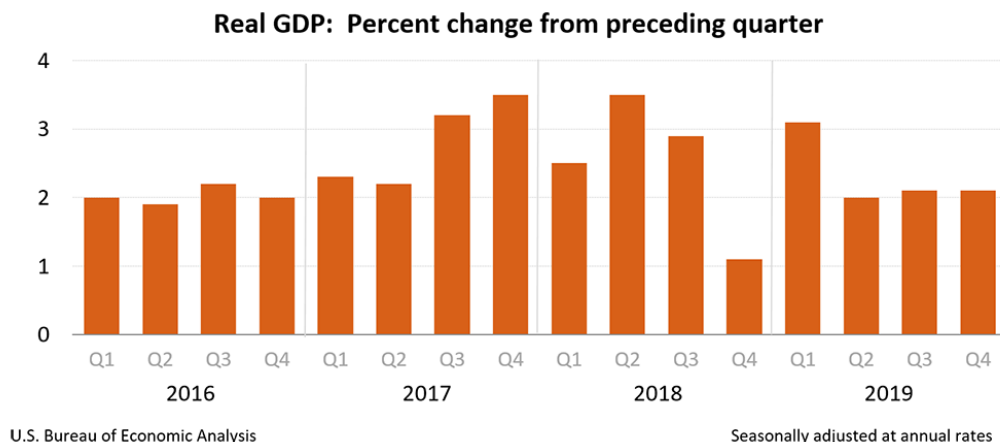


Summary: [According to the Federal Reserve](#), the economy is still in good shape, but they expect only moderate growth in the foreseeable future. Still, and despite all of the market turmoil, most of the indicators are positive this week. Gross Domestic Product was up 2.1 percent in the fourth quarter of 2019. Personal income, transborder freight, home prices, and consumer and investor confidence were also all up this week. The international trade deficit decreased, and the unemployment rate still remains at historic lows. And mortgage rates dropped. But, it is clear that concern about the coronavirus and its effects on the economy is starting to pick up.

## **Federal Government Indicators and Reports**

Bureau of Economic Analysis

Thursday, [Gross Domestic Product, Fourth Quarter and Annual 2019](#): “Real gross domestic product (GDP) increased at an annual rate of 2.1 percent in the fourth quarter of 2019. . . In the third quarter, real GDP also increased 2.1 percent. The increase in real GDP in the fourth quarter reflected positive contributions from personal consumption expenditures (PCE), federal government spending, exports, residential fixed investment, and state and local government spending that were partly offset by negative contributions from private inventory investment and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.”



Friday, [Personal Income and Outlays](#): “Personal income increased \$116.5 billion (0.6 percent) in January. . . . Disposable personal income (DPI) increased \$101.4 billion (0.6 percent) and personal consumption expenditures (PCE) increased \$29.6 billion (0.2 percent). Real DPI increased 0.5 percent in January and Real PCE increased 0.1 percent. The PCE price index increased 0.1 percent. Excluding food and energy, the PCE price index increased 0.1 percent.”

Bureau of Labor Statistics

Wednesday, [Persons with a Disability: Labor Force Characteristics](#): “In 2019, 19.3 percent of persons with a disability were employed. . . . In contrast, the employment-population ratio for persons without a disability was 66.3 percent. The unemployment rates for both persons with and without a disability declined from the previous year to 7.3 percent and 3.5 percent, respectively.”

Bureau of Transportation Statistics

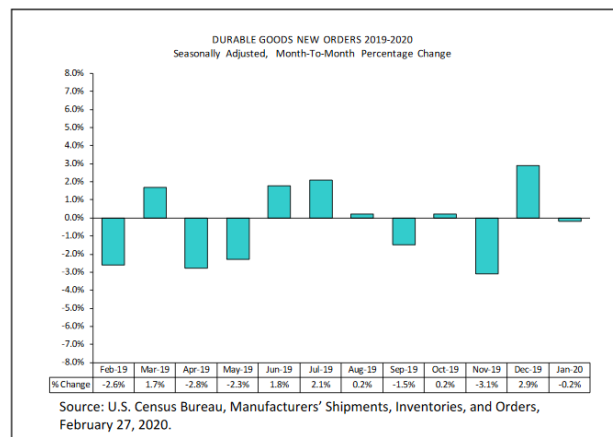
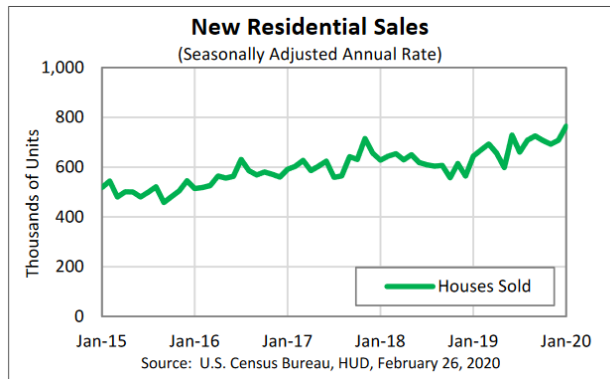
Tuesday, [North American Transborder Freight](#): Transborder freight moved by all modes of transportation between the U.S. and other North American countries (Canada and Mexico) in December

