

Economic Update, November 20, 2020
Submitted by Michael Mount

Summary: Homebuilders' confidence hit another all-time high, and housing starts increased as home buyers unleashed pent-up demand from the spring. Industrial production increased 1.1 percent in October. But growth in retail sales was weak, and initial claims for unemployment insurance increased after four weeks of improvement. The Leading Economic Index indicated that economic growth will slow in the final months of 2020.

Federal Government Indicators and Reports:

Bureau of Economic Analysis

Tuesday, [Personal Income by County and Metropolitan Area](#): "In 2019, personal income increased in 2,964 counties, decreased in 139, and was unchanged in 10. . . . Personal income increased 4.0 percent in the metropolitan portion of the United States and increased 3.5 percent in the nonmetropolitan portion." Personal income in Tennessee increased 3.1 percent from 2018 to 2019.

Bureau of Labor Statistics

Tuesday, [US Import and Export Prices](#): "U.S. import prices edged down 0.1 percent in October . . . after rising 0.2 percent the previous month. The October decline was driven by lower fuel prices which more than offset higher nonfuel prices. In contrast, prices for U.S. exports increased 0.2 percent in October following a 0.6-percent advance in September."

Wednesday, [County Employment and Wages](#): "From June 2019 to June 2020, employment decreased in all of the 357 largest U.S. counties. . . . In June 2020, national employment decreased to 135.1 million, a 9.4-percent decrease over the year." Employment in Tennessee decreased 6.6 percent.

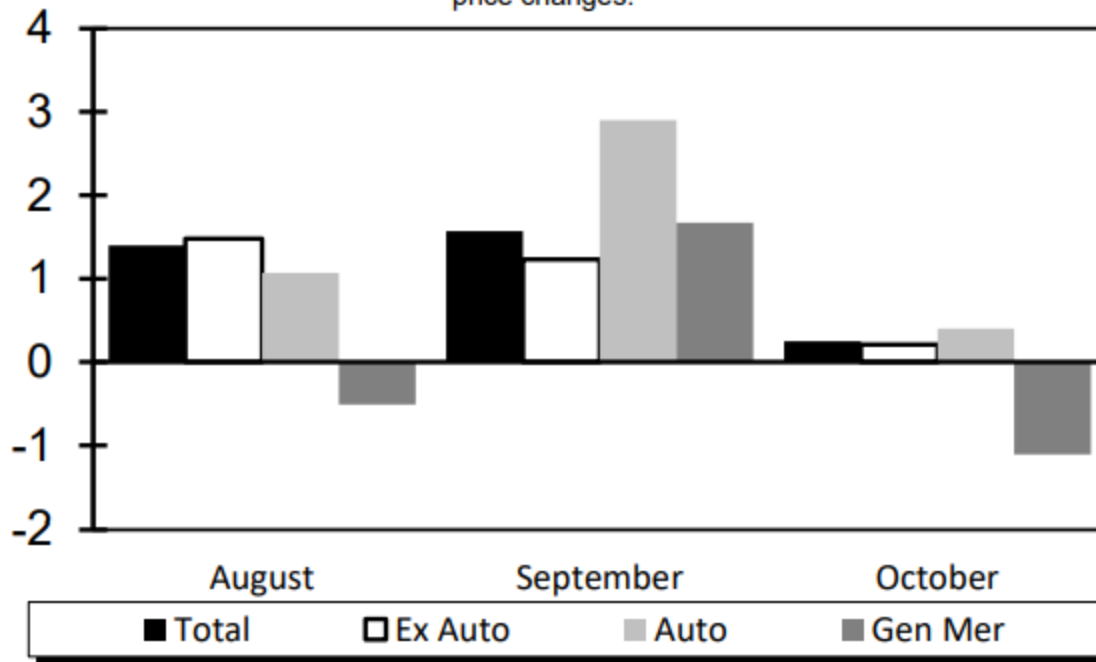
Thursday, [Multifactor Productivity Trends in Manufacturing](#): "Manufacturing sector multifactor productivity declined 1.6 percent in 2019. . . . Among the 19 manufacturing industries, 16 experienced declines in multifactor productivity growth in 2019. The largest declines in multifactor productivity were in the chemical products, the furniture and related products, and the apparel and leather and applied products industries. The primary metals products industry showed the largest gains in multifactor productivity."

US Census

Tuesday, [Retail Sales](#): "Advance estimates of U.S. retail and food services sales for October 2020 . . . were \$553.3 billion, an increase of 0.3 percent from the previous month, and 5.7 percent above October 2019. Total sales for the August 2020 through October 2020 period were up 5.1 percent from the same period a year ago. The August 2020 to September 2020 percent change was revised from up 1.9 percent to up 1.6 percent."

