Economic Update, April 26, 2019
Submitted by Michael Mount

Summary: Advanced estimates of first quarter GDP growth were 3.2 percent, an increase from 2.2 percent in the fourth quarter of 2018 (see chart below). Business investment increased, and consumer expectations of their own financial prospects were very good. Meanwhile, housing is struggling. Homeownership decreased 0.6 percent from the fourth quarter of 2018, though it was unchanged year over year, and mortgage applications decreased 7.3 percent from one week ago.

US Census

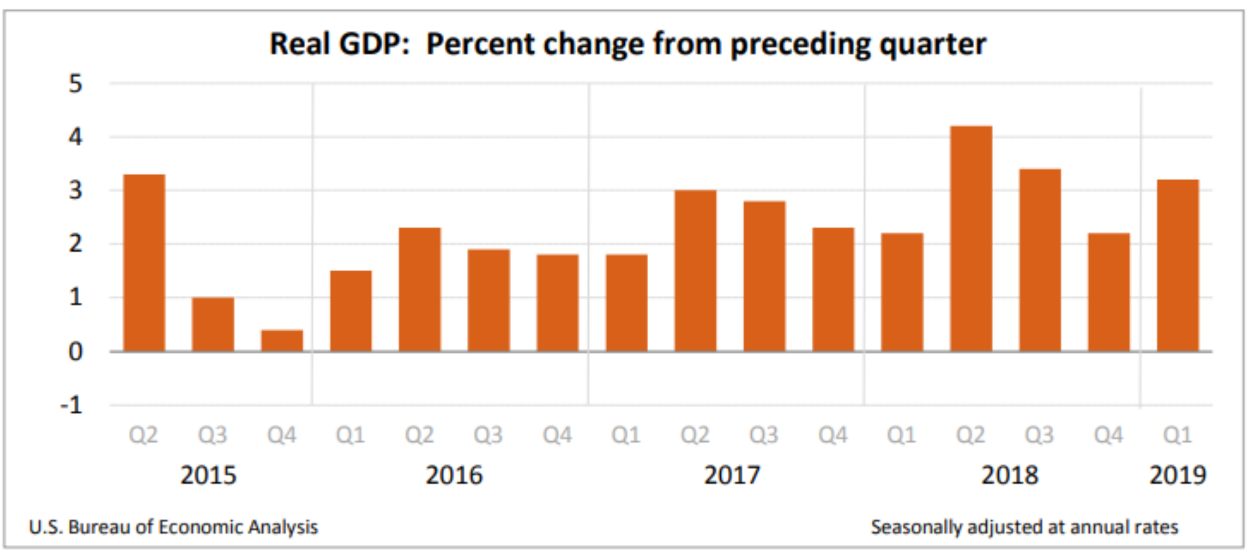
Tuesday, Residential Sales: "Sales of new single-family houses in March 2019 were at a seasonally adjusted annual rate of 692,000. . . . This is 4.5 percent above the revised February rate of 662,000 and is 3.0 percent above the March 2018 estimate of 672,000."

Thursday, Durable Goods: "New orders for manufactured durable goods in March increased $6.8 billion or 2.7 percent to $258.5 billion. . . . This increase, up four of the last five months, followed a 1.1 percent February decrease. . . . Nondefense new orders for capital goods in March increased $4.9 billion or 6.5 percent to $80.5 billion."

Thursday, Vacancies and Homeownership: "National vacancy rates in the first quarter 2019 were 7.0 percent for rental housing and 1.4 percent for homeowner housing. . . . The homeownership rate of 64.2 percent was virtually unchanged from the rate in the first quarter 2018, but 0.6 percentage points lower than the rate in the fourth quarter 2018 (64.8 percent)."

Bureau of Economic Analysis

Friday, Gross Domestic Product: "Real gross domestic product (GDP) increased at an annual rate of 3.2 percent in the first quarter of 2019. . . . In the fourth quarter of 2018, real GDP increased 2.2 percent."



Bureau of Labor Statistics

Wednesday, Business Employment Dynamics: "From June 2018 to September 2018, gross job gains from opening and expanding private-sector establishments were 7.4 million, a decrease of 191,000 jobs from the previous quarter. . . . The difference between the number of gross job gains and the number of gross job losses yielded a net employment gain of 27,000 jobs in the private sector during the third quarter of 2018."

Thursday, College Enrollment: "In October 2018, 69.1 percent of 2018 high school graduates age 16 to 24 were enrolled in colleges or universities. . . . Among 20- to 29-year-olds who received a bachelor's degree in 2018, 72.3 percent were employed."

Friday, Consumer Expenditures: "Average expenditures per consumer unit for July 2017 through June 2018 were up 4.0 percent compared with the July 2016 through June 2017 midyear average. . . . During the same period, the Consumer Price Index (CPI-U) rose 2.3 percent, and average pretax incomes increased 4.3 percent."

Department of Labor

Thursday, Initial Claims: "In the week ending April 20, the advance figure for seasonally adjusted initial claims was 230,000, an increase of 37,000 from the previous week's revised level."

Federal Reserve

Monday, National Activity Index: "Led by improvements in employment-related indicators, the Chicago Fed National Activity Index (CFNAI) rose to –0.15 in March from –0.31 in February." Negative numbers indicate the economy is expanding below its average historical rate of growth.

Federal Housing Finance Agency

Tuesday, House Price Index: "U.S. house prices rose in February, up 0.3 percent from the previous month. . . . The previously reported 0.6 percent increase for January 2019 remained unchanged."

Mortgage Bankers Association

Wednesday, Mortgage Applications: "Mortgage applications decreased 7.3 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($484,350 or less) increased to 4.46 percent from 4.44 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 3.87 percent from 3.84 percent."

University of Michigan

Friday, Consumer Sentiment: "When asked about their financial prospects for the year ahead, 44% of consumers anticipated improvements compared with just 8% who expected worsening finances. This was the best overall reading since 2004. Moreover, when asked about longer term financial prospects, 60% reported in the April survey that they expected to be better off financially over the next five years. This was the highest proportion ever recorded."