

Economic Update, May 14, 2021  
Submitted by Kevin Vanzant

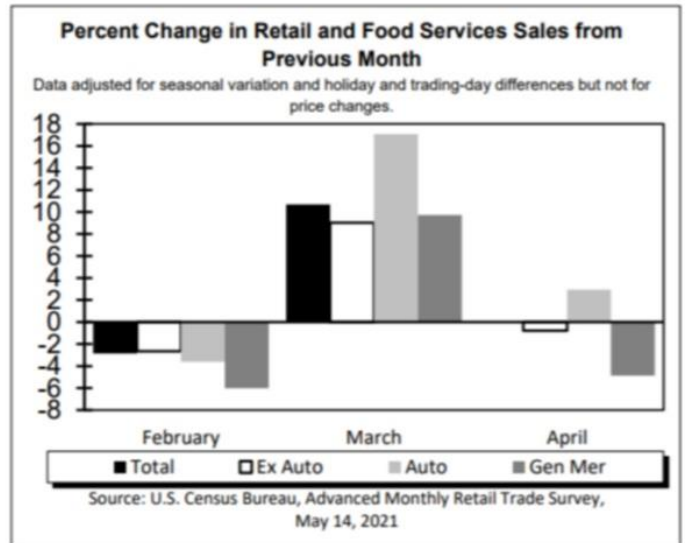
Summary: Concerns about the labor market and inflation dominated economic discussions this week. New jobless claims were down last week to a pandemic low of 473,000, but newly [released data](#) from March indicated a tight job market, with job openings increasing by 8 percent while new hires increased by only 3.7 percent. Generous unemployment benefits, fears of catching Covid-19, parents staying home to care for children, and pandemic-related retirements and career changes have all been [pointed to](#) as possible explanations for employers' current struggle to hire new workers, even with nearly 10 million people still officially unemployed. At the same time, consumer and producer price indexes, both important leading indicators of inflationary pressures within the economy, increased in April. Consumer inflation expectations rose in April as well and are acting as a drag on consumer sentiment in May. And after a big jump in March, retail sales stalled in April as the boost from stimulus checks faded, and mortgage applications last week increased as interest rates dropped.

**Federal Government Indicators and Reports**

Census Bureau

Friday, [Retail Sales](#): "Advance estimates of U.S. retail and food services sales for April 2021 . . . were \$619.9 billion, virtually unchanged from the previous month and 51.2 percent above April 2020. . . . Total sales for the February 2021 through April 2021 period were up 27.1 percent from the same period a year ago. . . . Retail trade sales were down 0.3 percent from March 2021 but up 46.1 percent above last year."

ADVANCE MONTHLY SALES		
April 2021	\$619.9 billion	0.0%*
March 2021 (revised)	\$619.8 billion	10.7%
Next release: June 15, 2021		
<small>* The 90 percent confidence interval includes zero. There is insufficient statistical evidence to conclude that the actual change is different from zero. Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes. Source: U.S. Census Bureau, Advanced Monthly Retail Trade Survey, May 14, 2021</small>		

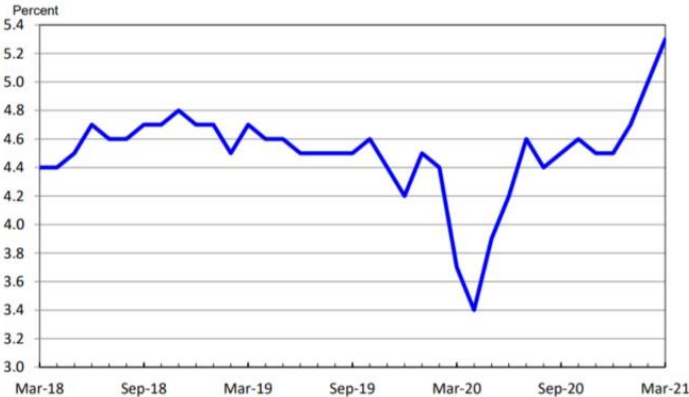


Bureau of Labor Statistics

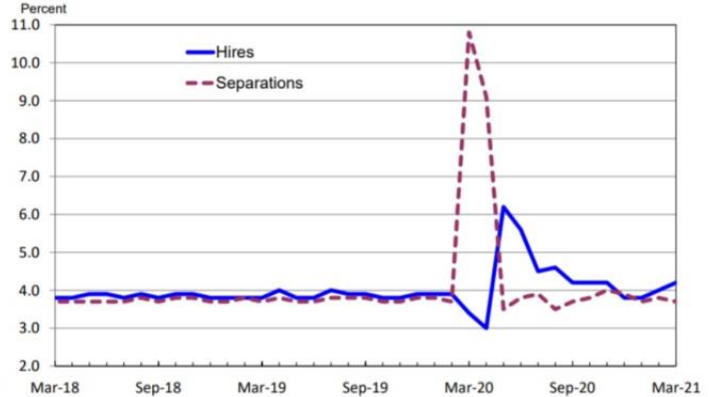
Tuesday, [Job Openings and Labor Turnover Survey \(JOLTS\)](#): "The number of job openings reached a series high of 8.1 million on the last business day of March. . . . Hires were little changed at 6.0 million. Total separations were little changed at 5.3 million. Within separations, the quits rate was

unchanged at 2.4 percent while the layoffs and discharges rate decreased to a series low of 1.0 percent.”

