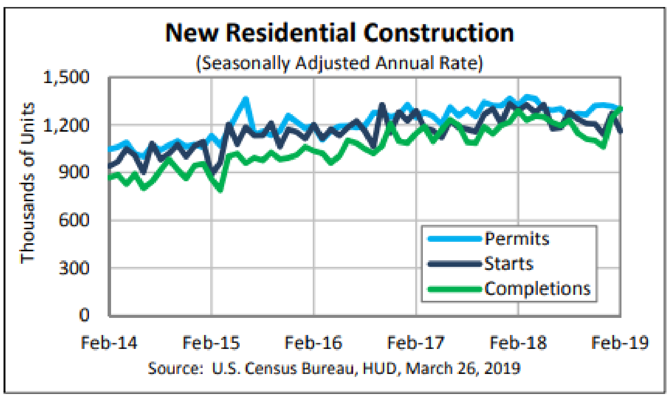
Economic Update, March 29, 2019
Submitted by Dave Keiser

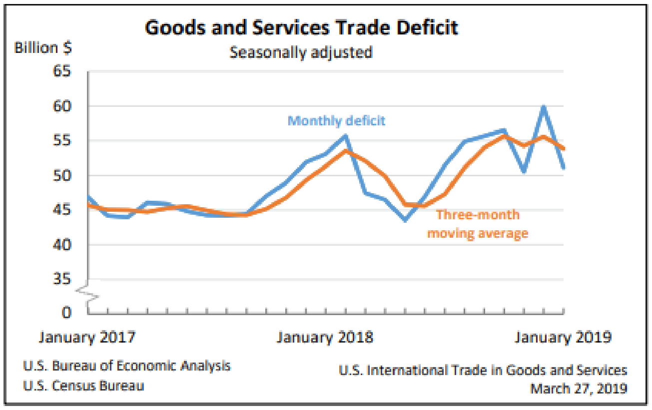
Summary: Most of the indicators are strong this week. Gross Domestic Product (GDP) and personal income are up, while unemployment insurance claims are down. The trade deficit decreased slightly, and freight shipped between the U.S. and its neighbors, Canada and Mexico, increased. The real estate season is upon us—consumers are taking advantage of decreasing mortgage rates, but there are going to be fewer new construction homes to buy as permits and housing starts decreased. The consumer surveys were mixed but remain strong overall.

Census

Tuesday, New Residential Sales: "Privately-owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1,296,000. This is 1.6 percent below the revised January rate of 1,317,000 and is 2.0 percent below the February 2018 rate of 1,323,000. . . . Privately-owned housing starts in February were at a seasonally adjusted annual rate of 1,162,000. This is 8.7 percent below the revised January estimate of 1,273,000 and is 9.9 percent below the February 2018 rate of 1,290,000. . . . Privately-owned housing completions in February were at a seasonally adjusted annual rate of 1,303,000. This is 4.5 percent above the revised January estimate of 1,247,000 and is 1.1 percent above the February 2018 rate of 1,289,000."

