

Economic Update, April 30, 2021
Submitted by Michael Mount

Summary: Several economic indicators saw big improvements this week amid federal stimulus and progress on vaccinations. Personal income increased by a record 21.1 percent from February to March. Real gross domestic product growth accelerated to an annual rate of 6.4 percent in the first quarter of 2021 versus 4.3 percent in the fourth quarter of 2020. Home prices continue to skyrocket, increasing 12.2 percent from February 2020 to February 2021.

Federal Government Indicators and Reports

US Census

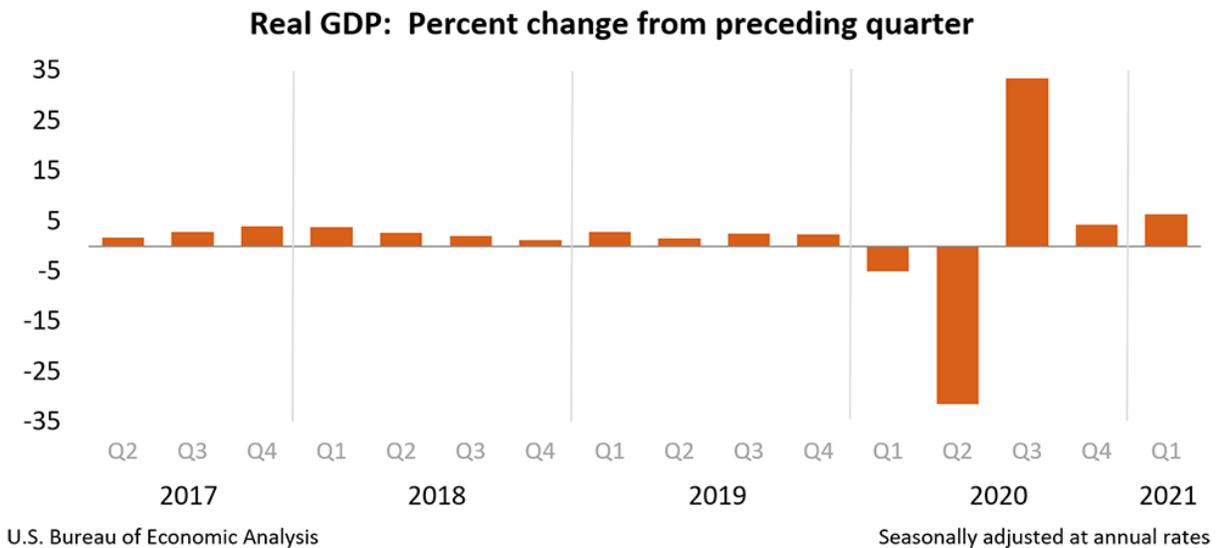
Monday, [Durable Goods](#): “New orders for manufactured durable goods in March increased \$1.4 billion or 0.5 percent to \$256.3 billion. . . . This increase, up ten of the last eleven months, followed a 0.9 percent February decrease.” New orders for nondefense capital goods, excluding aircraft, increased 0.9 percent after decreasing 0.8 percent the previous month.

Tuesday, [Residential Vacancies and Homeownership](#): “The homeownership rate of 65.6 percent was not statistically different from the rate in the first quarter 2020 (65.3 percent) and not statistically different from the rate in the fourth quarter 2020 (65.8 percent).”

Wednesday, [International Trade](#): “The international trade deficit was \$90.6 billion in March, up \$3.5 billion from \$87.1 billion in February. Exports of goods for March were \$142.0 billion, \$11.4 billion more than February exports. Imports of goods for March were \$232.6 billion, \$14.9 billion more than February imports.”

