

Economic Update, November 17, 2023

Submitted by Bob Moreo

Summary: Reports this week showed inflation flattening and signs of a cooling U.S. economy in October. Cheaper gas prices helped “[take] the edge off U.S. inflation,” [writes MarketWatch’s Jeffrey Bartash](#), as consumer prices showed “the smallest increase in 15 months” and came in lower than economists’ forecasts. According to [Reuters’ Lucia Mutikani](#), “retail sales fell for the first time in seven months in October as motor vehicle purchases and spending on hobbies dropped.” Mutikani said slowing demand “further strengthened expectations the Federal Reserve is done hiking interest rates.” Auto workers on strike contributed to a 10 percent drop in the output of motor vehicles and parts, according to [Federal Reserve data for October](#). Despite the evidence of a cooling economy, researchers at the [University of Michigan](#) expect the “U.S. economy to avoid a recession over the next two years.”

Federal Government Indicators and Reports:

Bureau of Economic Analysis

Thursday, [Personal Income by County and Metropolitan Area](#): “Personal income, in current dollars, increased in 1,964 counties, decreased in 1,107, and was unchanged in 43 counties in 2022. . . . Personal income increased 2.1 percent in the metropolitan portion of the United States and 1.3 percent in the nonmetropolitan portion.”

Per Capita Personal Income by County in Tennessee, 2022

(Top three, bottom three, and statewide total)

Tennessee	58,292	--
Williamson, TN	119,937	1
Davidson, TN	85,551	2
Fayette, TN	73,510	3
Hardeman, TN	34,765	93
Hancock, TN	31,828	94
Lake, TN	30,404	95

Bureau of Labor Statistics

Tuesday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) was unchanged in October on a seasonally adjusted basis, after increasing 0.4 percent in September. . . . Over the last 12 months, the all items index increased 3.2 percent before seasonal adjustment. . . . The index for all items less food and energy rose 0.2 percent in October, after rising 0.3 percent in September. The shelter index increased 0.3 percent in October, after rising 0.6 percent the previous month.”

Tuesday, [Real Earnings](#): “Real average hourly earnings for all employees increased 0.2 percent from September to October, seasonally adjusted. . . . Real average hourly earnings increased 0.8 percent, seasonally adjusted, from October 2022 to October 2023.”

Wednesday, [Producer Price Index](#): “The Producer Price Index for final demand fell 0.5 percent in October, seasonally adjusted, after advancing 0.4 percent in September. . . . In October, the index for final demand goods fell 1.4 percent. Prices for final demand services were unchanged.”

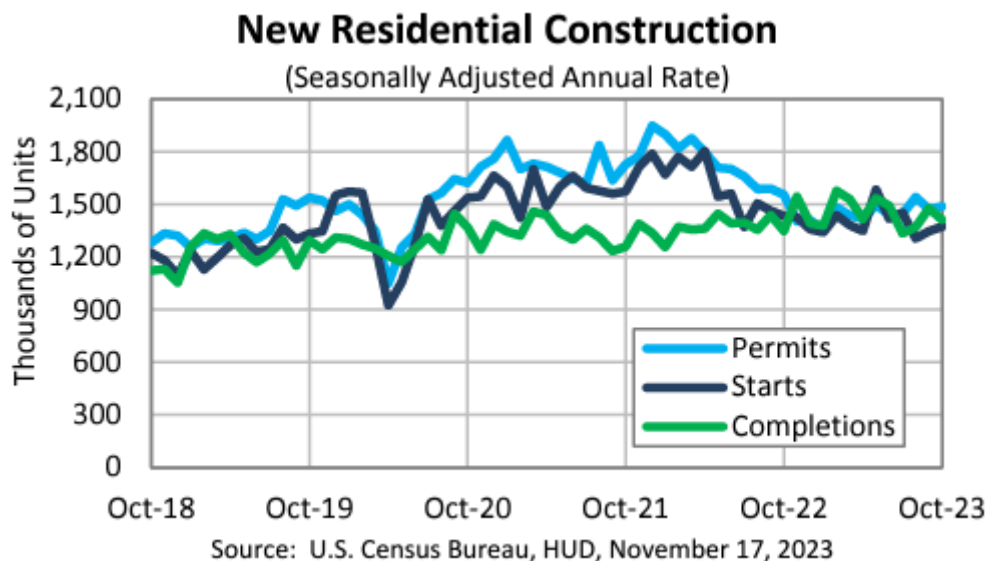
Thursday, [U.S. Import and Export Price Indexes](#): “U.S. import prices declined 0.8 percent in October, after increasing 0.4 percent in September. . . . Lower fuel and nonfuel prices contributed to the decrease. Prices for U.S. exports fell 1.1 percent in October following a 0.5-percent rise the previous month.”

