

Economic Update, May 17, 2024  
Submitted by Michael Mount

Summary: Inflation remains a concern as consumer price inflation came in higher than was hoped, and consumer expectations of future inflation increased. Small business owners continue to see inflation as their number one problem, though their optimism improved for the first time this year. Retail sales disappointed and were virtually unchanged from March to April 2024. The leading index worsened but is not signaling a recession anymore.

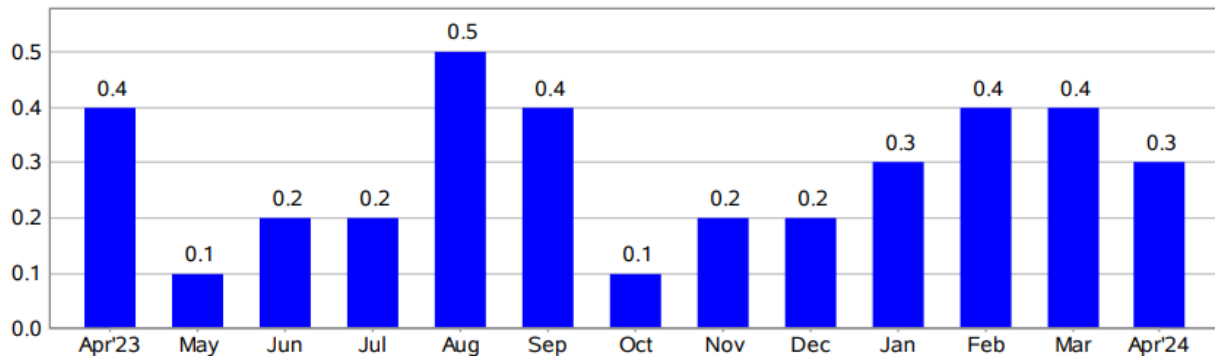
**Federal Government Indicators and Reports**

Bureau of Labor Statistics

Tuesday, [Producer Price Index](#): “The Producer Price Index for final demand rose 0.5 percent in April. . . . On an unadjusted basis, the index for final demand moved up 2.2 percent for the 12 months ended in April, the largest increase since rising 2.3 percent for the 12 months ended April 2023.”

Wednesday, [Consumer Price Index](#): The index “increased 0.3 percent in April on a seasonally adjusted basis, after rising 0.4 percent in March. . . . Over the last 12 months, the all items index increased 3.4 percent before seasonal adjustment.”

**Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Apr. 2023 - Apr. 2024**  
Percent change



U.S. Census

Wednesday, [Retail Sales](#): “Retail trade sales were virtually unchanged from March 2024, but up 2.7 percent above last year.”

Wednesday, [Business Inventories](#): “Manufacturers’ and trade inventories for March. . . . were estimated at an end-of-month level of \$2,539.0 billion, down 0.1 percent from February 2024 and were up 0.7 percent from March 2023.”

U.S. Treasury

Wednesday, [Treasury International Capital](#) (TIC): “The sum total in March of all net foreign acquisitions of long-term securities, short-term U.S. securities, and banking flows was a net TIC inflow of \$102.1 billion.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending May 11, the advance figure for seasonally adjusted initial claims was 222,000, a decrease of 10,000 from the previous week’s revised level.” In Tennessee, the advance figure for initial claims, not seasonally adjusted, filed during the week ending May 11 was 3,133, a decrease of 164 from the previous week’s level.

## Economic Indicators and Confidence

### Federal Reserve

Monday, [Consumer Expectations](#): “Median inflation expectations increased to 3.3 percent from 3.0 percent at the one-year horizon. . . . Median one-year-ahead expected earnings growth decreased by 0.1 percentage point to 2.7 percent. . . . Median expected growth in household income declined by 0.1 percentage point to 3.0 percent.”

Tuesday, [Household Debt](#): “Total household debt rose by \$184 billion to reach \$17.69 trillion, according to the latest Quarterly Report on Household Debt and Credit. Mortgage balances increased by \$190 billion to \$12.44 trillion, while balances on auto loans climbed \$9 billion to \$1.62 trillion, continuing their upward trajectory.”