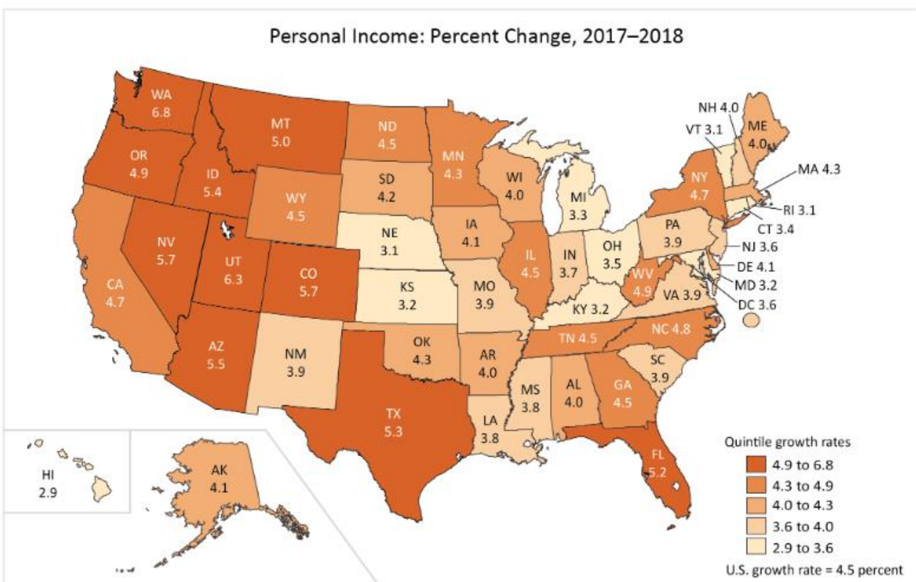


Wednesday, U.S. International Trade: "January exports were $207.3 billion, $1.9 billion more than December exports. January imports were $258.5 billion, $6.8 billion less than December imports. The January decrease in the goods and services deficit reflected a decrease in the goods deficit of $8.2 billion to $73.3 billion and an increase in the services surplus of $0.5 billion to $22.1 billion. Year-over-year, the goods and services deficit decreased $1.9 billion, or 3.7 percent, from January 2018. Exports increased $6.1 billion or 3.0 percent. Imports increased $4.1 billion or 1.6 percent."



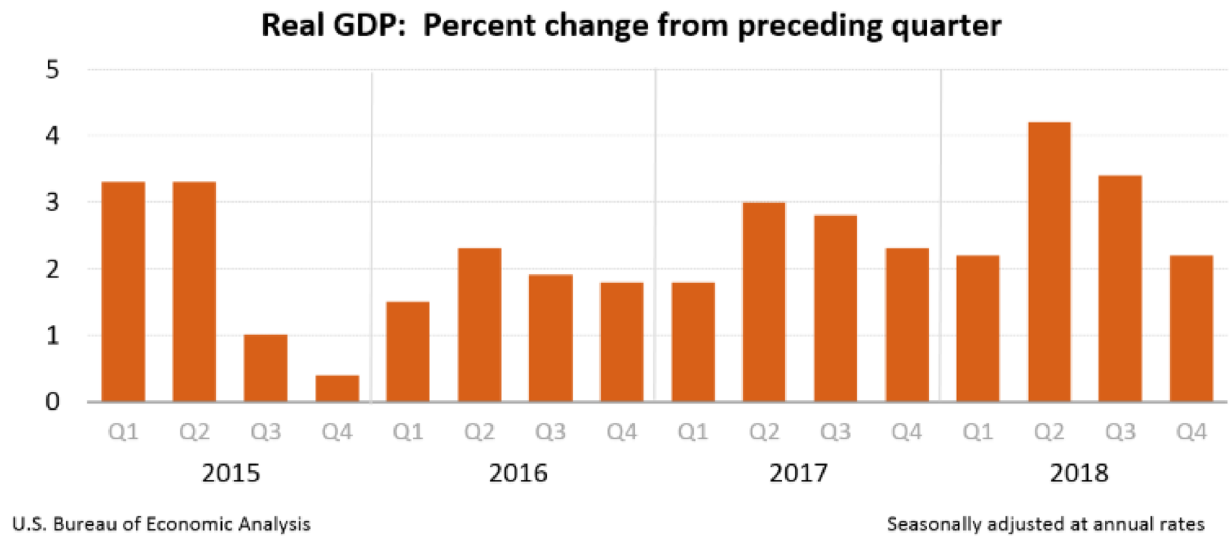
Bureau of Economic Analysis

Tuesday, State Quarterly Personal Income: "State personal income increased 4.5 percent in 2018, after increasing 4.4 percent in 2017. . . . In 2018, personal income increased in all states and the District of Columbia. The percent change in personal income across all states ranged from 6.8 percent in Washington to 2.9 percent in Hawaii." Personal income in Tennessee increased 4.5 percent in 2018, 19th most in the nation.



U.S. Bureau of Economic Analysis

Thursday, Gross Domestic Product: "Real gross domestic product (GDP) increased at an annual rate of 2.2 percent in the fourth quarter of 2018. . . . In the third quarter, real GDP increased 3.4 percent."



