

Economic Update, December 8, 2022
Submitted by Michael Mount

Summary: Although there's [some sense that we might already be in a recession](#), the latest estimate of GDPNow is that real GDP increased 3.4 percent in the fourth quarter of 2022. There is, however, reason for concern. Business activity in the services sector weakened. Although initial claims for unemployment insurance remain low, the Conference Board's employment trends index indicates slowing jobs growth. And Freddie Mac reported that mortgage rates fell amid concerns about economic growth. On a better note, retail gasoline prices fell this week, and the American Automobile Association expects further decreases.

Federal Government Indicators and Reports

U.S. Census

Monday, [Factory Orders](#): "New orders for manufactured goods in October, up twelve of the last thirteen months, increased \$5.8 billion or 1.0 percent to \$556.6 billion. . . . This followed a 0.3 percent September increase."

Tuesday, [International Trade](#): "The goods and services deficit was \$78.2 billion in October, up \$4.0 billion from \$74.1 billion in September."

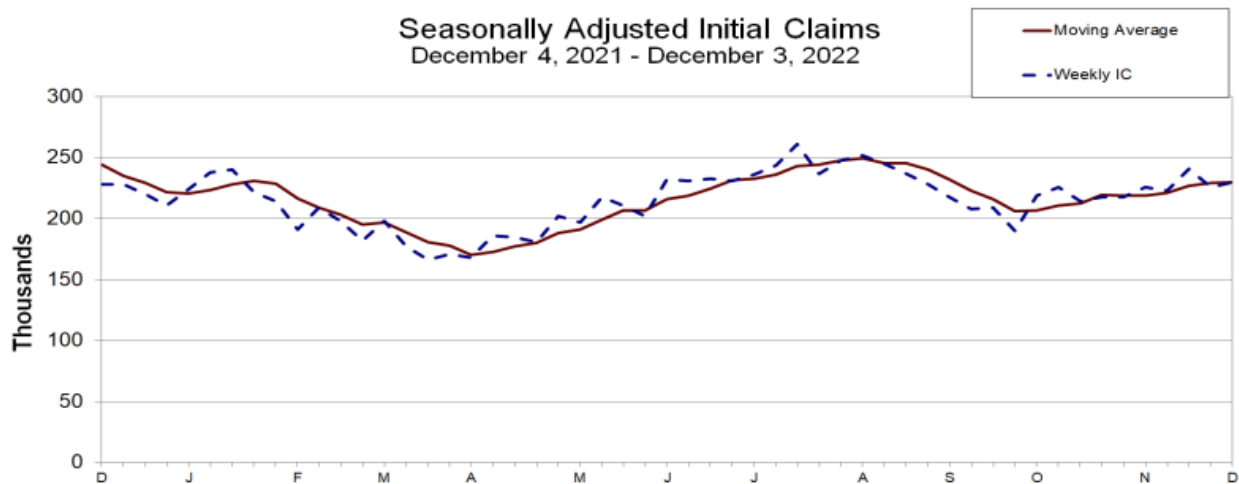
Bureau of Labor Statistics

Wednesday, [Productivity and Costs](#): "Unit labor costs in the nonfarm business sector increased 2.4 percent in the third quarter of 2022, reflecting a 3.2-percent increase in hourly compensation and a 0.8-percent increase in productivity. Unit labor costs increased 5.3 percent over the last four quarters."

Friday, [Producer Price Index](#): The index "advanced 0.3 percent in November, seasonally adjusted. . . . Final demand prices also rose 0.3 percent in both October and September."

Department of Labor

Thursday, [Initial Claims](#): "In the week ending December 3, the advance figure for seasonally adjusted initial claims was 230,000, an increase of 4,000 from the previous week's revised level."



