability concerns and delayed construction schedules, although recent declines in lumber prices offer good news.’”

National Association of Realtors

Thursday, [Pending Home Sales](#): “Pending home sales experienced a minor decline in September after four consecutive months of contract activity growth. . . . While all four major U.S. regions recorded notable year-over-year increases, only the Northeast achieved month-over-month gains in pending home sales transactions.”