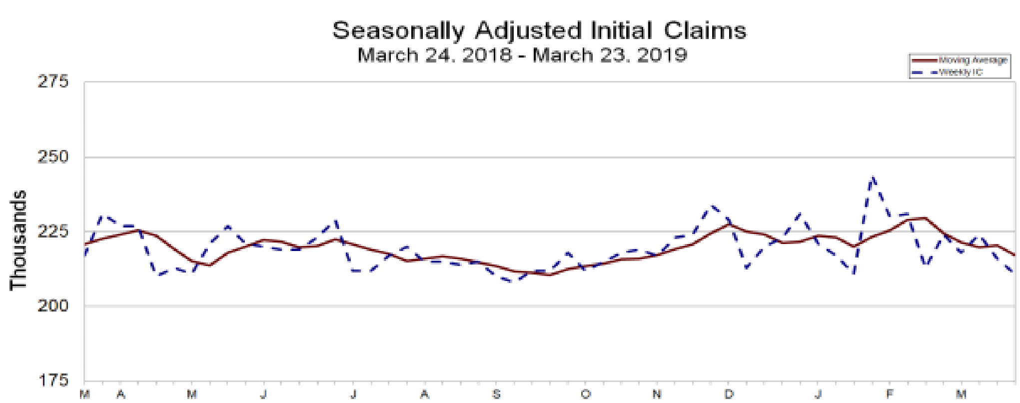
Friday, Personal Income: "Personal income decreased $22.9 billion in January. . . . Disposable personal income decreased $34.9 billion, and personal consumption expenditures increased $8.6 billion. . . . Personal income increased $42.0 billion in February. Disposable personal income (DPI) increased $31.3 billion; Real DPI is unavailable for February."

Bureau of Labor Statistics

Friday, Occupational Employment and Wages: "Transportation and material moving occupations had employment of 10.2 million in May 2018, representing 7.1 percent of total national employment. . . . The largest transportation and material moving occupation was laborers and hand freight, stock, and material movers (2.9 million) and the highest paying transportation and material moving occupation was airline pilots, copilots, and flight engineers ($169,560). The annual mean wage across all transportation and material moving occupations was $38,290, compared with the U.S. average wage of $51,960."

Department of Labor

Thursday, Initial Claims: "In the week ending March 23, the advance figure for seasonally adjusted initial claims was 211,000, a decrease of 5,000 from the previous week's revised level. The previous week's level was revised down by 5,000 from 221,000 to 216,000. The 4-week moving average was 217,250, a decrease of 3,250 from the previous week's revised average. The previous week's average was revised down by 4,500 from 225,000 to 220,500."



Bureau of Transportation Statistics

Tuesday, North American Transborder Freight: Data showing the amount of freight shipped between the U.S. and its neighbors, Canada and Mexico, in 2018 are now available. The most used mode is trucking, which moved $772 billion of freight, up 7.1 percent from 2017. Rail was second at $179 billion, up 2.7 percent from 2017.

Federal Reserve Bank of Chicago

Monday, Chicago Fed National Activity Index (CFNAI): The Index "was –0.29 in February, down slightly from –0.25 in January."

The Conference Board

Tuesday, Consumer Confidence: The index "declined in March, after increasing in February. The Index now stands at 124.1 (1985=100), down from 131.4 in February. The Present Situation Index–based on consumers' assessment of current business and labor market conditions–declined, from 172.8 to 160.6. The Expectations Index–based on consumers' short-term outlook for income, business and labor market conditions–decreased from 103.8 last month to 99.8 this month."

University of Michigan

Thursday, Consumer Sentiment: "Consumer confidence rebounded in March to 98.4 from last month's 93.8, slightly above the average of 97.2 recorded in the past 26 months. The March gain in the Sentiment Index was entirely due to households with incomes in the bottom two-thirds of the income distribution, posting a gain of +7.1 Index-points, while households with incomes in the top third fell by 1.1 Index-points."

Mortgage Bankers Association

Wednesday, Mortgage Applications: "Mortgage applications increased 8.9 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($484,350 or less) decreased to 4.45 percent from 4.55 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 3.87 percent from 3.97 percent."

National Assocation of Realtors

Thursday, Pending Home Sales: The Index "decreased 1.0 percent to 101.9 in February, down from 102.9 in January. Year-over-year contract signings declined 4.9 percent, making this the fourteenth straight month of annual decreases. Lawrence Yun, NAR chief economist, said February's pending home sales decline is coming off a solid gain in the prior month. 'In January, pending contracts were up close to 5 percent, so this month's 1 percent drop is not a significant concern,' he said. 'As a whole, these numbers indicate that a cyclical low in sales is in the past but activity is not matching the frenzied pace of last spring."