

Economic Update, May 3, 2024
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Summary: Federal government indicators this week show increases in compensation costs, wages, and salaries in March while metropolitan area unemployment rates also increased during the same period. Construction spending and international trade both decreased in March. Initial unemployment claims remained unchanged at the national level while displaying a slight decrease in Tennessee. In much-anticipated news, the Federal Reserve decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent. The Conference Board's Consumer Confidence Index, Present Situation Index, and Expectations Index, all fell in the month of April. In terms of the housing market, mortgage applications decreased this week as both 30-year and 15-year fixed-rate mortgages increased.

Federal Government Indicators and Reports

Bureau of Labor Statistics

Tuesday, [Employment Cost Index](#): "Compensation costs for civilian workers increased 1.2 percent, seasonally adjusted, for the 3-month period ending in March 2024. . . . Wages and salaries increased 1.1 percent and benefit costs increased 1.1 percent from December 2023."

Wednesday, [Metropolitan Area Employment](#): "Unemployment rates were higher in March than a year earlier in 269 of the 389 metropolitan areas, lower in 89 areas, and unchanged in 31 areas. . . . A total of 77 areas had jobless rates of less than 3.0 percent and 12 areas had rates of at least 8.0 percent. Nonfarm payroll enrollment increased over the year in 51 metropolitan areas, decreased in 5 areas, and was essentially unchanged in 333 areas. The national unemployment rate in March was 3.9 percent, not seasonally adjusted, up from 3.6 percent a year earlier. . . . Of the 51 metropolitan areas with a 2010 Census population of 1 million or more, Nashville–Davidson–Murfreesboro–Franklin, TN, had the lowest jobless rate in March, 2.4 percent."

Friday, [The Employment Situation](#): "Total nonfarm payroll employment increased by 175,000 in April, and the unemployment rate changed little at 3.9 percent. . . . Job gains occurred in health care, in social assistance, and in transportation and warehousing."

U.S. Census Bureau

Tuesday, [Rental Vacancies and Homeownership](#), "National vacancy rates in the first quarter 2024 were 6.6 percent for rental housing and 0.8 percent for homeowner housing. The rental vacancy rate was not statistically different from the rate in the first quarter 2023 (6.4 percent) and virtually the same as the rate in the fourth quarter 2023 (6.6 percent). The homeowner vacancy rate of 0.8 percent was virtually the same as the rate in the first quarter 2023 (0.8 percent) and not statistically different from the rate in the fourth quarter 2023 (0.9 percent)."

Wednesday, [Construction Spending](#): "Construction spending during March 2024 was estimated at a seasonally adjusted annual rate of \$2,083.9 billion, 0.2 percent below the revised February estimate of \$2,087.8 billion. The March figure is 9.6 percent above the March 2023 estimate of \$1,901.4 billion. During the first three months of this year, construction spending amounted to \$461.0 billion, 10.6 percent above the \$416.7 billion for the same period in 2023."

Thursday, [International Trade](#): “March exports were \$257.6 billion, \$5.3 billion less than February exports. March imports were \$327.0 billion, \$5.4 billion less than February imports.”

Federal Reserve

Wednesday, [FOMC Statement](#): “Recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. In recent months, there has been a lack of further progress toward the Committee’s 2 percent inflation objective. . . . In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent.”

U.S. Department of Labor

Thursday, [Initial Claims](#): “In the week ending April 27, the advance figure for seasonally adjusted initial claims was 208,000, unchanged from the previous week’s revised level.” In Tennessee, the advance figure for initial claims, not seasonally adjusted, filed during the week ending April 27 was 3,343, a decrease of 333 from the previous week’s level.

Other Economic Indicators and Forecasts

The Conference Board

Tuesday, [Consumer Confidence](#): “The Conference Board Consumer Confidence Index deteriorated for the third consecutive month in April, retreating to 97.0 from a downwardly revised 103.1 in March. . . . The Present Situation Index—based on consumers’ assessment of current business and labor market conditions—declined to 142.9 in April from a downwardly revised 146.8 in March. Meanwhile, the Expectations Index—based on consumers’ short-term outlook for income, business, and labor market conditions—fell to 66.4 from a slightly upwardly revised 74.0 last month.”

S&P Global

Wednesday, [Global U.S. Manufacturing PMI](#): “The U.S. manufacturing sector suffered a setback in April as new orders decreased for the first time in 2024 so far. Work on outstanding business helped to keep production in growth territory, however, while firms continued to take on extra staff, in part due to positive expectations for the coming months. Manufacturers scaled back their purchasing activity in response to lower new orders, with pre-production inventories also down. . . . The seasonally adjusted S&P Global U.S. Manufacturing Purchasing Managers’ Index (PMI) posted in line with the 50.0 no-change mark in April to point to stable business conditions at the start of the second quarter. The reading was down from 51.9 in March and signaled an end to a three-month sequence of improving operating conditions.”

ADP

Wednesday, [National Employment Report](#): “Private sector employment increased by 192,000 jobs in April and annual pay was up 5.0 percent year-over-year.”

Mortgages and Housing Markets

Federal Housing Finance Agency

Tuesday, [FHFA House Price Index](#): “U.S. house price rose in February, up 1.2 percent from January, according to the Federal Housing Finance Agency (FHFA) seasonally adjusted monthly House Price Index. House prices rose 7.0 percent from February 2023 to February 2024.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, decreased 2.3 percent on a seasonally adjusted basis from one week earlier. . . . The Refinance Index decreased 3 percent from the previous week and was 1 percent lower than the same week one year ago. The seasonally adjusted Purchase Index decreased 2 percent from one week earlier.”

FreddieMac

Thursday, [Mortgage Rates](#): “The 30-year fixed-rate mortgage (FRM) averaged 7.22 percent as of May 2, 2024, up from last week when it averaged 7.17 percent. A year ago at this time, the 30-year FRM averaged 6.39 percent. The 15-year FRM averaged 6.47 percent, up from last week when it averaged 6.44 percent. A year ago at this time, the 15-year FRM averaged 5.76 percent.”