

Economic Update, December 1, 2023
Submitted by Carly Van Syckle

Summary: Federal government indicators and reports this week show positive trends in GDP and personal income. Initial claims rose at the national level, while decreasing slightly in Tennessee. The quarterly Beige Book released from the Federal Reserve revealed that economic activity slowed from the past report as [“the economic outlook for the next six to twelve months diminished over the reporting period.”](#) Other new data from the Conference Board show increases in the Consumer Confidence Index and the Expectations Index. In the housing market, mortgage applications increased as mortgage rates decreased from the previous week.

Federal Government Indicators and Report

U.S. Census Bureau

Wednesday, [Advance International Trade](#): “The international trade deficit was \$89.8 billion in October, up \$3.0 billion from \$86.8 billion in September. Exports of goods for October were \$170.8 billion, \$3.0 billion less than September exports.”

Bureau of Economic Analysis

Wednesday, [Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 5.2 percent in the third quarter of 2023. . . . In the second quarter, real GDP increased 2.1 percent. . . . Compared to the second quarter, the acceleration in real GDP in the third quarter primarily reflected accelerations in consumer spending and private inventory investment and an upturn in exports that were partly offset by a deceleration in nonresidential fixed investment.”

Thursday, [Personal Income](#): “Personal income increased \$57.1 billion (0.2 percent at a monthly rate) in October. . . . Disposable personal income (DPI), personal income less personal current taxes, increased \$63.4 billion (0.3 percent), and personal consumption expenditures (PCE) increased \$41.2 billion (0.2 percent).”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending November 25, the advance figure for seasonally adjusted initial claims was 218,000, an increase of 7,000 from the previous week’s revised level.” There were 2,460 initial claims in Tennessee, a decrease of 146 from the previous week.

Bureau of Labor Statistics

Thursday, [Unemployment Rates](#): “Unemployment rates were higher in October than a year earlier in 223 of the 389 metropolitan areas, lower in 137 areas, and unchanged in 29

areas. . . . Nonfarm payroll employment increased over the year in 52 metropolitan areas and was essentially unchanged in 337 areas. The national unemployment rate in October was 3.6 percent, not seasonally adjusted, up from 3.4 percent a year earlier.”

Economic Indicators and Confidence

The Conference Board

Tuesday, [Consumer Confidence](#): “The Conference Board Consumer Confidence Index increased in November to 102.0, up from a downwardly revised 99.1 in October. The Present Situation Index—based on consumers’ assessment of current business and labor market conditions—ticked down slightly to 138.2 from 138.6. The Expectations Index—based on consumers’ short-term outlook for income, business, and labor market conditions—rose to 77.8 in November, up from its downwardly revised reading of 72.7 in October.”

Federal Reserve

Wednesday, [Beige Book](#): “On balance, economic activity slowed since the previous report, with four Districts reporting modest growth, two indicating conditions were flat to slightly down, and six noting slight declines in activity. Retail sales, including autos, remained mixed; sales of discretionary items and durable goods, like furniture and appliances, declined, on average, as consumers showed more price sensitivity. . . . The economic outlook for the next six to twelve months diminished over the reporting period.” In the Atlanta District (which includes the eastern two-thirds of Tennessee), “Economic activity grew slowly. Labor markets cooled, and wage pressures eased.” In the St. Louis District (which includes the western third of Tennessee), “Economic activity has slowed slightly. . . . Construction activity slowed, with multifamily in particular seeing projects delayed or cancelled due to higher rates”

Mortgage and Housing Market

U.S. Census Bureau

Monday, [New Residential Sales](#): “Sales of new single-family houses in October 2023 were at a seasonally adjusted annual rate of 679,000. . . . This is 5.6 percent below the revised September rate of 719,000 but is 17.7 percent above the October 2022 estimate of 577,000. The median sales price of new houses sold in October 2023 was \$409,300. The average sales price was \$487,000.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 0.3 percent from one week earlier.” According to Joel Kan, MBA’s Vice President and Deputy Chief Economist, “Rates have declined more than 50 basis points over the past six weeks, which has helped to spur a small increase in purchase applications, but activity last week was still around 20 percent lower than a year ago. The purchase market remains depressed because of the ongoing, low supply of existing homes on the market.”

FreddieMac

Thursday, [Mortgage Rates](#): “The 30-year [fixed-rate mortgage] averaged 7.22 percent as of November 30, 2023, down from last week when it averaged 7.29 percent. A year ago at this time, the 30-year FRM averaged 6.49 percent. The 15-year FRM averaged 6.56 percent, down from last week when it averaged 6.67 percent. A year ago at this time, the 15-year FRM averaged 5.76 percent.”