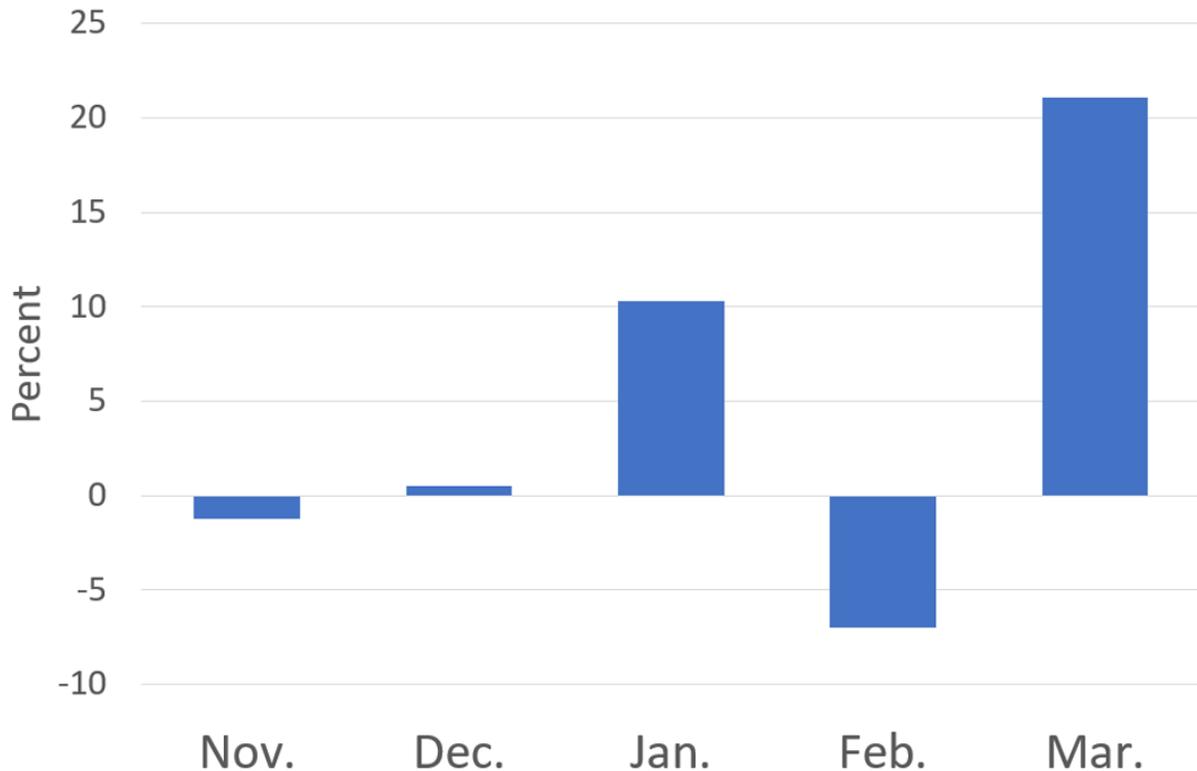
Bureau of Economic Analysis

Thursday, [Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 6.4 percent in the first quarter of 2021. . . . In the fourth quarter of 2020, real GDP increased 4.3 percent. . . . The increase in first quarter GDP reflected the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic.”



Friday, [Personal Income and Outlays](#): “Personal income increased \$4.21 trillion (21.1 percent) in March. . . . Disposable personal income (DPI) increased \$4.18 trillion (23.6 percent), and personal consumption expenditures (PCE) increased \$616.0 billion (4.2 percent).”

Month-to-Month Change in Personal Income



U.S. Bureau of Economic Analysis

Seasonally adjusted

[Link for Figure](#)

Bureau of Labor Statistics

Tuesday, [College Enrollment and Employment](#): “In October 2020, 62.7 percent of 2020 high school graduates ages 16 to 24 were enrolled in colleges or universities, down from 66.2 percent in the prior year. . . . Among 20- to 29-year-olds who received a bachelor’s degree in 2020, 67.3 percent were employed, down from 76.0 percent in 2019. These changes reflect the effect of the coronavirus (COVID-19) pandemic.”

Wednesday, [Metro Area Employment and Unemployment](#): “Unemployment rates were higher in March than a year earlier in 308 of the 389 metropolitan areas, lower in 75 areas, and unchanged in 6 areas.” For Tennessee’s metro areas, unemployment rates ranged from 4.2 percent in Nashville-Davidson-Murfreesboro-Franklin to 6.3 percent in Memphis.

Wednesday, [Business Employment Dynamics](#): “The difference between the number of gross job gains and the number of gross job losses yielded a net employment gain of 3.9 million jobs in the private-sector during the third quarter of 2020.”

Thursday, [Productivity and Costs by Industry](#): “Labor productivity rose in 41 of the 86 NAICS four-digit manufacturing industries in 2020. . . . The footwear industry had the largest productivity gain with an increase of 14.5 percent. Three out of the four industries in the mining sector posted productivity declines in 2020, with the greatest decline occurring in the metal ore mining industry with a decrease of 6.7 percent.”

Thursday, [Consumer Expenditures](#): “Average expenditures per consumer unit for July 2019 through June 2020 were down 1.1 percent compared with the previous midyear average (July 2018 through June 2019). . . . Entertainment, transportation (especially public transportation), and apparel and services all experienced declines, many sharp. Food away from home also declined, while food at home expenditures rose. Healthcare expenditures rose, but only modestly during the period.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending April 24, the advance figure for seasonally adjusted initial claims was 553,000, a decrease of 13,000 from the previous week's revised level. . . . The 4-week moving average was 611,750, a decrease of 44,000 from the previous week's revised average.”

Economic Indicators and Confidence

The Conference Board

Tuesday, [Consumer Confidence](#): The index “rose sharply again in April, following a substantial gain in March. The Index now stands at 121.7, up from 109.0 in March. . . . Consumers’ assessment of current conditions improved significantly in April, suggesting the economic recovery strengthened further in early Q2.”