2019 equaled \$96.3 billion, up 4.0% compared to December 2018. Trucks moved the most freight with \$57.2 billion moved, down 0.3% compared to December 2018. Railways moved \$14.4 billion of freight, up 1.9% compared to December 2018.

Census Bureau

Wednesday, [New Residential Sales](#): “Sales of new single-family houses in January 2020 were at a seasonally adjusted annual rate of 764,000. . . . This is 7.9 percent above the revised December rate of 708,000 and is 18.6 percent above the January 2019 estimate of 644,000. The median sales price of new houses sold in January 2020 was \$348,200. The average sales price was \$402,300. The seasonally-adjusted estimate of new houses for sale at the end of January was 324,000. This represents a supply of 5.1 months at the current sales rate.”

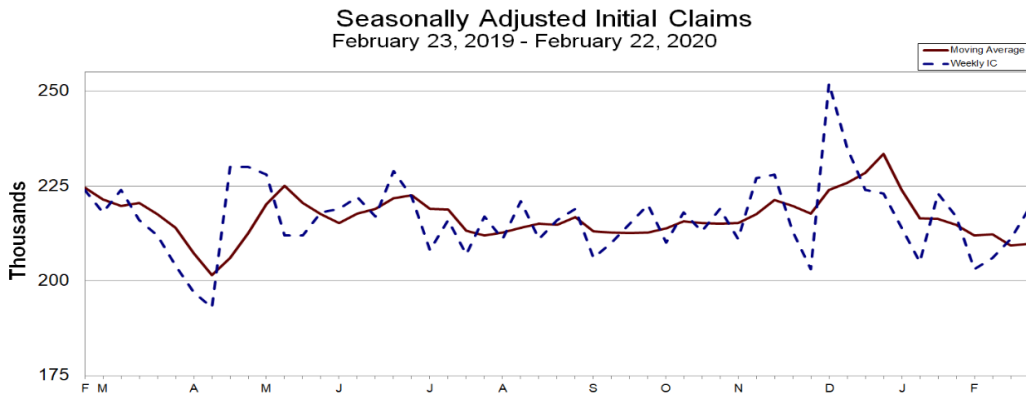
Thursday, [Advance Report on Durable Goods](#): “New orders for manufactured durable goods in January decreased \$0.4 billion or 0.2 percent to \$246.2billion. . . . This decrease, down two of the last three months, followed a 2.9 percent December increase. Excluding transportation, new orders increased 0.9 percent. Excluding defense, new orders increased 3.6 percent. Transportation equipment, down four of the last five months, drove the decrease, \$1.8 billion or 2.2 percent to \$82.0 billion.”



Friday, [Advance Monthly Economic Indicators](#): “The international trade deficit was \$65.5 billion in January, down \$3.2 billion from \$68.7 billion in December. . . . Wholesale inventories for January, adjusted for seasonal variations but not for price changes, were estimated at an end-of-month level of \$672.4 billion, down 0.2 percent from December 2019, and were up 0.6 percent from January 2019. . . . Retail inventories for January, adjusted for seasonal variations but not for price changes, were estimated at an end-of-month level of \$660.5 billion, virtually unchanged from December 2019, and were up 0.3 percent from January 2019.”