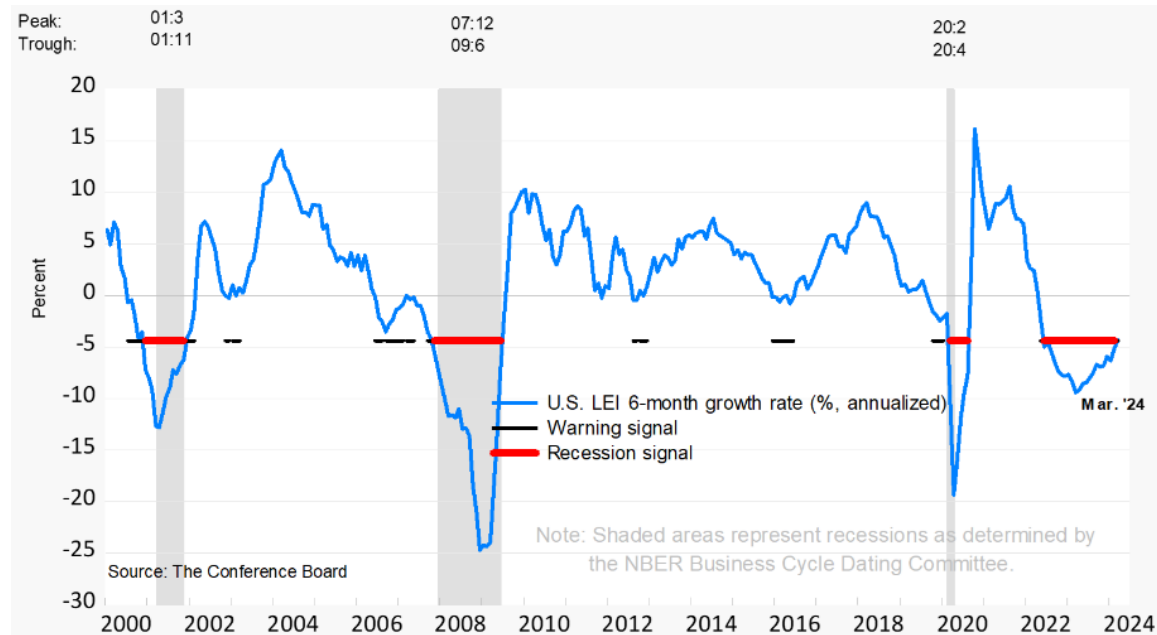
Tuesday, [Small Business Optimism](#): “NFIB’s Small Business Optimism Index rose by 1.2 points in April to 89.7, marking the first increase of this year but the 28th consecutive month below the 50-year average of 98. Twenty-two percent of owners reported that inflation was their single most important problem in their business, down three points from March but still the number one problem for small business owners.”

Thursday, [Industrial Production](#): “Industrial production was little changed in April. Manufacturing output decreased 0.3 percent; excluding motor vehicles and parts, manufacturing output edged down 0.1 percent. . . . Capacity utilization moved down to 78.4 percent in April, a rate that is 1.2 percentage points below its long-run (1972–2023) average.”

### National Federation of Independent Business

### The Conference Board

Thursday, [Leading Index](#): The index “for the U.S. decreased by 0.3 percent in March 2024 to 102.4. . . . Overall, the Index points to a fragile—even if not recessionary—outlook for the U.S. economy. Indeed, rising consumer debt, elevated interest rates, and persistent inflation pressures continue to pose risks to economic activity in 2024.”



### The Conference Board

## **Mortgages and Housing Markets**

National Association of Home Builders

Wednesday, [Housing Market Index](#): The index decreased from 51 to 45, from April to May 2024. The decrease was similar in the South region, from 50 to 45.

U.S. Census

Thursday, [New Residential Construction](#): “Privately-owned housing units authorized by building permits in April were at a seasonally adjusted annual rate of 1,440,000. This is 3.0 percent below the revised March rate of 1,485,000 and is 2.0 percent below the April 2023 rate of 1,470,000.”