Percent Change in Retail and Food Services Sales from Previous Month

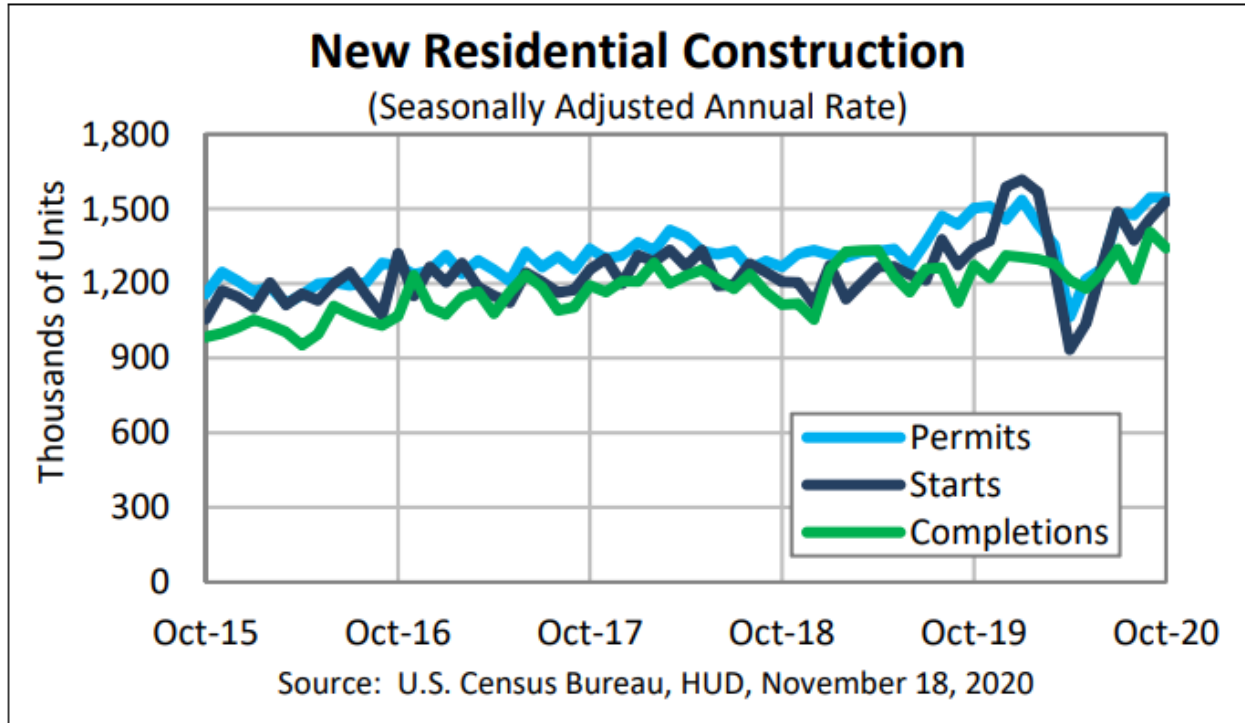
Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes.



Source: U.S. Census Bureau, Advanced Monthly Retail Trade Survey,
November 17, 2020

Tuesday, [Manufacturing and Trade Inventories and Sales](#): “The combined value of distributive trade sales and manufacturers’ shipments for September . . . was estimated at \$1,465.1 billion, up 0.6 percent from August 2020 and was up 0.8 percent from September 2019. Manufacturers’ and trade inventories for September . . . were estimated at an end-of-month level of \$1,932.8 billion, up 0.7 percent from August 2020, but were down 4.7 percent from September 2019.”

Wednesday, [Housing Starts](#): “Privately-owned housing starts in October were at a seasonally adjusted annual rate of 1,530,000. This is 4.9 percent above the revised September estimate of 1,459,000 and is 14.2 percent above the October 2019 rate of 1,340,000.”



Wednesday, [Services](#): “Advance U.S. selected services total revenue for the third quarter of 2020 . . . was \$3,929.8 billion, an increase of 7.8 percent from the second quarter of 2020 and down 3.9 percent from the third quarter of 2019. The first quarter of 2020 to second quarter of 2020 percentage change was revised from the preliminary estimate of -9.1 percent to -9.2 percent.”

Department of Labor:

Thursday, [Initial Claims](#): “In the week ending November 14, the advance figure for seasonally adjusted initial claims was 742,000, an increase of 31,000 from the previous week’s revised level. . . . The 4-week moving average was 742,000, a decrease of 13,750 from the previous week’s revised average.”

US Treasury

Tuesday, [International Capital Flows](#): “The sum total in September of all net foreign acquisitions of long-term securities, short-term U.S. securities, and banking flows was a net [Treasury International Capital] outflow of \$79.9 billion. Of this, net foreign private outflows were \$40.3 billion, and net foreign official outflows were \$39.6 billion. . . . Taking into account transactions in both foreign and U.S. securities, net foreign purchases of long-term securities were \$108.9 billion.”