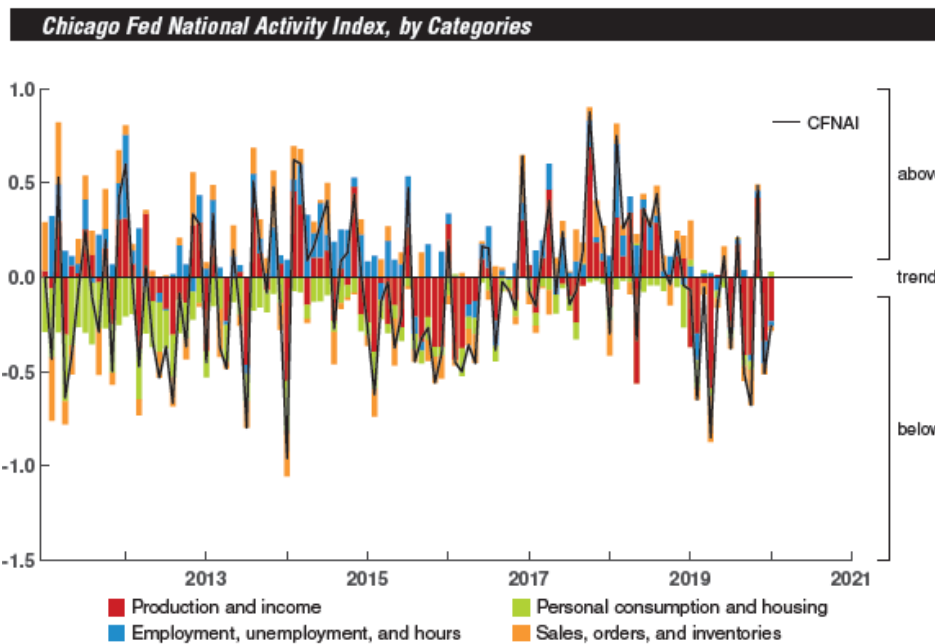
Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending February 22, the advance figure for seasonally adjusted initial claims was 219,000, an increase of 8,000 from the previous week's revised level. The previous week's level was revised up by 1,000 from 210,000 to 211,000. The 4-week moving average was 209,750, an increase of 500 from the previous week's revised average. The previous week's average was revised up by 250 from 209,000 to 209,250.”



Federal Reserve

Monday, [Chicago Fed National Activity Index](#): “The Chicago Fed National Activity Index (CFNAI) was  $-0.25$  in January, up from  $-0.51$  in December,” indicating a rate of economic expansion closer to the historical trend. “Production-related indicators contributed  $-0.23$  to the CFNAI in January, up from  $-0.34$  in December. Industrial production decreased 0.3 percent in January after decreasing 0.4 percent in December. The contribution of the sales, orders, and inventories category to the CFNAI moved up to  $-0.02$  in January from  $-0.06$  in December. Employment-related indicators contributed  $-0.03$  to the CFNAI in January, up from  $-0.12$  in December. . . . The contribution of the personal consumption and housing category to the CFNAI edged up to  $+0.03$  in January from a neutral value in December.”



Tuesday, [Discount Rate Meetings Minutes](#): At meetings held January 21 and January 29, 2020, “Board members discussed economic and financial developments and issues related to possible policy actions. . . . Overall, Federal Reserve Bank directors continued to view current economic conditions as favorable and expected economic growth to continue at a moderate pace. Many directors reported solid to robust levels of consumer spending. Directors in several Districts noted that low interest rates had provided a boost to residential real estate markets, as evidenced by the growth in mortgage lending and refinancing. Reports on the strength of commercial lending were mixed. Manufacturing was

generally soft, although some directors reported modest improvements in the sector. Labor market conditions generally remained strong. Several directors highlighted ongoing difficulties finding and retaining workers across most sectors and skill levels, resulting in wage increases and expanded non-wage benefits. Some directors continued to note downside risks stemming from trade policy and other uncertainties. Inflation remained below the FOMC's symmetric 2 percent objective."

## **Economic Indicators and Confidence**

The Conference Board

Tuesday, [Consumer Confidence Survey](#): Consumer spending is expected to support economic growth through first half, according to data gathered in early February. "The Consumer Confidence Index . . . stands at 130.7, up from 130.4 in January. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—decreased from 173.9 to 165.1. However, the Expectations Index—based on consumers' short-term outlook for income, business and labor market conditions—increased from 101.4 last month to 107.8 this month."

State Street

Wednesday, [Investor Confidence](#): "The Global Investor Confidence Index increased to 77.9, up 2.5 points from January's revised reading of 75.4. The North American ICI increased 2.4 points to 68.6 and the European ICI rose from 105.7 to 111.1, a 5.4-point gain. However, the Asian ICI dropped significantly from 95.5 to 83.6, a decrease of 11.9 points."

University of Michigan

Friday, [Consumer Sentiment](#): "Consumer sentiment rose to 101.0 in February, nearly matching the expansion peak of 101.4 set in March 2018. The coronavirus was mentioned by 8% of all consumers in February when describing the reasons for their economic expectations. However, on Monday and Tuesday of this week, the last days of the February survey, 20% mentioned the coronavirus due to the steep drop in equity prices as well as the CDC warnings about the potential domestic threat of the virus. While too few cases were conducted to attach any statistical significance to the findings, it is nonetheless true that the domestic spread of the virus could have a significant impact on consumer spending."

