

Economic Update, December 21, 2023  
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Summary: Federal government indicators and reports this week show positive trends in GDP, and measures of consumer confidence increased, though business applications and building permits decreased. Initial claims rose at the national level, while decreasing slightly in Tennessee. In the housing market, builder sentiment rose, and existing home sales increased, with mortgage rates dropping to their lowest level since June.

**Federal Government Indicators and Report**

U.S. Census Bureau

Monday, [Business Formation](#): “Business Applications for November 2023, adjusted for seasonal variation, were 464,838, a decrease of 1.6 percent compared to October 2023. Projected Business Formations (within 4 quarters) for November 2023, adjusted for seasonal variation, were 29,649, an increase of 3.2 percent compared to October 2023.”

Tuesday, [New Construction](#): “Privately-owned housing units authorized by building permits in November were at a seasonally adjusted annual rate of 1,460,000. This is 2.5 percent below the revised October rate of 1,498,000 but is 4.1 percent above the November 2022 rate of 1,402,000. . . . Privately-owned housing starts in November were at a seasonally adjusted annual rate of 1,560,000. This is 14.8 percent above the revised October estimate of 1,359,000 and is 9.3 percent above the November 2022 rate of 1,427,000.”

Bureau of Economic Analysis

Wednesday, [U.S. International Transactions](#): “The U.S. current-account deficit, which reflects the combined balances on trade in goods and services and income flows between U.S. residents and residents of other countries, narrowed by \$16.5 billion, or 7.6 percent, to \$200.3 billion in the third quarter of 2023.”

Thursday, [GDP](#): “Real gross domestic product (GDP) increased at an annual rate of 4.9 percent in the third quarter of 2023. . . . The increase in real GDP reflected increases in consumer spending, private inventory investment, exports, state and local government spending, federal government spending, residential fixed investment, and nonresidential fixed investment.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending December 16, the advance figure for seasonally adjusted initial claims was 205,000, an increase of 2,000 from the previous week’s revised level.” There were 3,088 claims in Tennessee, a decrease of 144 from the week prior.

## **Economic Indicators and Confidence**

The Conference Board

Wednesday, [Consumer Confidence](#): “The Conference Board Consumer Confidence Index increased in December to 110.7, up from a downwardly revised 101.0 in November. The Present Situation index . . . rose to 148.5 from 136.5 last month. The Expectations Index . . . leapt to 85.6 in December, up from its downwardly revised reading of 77.4 in November. . . . ‘December’s increase in consumer confidence reflected more positive ratings of current business conditions and job availability, as well as less pessimistic views of business, labor market, and personal income prospects over the next six months,’ said Dana Peterson, Chief Economist at The Conference Board.”

University of Michigan

Friday (December 8), [Consumer Sentiment](#): Final results for December’s survey will be released on Friday the 22<sup>nd</sup>. Preliminary results from the 8<sup>th</sup> showed that “consumer sentiment soared 13 percent in December, erasing all declines from the previous four months, primarily on the basis of improvements in the expected trajectory of inflation.”

## **Mortgage and Housing Market**

National Association of Home Builders

Monday, [Builder Sentiment](#): “Falling mortgage rates helped end a four-month decline in builder confidence, and recent economic data signal improving housing conditions heading into 2024. Builder confidence in the market for newly built single-family homes rose three points to 37 in December.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 1.5 percent from one week earlier. . . . ‘With the positive news about the drop in inflation, and the [Federal Reserve’s Open Markets Committee] projections proclaiming a pivot towards rate cuts, the 30-year fixed mortgage rate reached its lowest level since June 2023, declining to 6.83 percent,’ said Mike Fratantoni, MBA’s SVP and Chief Economist.”

National Association of Realtors

Wednesday, [Existing-Home Sales](#): “Existing-home sales edged higher by 0.8 percent in November to a seasonally adjusted annual rate of 3.82 million, finishing a five-month drop. Sales retreated 7.3 percent from one year ago. The median existing-home sales price rose 4.0 percent from November 2022 to \$387,600.”