Federal Reserve

Wednesday, [FOMC Statement](#): “Amid progress on vaccinations and strong policy support, indicators of economic activity and employment have strengthened. The sectors most adversely affected by the pandemic remain weak but have shown improvement.”

University of Michigan

Friday, [Consumer Sentiment](#): “The April survey recorded continued gains in consumer confidence due to a growing sense that the upward momentum in jobs and incomes will persist. The renewed confidence is due to record federal stimulus spending, both recently passed and proposed, as well as the positive impact from a growing share of the population who are vaccinated. The largest and most important change in April was that an all-time record number of consumers expected declines in the unemployment rate during the year ahead.”

Mortgages and Housing Markets

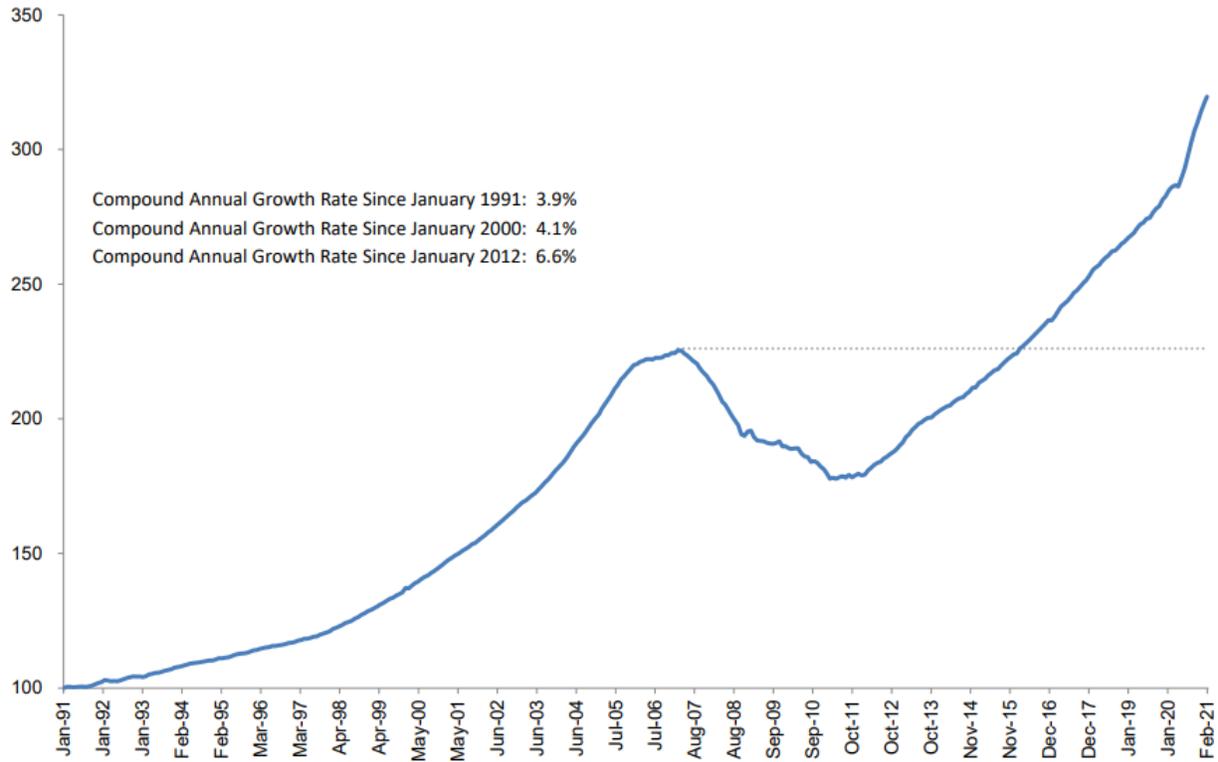
S&P CoreLogic Case-Shiller

Tuesday, [Home Price Index](#): The index “reported a 12.0% annual gain in February, up from 11.2% in the previous month. . . . These data remain consistent with the hypothesis that COVID has encouraged potential buyers to move from urban apartments to suburban homes.”

Federal Housing Finance Agency

Tuesday, [House Price Index](#): “House prices rose nationwide in February, up 0.9 percent from the previous month. . . . House prices rose 12.2 percent from February 2020 to February 2021.”

Monthly House Price Index for U.S. from January 1991 - Present
Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal)



Source: FHFA

Mortgage Bankers Association

Thursday, [Mortgage Applications](#): “Mortgage applications decreased 2.5 percent from one week earlier. . . . The purchase market's recent slide comes despite a strengthening economy and labor market. Activity is still above year-ago levels, but accelerating home-price growth and low inventory has led to a decline in purchase applications in four of the last five weeks.”