Census Bureau

Wednesday, [Advance Monthly Sales for Retail and Food Services](#): “Advance estimates of U.S. retail and food services sales for October 2023 . . . were \$705.0 billion, down 0.1 percent from the previous month, and up 2.5 percent above October 2022. Total sales for the August 2023 through October 2023 period were up 3.1 percent from the same period a year ago.”

Wednesday, [Manufacturing and Trade Inventories and Sales](#): “The combined value of distributive trade sales and manufacturers’ shipments for September . . . was estimated at \$1,879.3 billion, up 1.1 percent from August 2023 and was up 1.6 percent from September 2022. [Inventories] were estimated at an end-of-month level of \$2,559.2 billion, up 0.4 percent from August 2023 and were up 1.3 percent from September 2022.”

Friday, [New Residential Construction](#): “Privately-owned housing units authorized by building permits in October were at a seasonally adjusted annual rate of 1,487,000. This is 1.1 percent above the revised September rate of 1,471,000 but is 4.4 percent below the October 2022 rate of 1,555,000. . . . Privately-owned housing starts in October were at a seasonally adjusted annual rate of 1,372,000. This is 1.9 percent above the revised September estimate of 1,346,000 but is 4.2 percent below the October 2022 rate of 1,432,000.”



Friday, [Advance Services Report](#): “Advance U.S. selected services total revenue for the third quarter of 2023, adjusted for seasonal variation but not for price changes, was \$5,291.9 billion, an increase of 0.7 percent from the second quarter of 2023 and up 6.5 percent from the third quarter of 2022.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending November 11, the advance figure for seasonally adjusted initial claims was 231,000, an increase of 13,000 from the previous week’s revised level. . . . The 4-week moving average was 220,250, an increase of 7,750 from the previous week’s revised average.”

