

Economic Update, March 15, 2024

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Summary: Federal Government indicators and reports showed an increase in unemployment rates for January at the state and metropolitan levels as well as an increase in the Consumer and Producer Price Indexes for February. Additionally, business applications and monthly retail sales both displayed increases last month. This week's initial unemployment claims decreased slightly at both the national and Tennessee levels. Measures of economic confidence displayed little to no change with inflation expectations remaining unchanged and consumer sentiment moving little this month. In terms of the housing and mortgage market, as both 30-year and 15-year fixed-rate mortgages decreased this week, mortgage applications increased.

Federal Government Indicators and Reports

Bureau of Labor Statistics

Monday, [State Employment and Unemployment](#): "Unemployment rates were higher in January in 4 states, lower in 2 states, and stable in 44 states and the District of Columbia." In Tennessee, the number of unemployed individuals in January was 117,088, up from the December number of 116,637.

Tuesday, [Real Earnings](#): "Real average hourly earnings for all employees decreased 0.4 percent from January to February, seasonally adjusted. . . . This result stems from an increase of 0.1 percent in average hourly earnings combined with an increase of 0.4 percent in the Consumer Price Index for All Urban Consumers (CPI-U)."

Tuesday, [Consumer Price Index](#): "The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent in February on a seasonally adjusted basis, after rising 0.3 percent in January. . . . The index for shelter rose in February, as did the index for gasoline. Combined, these two indexes contributed over sixty percent of the monthly increase in the index for all items."

Wednesday, [Metropolitan Area Employment and Unemployment](#): "Unemployment rates were higher in January than a year earlier in 218 of the 389 metropolitan areas, lower in 148 areas, and unchanged in 23 areas." In Tennessee, unemployment rates increased in the 10 monitored metropolitan areas from December 2023.

Wednesday, [Employer Costs](#): "Employer costs for employee compensation for civilian workers averaged \$45.42 per hour worked in December 2023. . . . Total employer

compensation costs for private industry workers averaged \$43.11 per hour worked in December 2023. . . . Total employer compensation costs for state and local government workers averaged \$60.56 per hour worked in December 2023.”

Thursday, [Producer Price Index](#): “The Producer Price Index for final demand rose 0.6 percent in February, seasonally adjusted. . . . Final demand prices increased 0.3 percent in January and edged down 0.1 percent in December 2023. On an unadjusted basis, the final demand index advanced 1.6 percent for the 12 months ended in February, the largest rise since moving up 1.8 percent for the 12 months ended September 2023.”

Friday, [Import & Export Prices](#): “U.S. import prices rose 0.3 percent in February, after advancing 0.8 percent in January. . . . Prices for U.S. exports advanced 0.8 percent in February following a 0.9-percent increase the previous month.”

U.S. Census Bureau

Tuesday, [Business Formation](#): “Business Applications for February 2024, adjusted for seasonal variation, were 436,358, a decrease of 2.7 percent compared to January 2024. . . . Projected Business Formations (within 4 quarters) for February 2024, adjusted for seasonal variation, were 28,582, a decrease of 1.4 percent compared to January 2024.”

Thursday, [Monthly Retail Sales](#): “Advance estimates of U.S. retail and food services sales for February 2024, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$700.7 billion, up 0.6 percent from the previous month, and up 1.5 percent above February 2023.”

Thursday, [Business Inventories](#): “The combined value of distributive trade sales and manufacturers’ shipments for January, adjusted for seasonal and trading day differences but not for price changes, was estimated at \$1,833.3 billion, down 1.3 percent from December 2023 and was down 1.2 percent from January 2023.”

U.S. Department of Labor

Thursday, [Initial Claims](#): “In the week ending March 9, the advance figure for seasonally adjusted initial claims was 209,000, a decrease of 1,000 from the previous week’s revised level.” In Tennessee, the advance figure for seasonally adjusted initial claims was 2,622, a decrease of 179 from the previous week.

Economic Indicators and Confidence

Federal Reserve Bank of New York

Monday, [Inflation Expectations](#): The Federal Reserve Bank of New York's Survey of Consumer Expectations for February showed that "inflation expectations remained unchanged at the short-term horizon, while increasing at the medium- and long-term horizons. Earnings growth and household income growth expectations remained unchanged, while spending growth expectations increased slightly. The average perceived likelihood of voluntary and involuntary job separation increased, while the perceived likelihood of finding a job in the event of a job loss declined. Perceptions and expectations about credit access turned less optimistic."

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): "The NFIB Small Business Optimism Index decreased in February to 89.4, marking the 26th consecutive month below the 50-year average of 98. Twenty-three percent of small business owners reported that inflation was their single most important business problem in operation their business, up three points from last month and replacing labor quality as the top problem."

University of Michigan

Friday, [Consumer Sentiment](#): "Consumer sentiment moved little this month with a 0.4 index point decrease that is well within the margin of error, and thus sentiment has been steady and essentially unchanged since January 2024. Sentiment remained almost 25 percent above November 2023 and is currently halfway between the historic low reached during the peak of inflation in June 2022 and pre-pandemic readings."

Mortgage and Housing Market

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): "The Market Composite Index, a measure of mortgage loan application volume, increased 7.1 percent on a seasonally adjusted basis from one week earlier. . . . The Refinance Index increased 12 percent from the previous week and was 5 percent higher than the same week one year ago. The seasonally adjusted Purchase Index increased 5 percent from one week earlier."

Freddie Mac

Thursday, [Mortgage Rates](#): "The 30-year fixed-rate mortgage (FRM) averaged 6.74 percent as of March 14, 2024, down from last week when it averaged 6.88 percent. A year ago at this time, the 30-year FRM averaged 6.60 percent. The 15-year FRM averaged 6.16 percent, down from last week when it averaged 6.22 percent. A year ago at this time, the 15-year FRM averaged 5.90 percent."