

Economic Update, March 25, 2022
Submitted by Kevin Vanzant

Summary: Led by Federal Reserve Chairman Jerome Powell, several Federal Reserve policymakers took to the media this week to express their concerns about inflation. Setting the tone in his prepared remarks on Monday, Powell [emphasized](#) that “inflation is much too high” and reaffirmed the Federal Reserve’s willingness to “take the necessary steps to ensure a return to price stability,” including raising the federal funds rate, if necessary, by more than 25 basis points at future Federal Reserve meetings. At the state level, inflation relief packages have begun to gather steam as well. Legislators in more than 20 states have [introduced](#) legislation that would create “gas holidays” to temporarily reduce tax rates and alleviate the pain at the pump. Here in Tennessee, Gov. Bill Lee has targeted rising food costs with a [proposal](#) for a 30-day suspension of state and local grocery sales taxes.

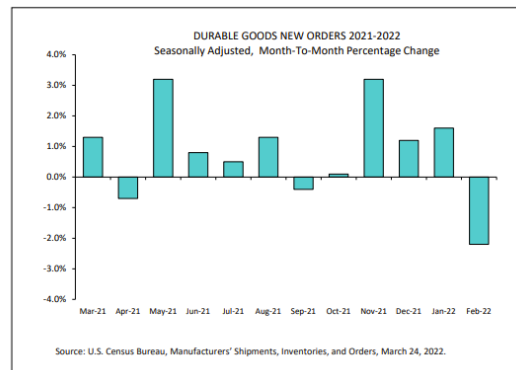
In the national economic data released for the week, new and pending home sales were down in February as potential buyers face an increasingly expensive market, and durable orders at U.S. factories fell in February as well, snapping a months-long streak of increases as supply chain problems for manufacturers continued. The job market remained very strong, however, as jobless claims hit their lowest level since 1969.

Federal Government Indicators and Reports:

Census Bureau

Thursday, [Durable Goods New Orders](#): “New orders for manufactured durable goods in February decreased \$6.0 billion or 2.2 percent to \$271.5 billion. . . . This decrease, down following four consecutive monthly increases, followed a 1.6 percent January increase.”

DURABLE GOODS – NEW ORDERS		
FEBRUARY 2022	\$271.5 billion	-2.2%°
JANUARY 2022 (revised)	\$277.6 billion	+1.6%°
Next release: April 26, 2022		
<small>Data adjusted for seasonal variation but not for price changes. °Statistical significance is not measurable for this survey. The Manufacturers' Shipments, Inventories, and Orders estimates are not based on a probability sample, so the sampling error of these estimates cannot be measured nor can the confidence intervals be computed. Source: U.S. Census Bureau, Manufacturers' Shipments, Inventories and Orders, March 24, 2022.</small>		



Department of Labor

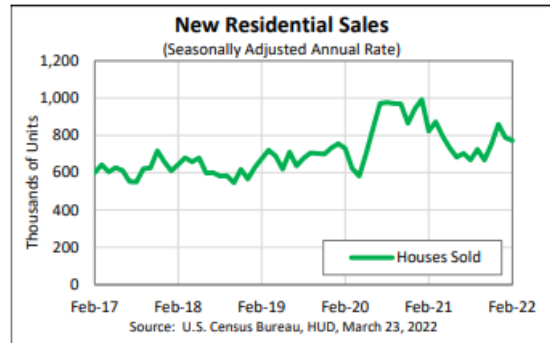
Thursday, [Initial Jobless Claims](#): “In the week ending March 19, the advance figure for seasonally adjusted initial claims was 187,000, a decrease of 28,000 from the previous week's revised level. This is the lowest level for initial claims since September 6, 1969 when it was 182,000. . . . The advance seasonally adjusted insured unemployment rate was 1.0 percent for the week ending March 12, unchanged from the previous week's unrevised rate.”

Mortgages and Housing Markets:

Census Bureau

Wednesday, [New Residential Sales](#): “Sales of new single-family houses in February 2022 were at a seasonally adjusted annual rate of 772,000 . . . This is 2.0 percent below the revised January rate of 788,000 and is 6.2 percent below the February 2021 estimate of 823,000. . . . The median sales price of new houses sold in February 2022 was \$400,600. The average sales price was \$511,000. . . . The seasonally-adjusted estimate of new houses for sale at the end of February was 407,000. This represents a supply of 6.3 months at the current sales rate.”

NEW RESIDENTIAL SALES FEBRUARY 2022	
New Houses Sold¹:	772,000
New Houses For Sale²:	407,000
Median Sales Price:	\$400,600
Next Release: April 26, 2022	
<small>¹Seasonally Adjusted Annual Rate (SAAR)</small>	
<small>²Seasonally Adjusted</small>	
<small>Source: U.S. Census Bureau, HUD, March 23, 2022</small>	



Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 8.1 percent from one week earlier . . . for the week ending March 18, 2022. . . . The Refinance Index decreased 14 percent from the previous week and was 54 percent lower than the same week one year ago.” Mike Fratantoni, MBA’s senior vice president and chief economist, noted that “rates on 30-year conforming mortgages jumped by 23 basis points last week, the largest weekly increase since March 2020. . . . First-time homebuyers . . . are increasingly challenged by both the rapid increase in home prices and higher mortgage rates.”

National Association of Realtors

Friday, [Pending Home Sales](#): “The Pending Home Sales Index . . . waned 4.1 percent to 104.9 in February. Year-over-year, transactions dropped 5.4 percent. An index of 100 is equal to the level of contract activity in 2001.” As explained by Lawrence Yun, NAR’s chief economist, “pending transactions diminished in February mainly due to the low number of homes for sale. . . . Buyer demand is still intense, but it’s as simple as ‘one cannot buy what is not for sale.’”