

Economic Update, May 20, 2022
Submitted by Michael Mount

Summary: Both the former and current chairs of the Federal Reserve warned of economic pain. Treasury Secretary Janet Yellen said that higher prices are depressing output and spending around the world. Federal Reserve Chairman Jerome Powell said the central bank's resolve in combating the highest inflation in 40 years shouldn't be questioned, even if it requires pushing up unemployment. Initial claims for unemployment insurance edged up to 218,000 last week, and housing indicators weakened. On the bright side, industrial production strengthened, and retail sales were on target.

Federal Government Indicators and Reports

U.S. Census

Tuesday, [Retail Sales](#): "Advance estimates of U.S. retail and food services sales for April 2022 . . . were \$677.7 billion, an increase of 0.9 percent from the previous month, and 8.2 percent above April 2021."

Tuesday, [Business Inventories](#): "Manufacturers' and trade inventories for March . . . were estimated at an end-of-month level of \$2,324.2 billion, up 2.0 percent from February 2022 and were up 14.7 percent from March 2021."

Bureau of Labor Statistics

Wednesday, [Foreign-born Workers](#): "The unemployment rate for foreign-born persons in the United States was 5.6 percent in 2021, down sharply from 9.2 percent in 2020. . . . The jobless rate of native-born persons also declined sharply; it was 5.3 percent in 2021, down from 7.8 percent in 2020. Both measures . . . remain above their levels prior to the coronavirus (COVID-19) pandemic in 2019."

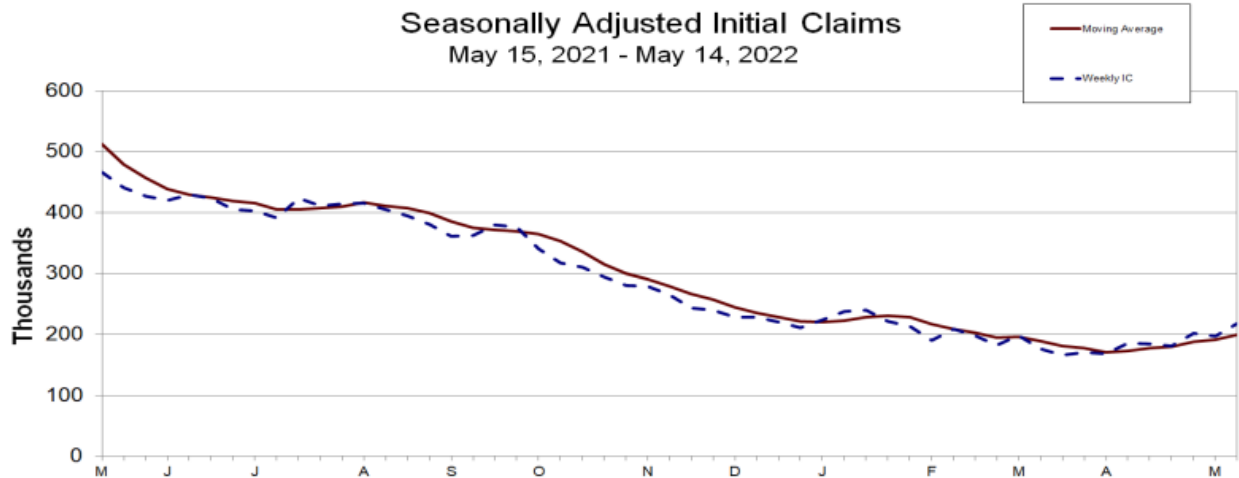
Wednesday, [State Job Openings and Labor Turnover](#): "Job openings rates increased in 8 states, decreased in 3 states, and were little changed in 39 states and the District of Columbia on the last business day of March." The job openings rate for Tennessee was little changed, decreasing from 7.5 percent to 7.3 percent.

Treasury

Wednesday, [Yellen's Comments](#): "The economic outlook globally is challenging, and uncertain, and higher food and energy prices are having stagflation airy effects, namely, depressing output and spending and raising inflation all around the world."

Department of Labor

Thursday, [Initial Claims](#): "In the week ending May 14, the advance figure for seasonally adjusted initial claims was 218,000, an increase of 21,000 from the previous week's revised level."



Economic Indicators and Confidence

Wall Street Journal

Tuesday, [Powell's Comments](#): "Federal Reserve Chairman Jerome Powell said the central bank's resolve in combating the highest inflation in 40 years shouldn't be questioned, even if it requires pushing up unemployment. 'Restoring price stability is an unconditional need. It is something we have to do,' Mr. Powell said. . . . 'There could be some pain involved.'"