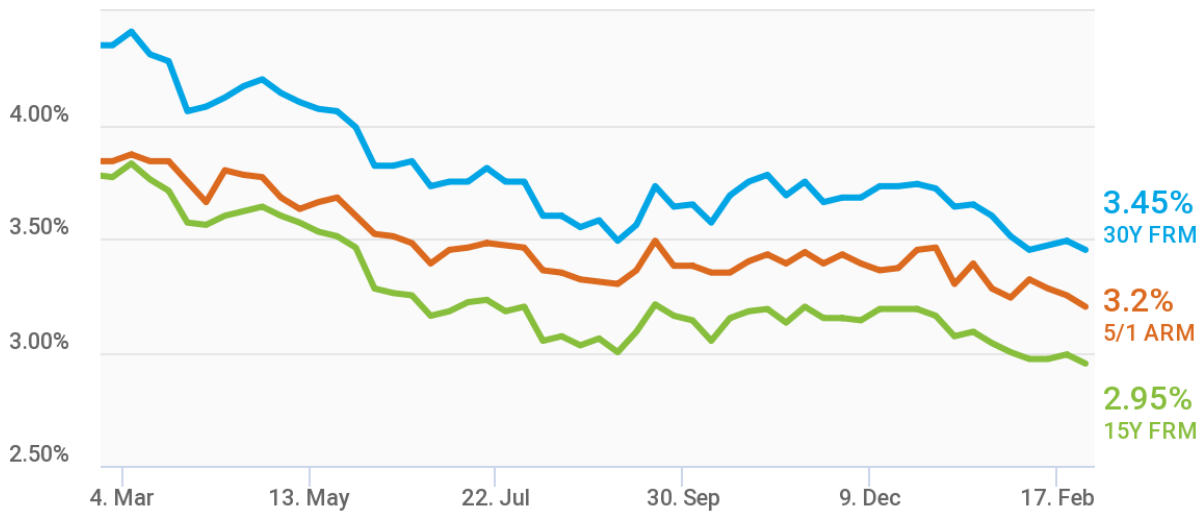
## **Mortgages and Housing Markets**

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): "Given the recent volatility of the ten-year Treasury yield, it's not surprising that mortgage rates again have dropped. These low rates combined with high consumer confidence continue to drive home sales upward, a trend that is likely to endure as we enter spring."



Primary Mortgage Market Survey®  
U.S. weekly average mortgage rates as of 02/27/2020

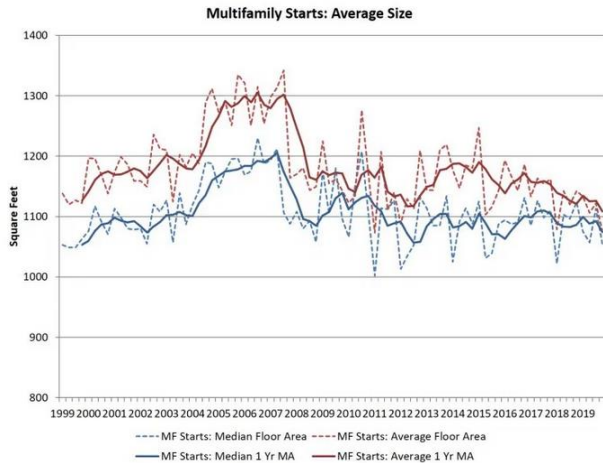


Thursday, [Monthly Volume Summary](#): “The total mortgage portfolio increased at an annualized rate of 4.3% in January. Single-family refinance-loan purchase and guarantee volume was \$25.8 billion in January, representing 57% of total single-family mortgage portfolio purchases and issuances. The aggregate unpaid principal balance (UPB) of our mortgage-related investments portfolio decreased by approximately \$10.5 billion in January.”

National Association of Home Builders

Monday, [Single-Family Home Size](#): “New single-family home size trended lower during the final quarter of 2019 as interest rates remained low and builders seek to add additional entry-level supply. According to fourth quarter 2019 data from the [Census Quarterly Starts and Completions by Purpose and Design](#) and NAHB analysis, median single-family square floor area ticked down to 2,252 square feet. Average (mean) square footage for new single-family homes increased to 2,511 square feet.”