**Chart 1. Job openings rate, seasonally adjusted, March 2018 - March 2021**



**Chart 2. Hires and total separations rates, seasonally adjusted, March 2018 - March 2021**



Wednesday, [Consumer Price Index](#): The index “increased 0.8 percent in April on a seasonally adjusted basis after rising 0.6 percent in March. . . . Over the last 12 months, the all items index increased 4.2 percent before seasonal adjustment. This is the largest 12-month increase since a 4.9-percent increase for the period ending September 2008. . . . The index for all items less food and energy rose 0.9 percent in April, its largest monthly increase since April 1982. Nearly all major component indexes increased in April. Along with the index for used cars and trucks, the indexes for shelter, airline fares, recreation, motor vehicle insurance, and household furnishings and operations were among the indexes with a large impact on the overall increase.”

**Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Apr. 2020 - Apr. 2021**



Thursday, [Producer Price Index](#): “The Producer Price Index for final demand increased 0.6 percent in April, seasonally adjusted. . . . Final demand prices rose 1.0 percent in March and 0.5 percent in February. On an unadjusted basis, the final demand index moved up 6.2 percent for the 12 months ended in April, the largest advance since 12-month data were first calculated in November 2010.”

Federal Reserve

Friday, [Industrial Production](#): “Total industrial production increased 0.7 percent in April. The indexes for mining and utilities increased 0.7 percent and 2.6 percent, respectively; the index for manufacturing rose 0.4 percent despite a drop in motor vehicle assemblies that principally resulted from shortages of semiconductors. . . . At 106.3 percent of its 2012 average in April, total industrial production has moved up 16.5 percent from its level in April 2020 (the trough of the pandemic), but it was 2.7 percent below its pre-pandemic (February 2020) level. Capacity utilization for the industrial sector rose 0.5 percentage point in April to 74.9 percent, a rate that is 4.7 percentage points below its long-run (1972–2020) average.”

Federal Reserve Bank of New York

Monday, [U.S. Consumer Inflation Expectations](#): “According to the April 2021 *Survey of Consumer Expectations*, median year-ahead inflation expectations increased to 3.4 percent in April from 3.2 percent in March. This marks the measure’s highest level since September 2013. The three-year outlook remained unchanged at 3.1 percent. Home price change expectations rose sharply to a new series high of 5.5 percent in April from 4.8 percent in March. Rent growth expectations posted a fifth consecutive increase, rising to a new series high of 9.5 percent. The median one-year outlook for gas prices and medical care decreased.”

Department of Labor

Thursday, [Initial Jobless Claims](#): “In the week ending May 8, the advance figure for seasonally adjusted initial claims was 473,000, a decrease of 34,000 from the previous week's revised level. This is the lowest level for initial claims since March 14, 2020 when it was 256,000. . . . The 4-week moving average was 534,000, a decrease of 28,250 from the previous week's revised average. This is the lowest level for this average since March 14, 2020 when it was 225,500.” Initial claims in Tennessee for the week ending May 8 were 8,194, a decrease of 61 from the prior week.

### **Economic Indicators and Confidence**

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer confidence in early May tumbled due to higher inflation—the highest expected year-ahead inflation rate as well as the highest long term inflation rate in the past decade. Rising inflation also meant that real income expectations were the weakest in five years. . . . Importantly, consumer spending will still advance despite higher prices due to pent-up demand and record saving balances.” Richard Curtin, the Survey’s chief economist, goes on to say that two-thirds of respondents expect an increase in interest rates in the year ahead. He concludes, “It should be no surprise that consumers anticipate a booming economy over the next year or so, including rapid job gains as well as increases in the inflation rate and interest rates. Indeed, consumers think these economic prospects are the natural result of stimulating an economic boom from last year’s shutdown.”

## Preliminary Results for May 2021

	May 2021	Apr 2021	May 2020	M-M Change	Y-Y Change
Index of Consumer Sentiment	82.8	88.3	72.3	-6.2%	+14.5%
Current Economic Conditions	90.8	97.2	82.3	-6.6%	+10.3%
Index of Consumer Expectations	77.6	82.7	65.9	-6.2%	+17.8%

### **Mortgages and Housing Markets**

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 2.1 percent from one week earlier . . . for the week ending May 7, 2021. . . . On an unadjusted basis, the Index increased 2 percent compared with the previous week. The Refinance Index increased 3 percent from the previous week and was 12 percent lower than the same week one year ago. The seasonally adjusted Purchase Index increased 1 percent from one week earlier. The unadjusted Purchase Index increased 1 percent compared with the previous week and was 13 percent higher than the same week one year ago.”