Economic Indicators and Confidence

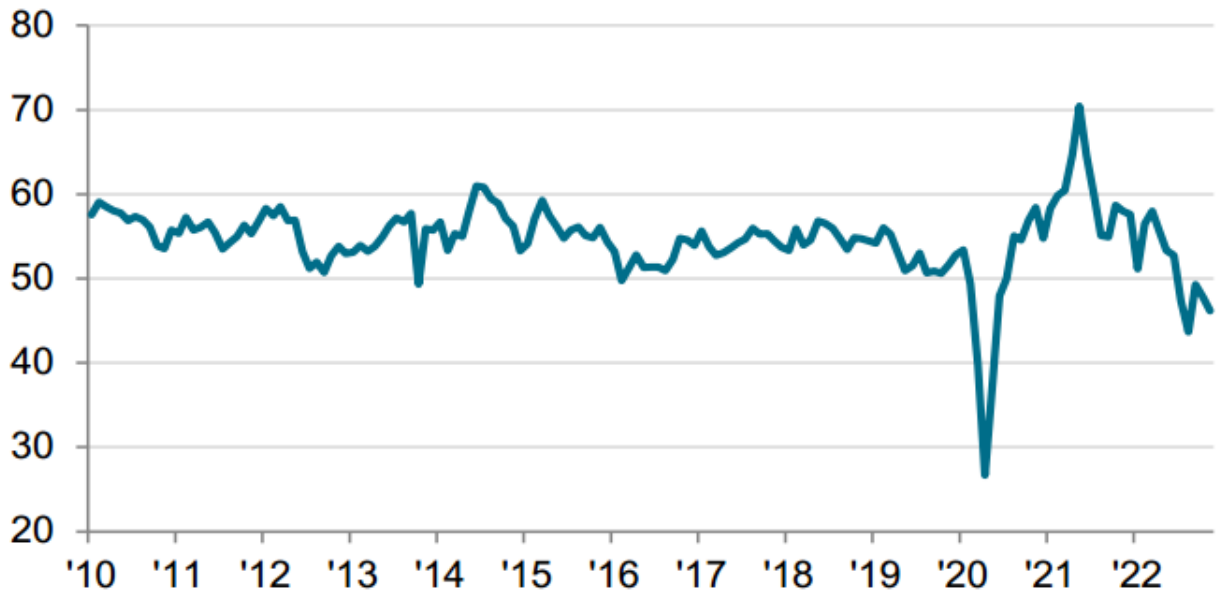
S&P Global

Monday, [Sector Purchasing Managers' Index \(PMI\)](#): “Declines in output at Basic Materials, Consumer Goods and Consumer Services firms gained pace in November. . . . Only the Technology and Healthcare categories recorded expansions in business activity during November.”

Monday, [Services PMI](#): “November data signaled a faster contraction in business activity across the U.S. service sector.” The index “registered 46.2 in November, down from 47.8 in October.”

S&P Global US Services Business Activity Index

sa, >50 = growth since previous month



Data were collected 11-25 November 2022.

Source: S&P Global.

Institute for Supply Management

Monday, [Services PMI](#): “Economic activity in the services sector grew in November for the 30th month in a row.” The index “registered 56.5 percent, 2.1 percentage points higher than October’s reading of 54.4 percent.”

The Conference Board

Monday, [Employment Trends](#): “The ETI decreased in November 2022 for the second consecutive month. While the Index remains at a high level, its downward trend signals slower job growth ahead,” said Frank Steemers, Senior Economist at The Conference Board.”

Federal Reserve

Tuesday, [GDPNow](#): “The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2022 is 3.4 percent on December 6, up from 2.8 percent on December 1.”

AAA

Thursday, [Gas Prices](#): “Since Monday, the national average for a gallon of regular gasoline has fallen by eight cents to \$3.32. . . . Drivers will likely continue to see pump prices decrease through next week.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment rose 4 percent above November, recovering most of the losses from November but remaining low from a historical perspective.”

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): Mortgage applications decreased 1.9 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$647,200 or less) decreased to 6.41 percent from 6.49 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 5.84 percent from 6.02 percent.”

Fannie Mae

Wednesday, [Home Purchase Sentiment](#): The index “increased 0.6 points in November to 57.3, its first increase in nine months, though it remains just above the all-time low set last month and significantly lower than its level at this time last year.”

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “Mortgage rates decreased for the fourth consecutive week, due to increasing concerns over lackluster economic growth,’ said Sam Khater, Freddie Mac’s Chief Economist.”