Monday, [Multifamily Built to Rent](#): “An elevated rental share of multifamily construction is holding typical apartment size below levels seen during the pre-Great Recession period. According to fourth quarter 2019 data, the average per unit square footage of multifamily housing construction starts was 1,074, off from the post-recession high set at the start of 2015 (1,247 square feet). The median was 1,053 square feet for the final quarter of the year.”



Thursday, [Multifamily Builder and Developer Confidence](#): “Confidence in the market for new multifamily housing remained unchanged in the fourth quarter of 2019. . . . The Multifamily Production Index (MPI) remained even at 49, and the Multifamily Vacancy Index (MVI) also remained unchanged at 40.”

National Association of Realtors

Tuesday, [Snapshot of Race and Homebuying in America](#): “The United States homeownership rate has recently seen a rebound to 65.1% in the fourth quarter of 2019 from a low of 62.9% in the second quarter of 2016. While the increase in the overall homeownership rate is encouraging, there continues to be a significant racial homeownership gap in America that needs to be addressed.

The ownership rate for non-Hispanic White Americans has been consistently above 71% from 2016 to 2019. In the same period, the homeownership rate for Black Americans has been 30 percentage points less—above 41%. For Hispanic Americans, the homeownership rate has held above 45%, and for Asian Americans, it has been above 53% over the same time period.”

Thursday, [Pending Home Sales](#): “Pending home sales rebounded in January, ticking up following a decline in December. . . . Only the West region reported a minor drop in month-over-month contract activity, while the other three major regions each saw pending home sales grow. Year-over-year pending home sales activity was up in all four regions and thus up nationally compared to one year ago.”

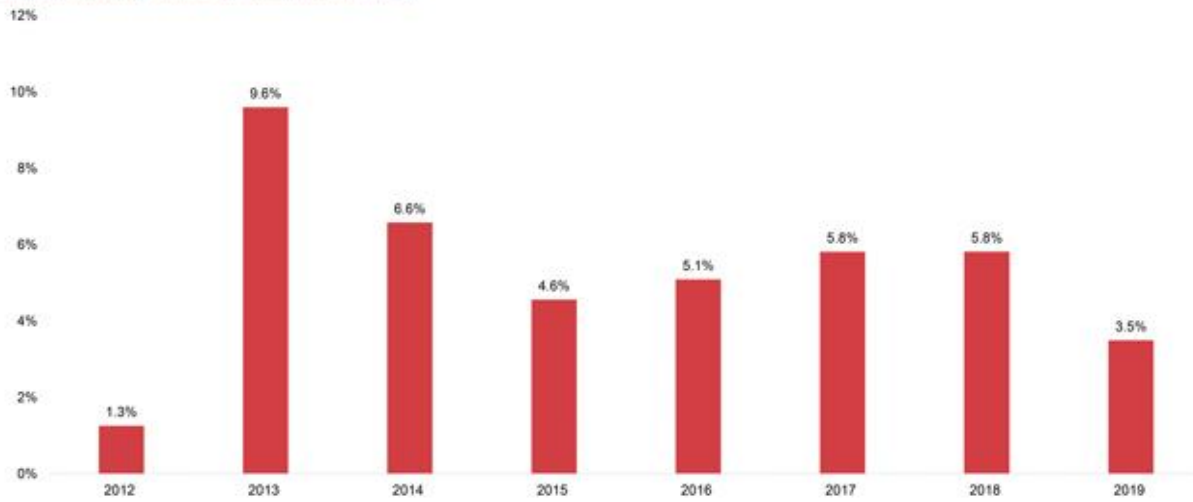
S&P CoreLogic

Tuesday, [U.S. National Home Price NSA Index](#): The index, “covering all nine U.S. census divisions, reported a 3.8% annual gain in December, up from 3.5% in the previous month. The 10-City Composite annual increase came in at 2.4%, up from 2.0% in the previous month. The 20-City Composite posted a 2.9% year-over-year gain, up from 2.5% in the previous month. Phoenix, Charlotte and Tampa reported the highest year-over-year gains among the 20 cities. In December, Phoenix led the way with a 6.5% year-over-year price increase, followed by Charlotte with a 5.3% increase and Tampa with a 5.2% increase. Twelve of the 20 cities reported greater price increases in the year ending December 2019 versus the year ending November 2019.”

Although home prices gained more in December than in the month prior, a [World Property Journal](#) article noted 2019 saw the slowest annual rise since 2012.

### Annual Home Price Growth Slowest Since 2012

Annual Average Change in Case-Shiller National Home Price Index



Source: S&P CoreLogic Case-Shiller Indices, not seasonally adjusted (annual average, February 25, 2020 release)

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