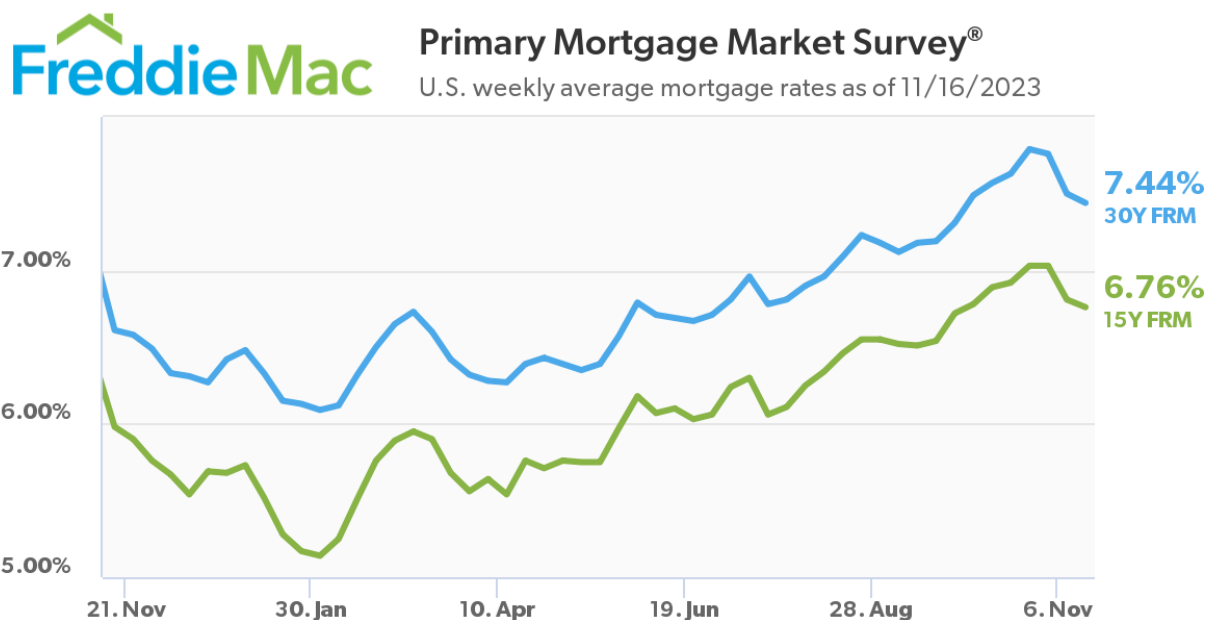
Federal Reserve Board

Thursday, [Industrial Production and Capacity Utilization](#): “Industrial production declined 0.6 percent in October. Manufacturing output fell 0.7 percent. Much of this decline was due to a 10 percent drop in the output of motor vehicles and parts that was affected by strikes at several major manufacturers of motor vehicles—the index for manufacturing excluding motor vehicles and parts edged up 0.1 percent.”

Mortgages and Housing Markets:

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “For the third straight week, mortgage rates trended down, as new data indicates that inflationary pressures are receding,” said Sam Khater, Freddie Mac’s Chief Economist. . . . 30-year fixed-rate mortgage averaged 7.44 percent as of November 16, 2023, down from last week when it averaged 7.5 percent. A year ago at this time, the 30-year FRM averaged 6.61 percent.”



Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications increased 2.8 percent from one week earlier, according to data . . . for the week ending November 10, 2023. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$726,200 or less) remained unchanged at 7.61 percent.”

National Association of Home Builders

Thursday, [Housing Market Index](#): “High mortgage rates that approached 8 percent earlier this month continue to hammer builder confidence, but recent economic data suggest housing conditions may improve in the coming months. Builder confidence in the market for newly built single-family homes in November fell six points to 34 in November. . . . This is the fourth consecutive monthly drop in builder confidence, as sentiment levels have declined 22 points since July and are at their lowest level since December 2022.”

Other Consumer and Business Indicators:

The Conference Board

Friday, [Help Wanted Online](#): “The Conference Board–Lightcast Help Wanted Online Index fell in October to 156.4 (July 2018=100), down from an upwardly revised 160.9 in September. The 2.8 percent decrease between September and October follows a 0.6 percent increase between August and September. Overall, the Index is down 2.1 percent from one year ago.”

Federal Reserve Bank of New York

Monday, [Survey of Consumer Expectations](#): “Inflation expectations declined slightly at the short- and longer-term horizons while remaining unchanged at the medium-term horizon. Labor market expectations and household expectations of future income and spending growth were largely stable. . . . Perceptions about households’ current financial situations improved in October with more respondents reporting being better off than a year ago and fewer respondents reporting being worse off. Year-ahead expectations were mixed with both a larger share of respondents expecting to be worse off and a larger share of respondents expecting to be better off a year from now.”

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): “The Optimism Index decreased 0.1 points in October to 90.7. This is the 22nd consecutive month below the 50-year average of 98. The last time the Index was at or above the average was December 2021. Of the 10 index components, 5 increased, 2 decreased, and 3 were unchanged. . . . Owners’ plans to fill open positions remain elevated, with a seasonally adjusted net 17 percent planning to create new jobs in the next three months. . . . Twenty-four percent plan capital outlays in the next few months, unchanged from September.”