Economic Indicators and Confidence

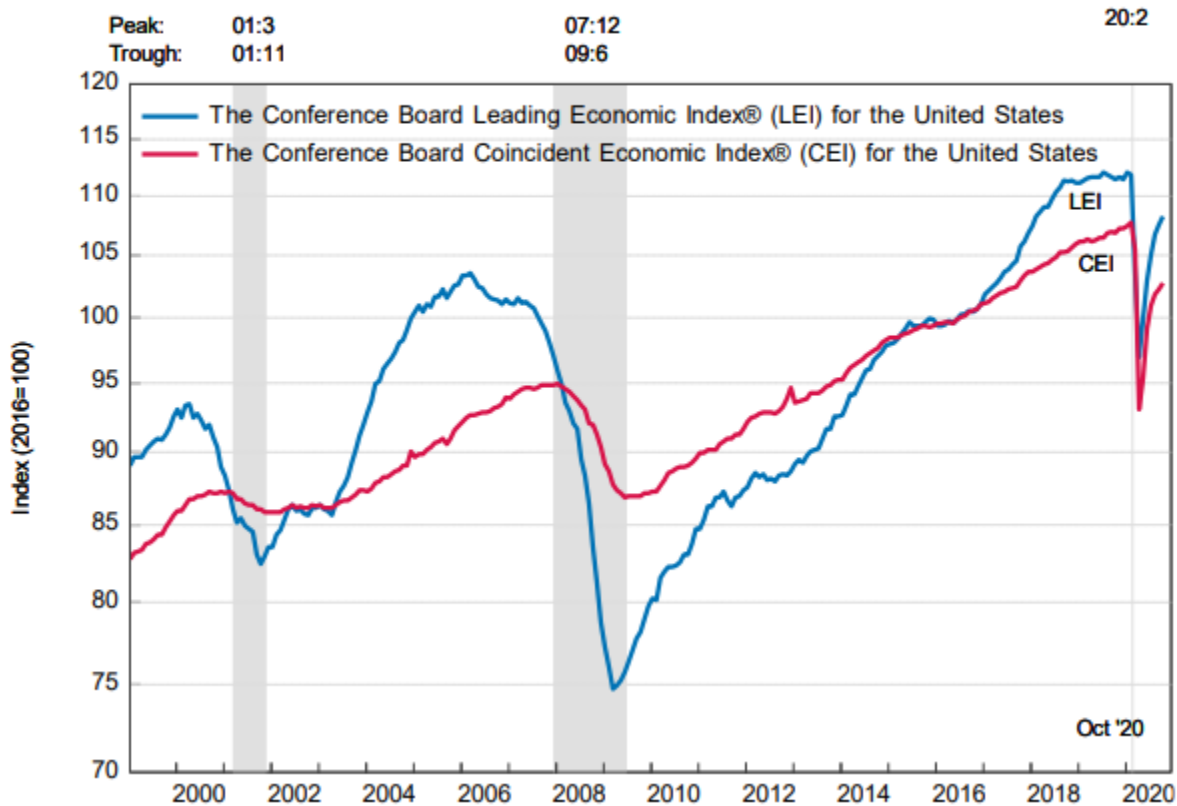
Federal Reserve

Tuesday, [Industrial Production and Capacity Utilization](#): “Industrial production rose 1.1 percent in October. The index has recovered much of its 16.5 percent decline from February to April, but output in October was still 5.6 percent lower than its pre-pandemic February level. After edging up 0.1 percent in September, manufacturing output increased 1.0 percent in October. . . . Capacity utilization for the industrial sector increased 0.8 percentage point in October to 72.8 percent, a rate that is 7.0 percentage points below its long-run (1972–2019) average but 8.6 percentage points above its low in April.”

The Conference Board

Thursday, [Leading Economic Index](#): The index “increased 0.7 percent in October to 108.2 (2016 = 100), following a 0.7 percent increase in September and a 1.6 percent increase in August” and “has been decelerating in recent months, which suggests growth will moderate significantly in the final months of 2020.”

The Conference Board Leading Economic Index® (LEI) for the U.S. Increased in October



Mortgages and Housing Markets

National Association of Home Builders

Tuesday, [Housing Market Index](#): “In another sign that housing continues to lead the economy forward, builder confidence in the market for newly-built single-family homes increased five points to 90 in November, shattering the previous all-time high of 85 recorded in October. Builder confidence levels have hit successive all-time highs over the past three months.”

Mortgage Bankers Association

Thursday, [Mortgage Applications](#): “New home sales activity was robust in October, with mortgage applications for new home purchases increasing almost 33 percent compared to October 2019, and 5 percent from last month. . . . October is usually when home buying activity slows as the weather turns colder. However, this fall has been a different story, with delayed activity from the spring, and more households seeking larger homes with more indoor and outdoor space, driving demand. Additionally, the average loan size in October increased to \$355,684, a new survey high since 2013.”