The Conference Board

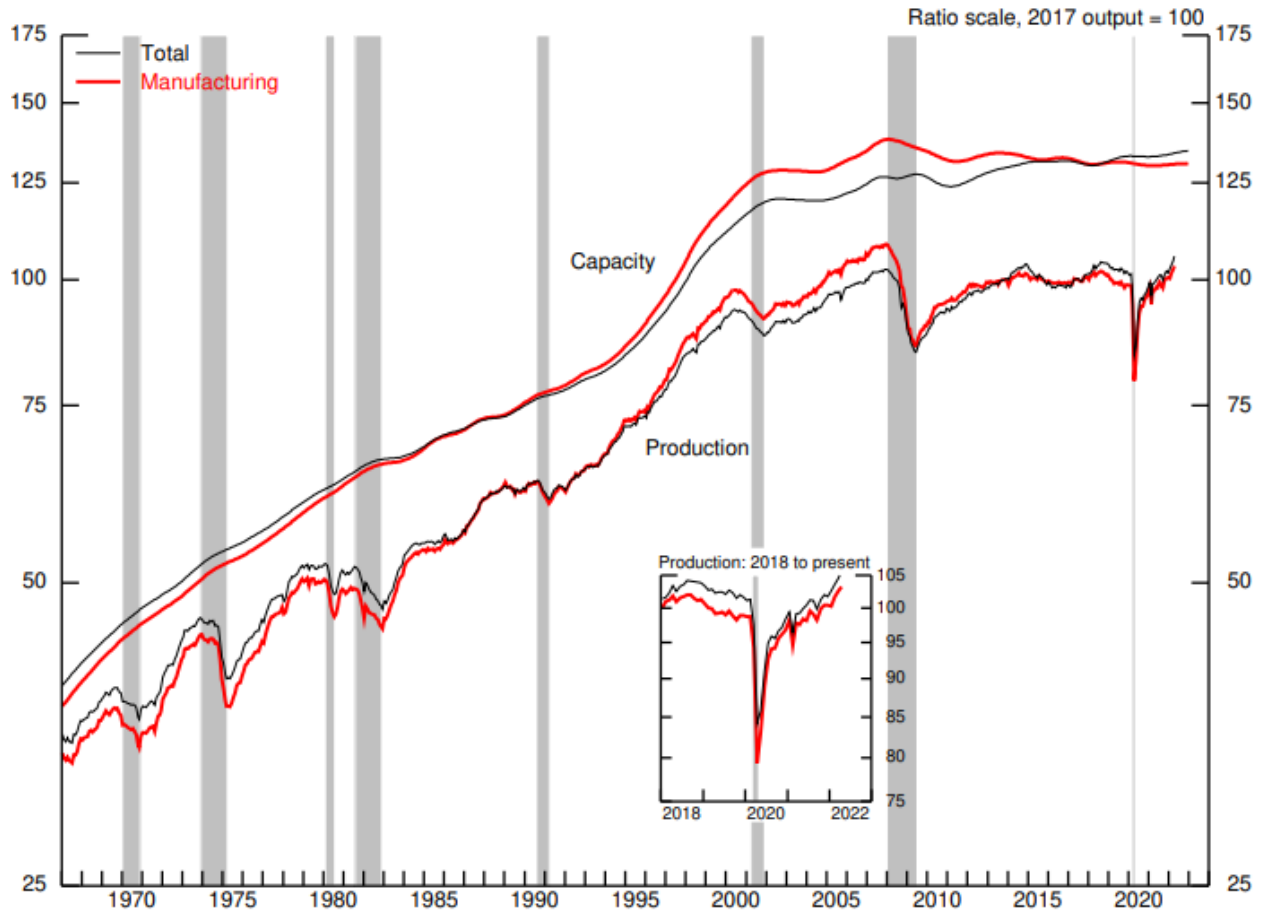
Thursday, [Leading Index](#): The index "for the U.S. decreased by 0.3 percent in April to 119.2, following a 0.1 percent increase in March." The index "'declined in April largely due to weak consumer expectations and a drop in residential building permits,' said Ataman Ozyildirim, Senior Director of Economic Research at The Conference Board."

Federal Reserve

Tuesday, [Industrial Production](#): "In April, total industrial production increased 1.1 percent—the fourth consecutive month of gains of 0.8 percent or greater—and manufacturing output rose 0.8 percent. . . . Capacity utilization for manufacturing increased 0.6 percentage point in April to 79.2 percent—the highest level since April 2007—and was above its long-run average by 1.1 percentage

points.”

1. Industrial production, capacity, and utilization



Mortgages and Housing Markets

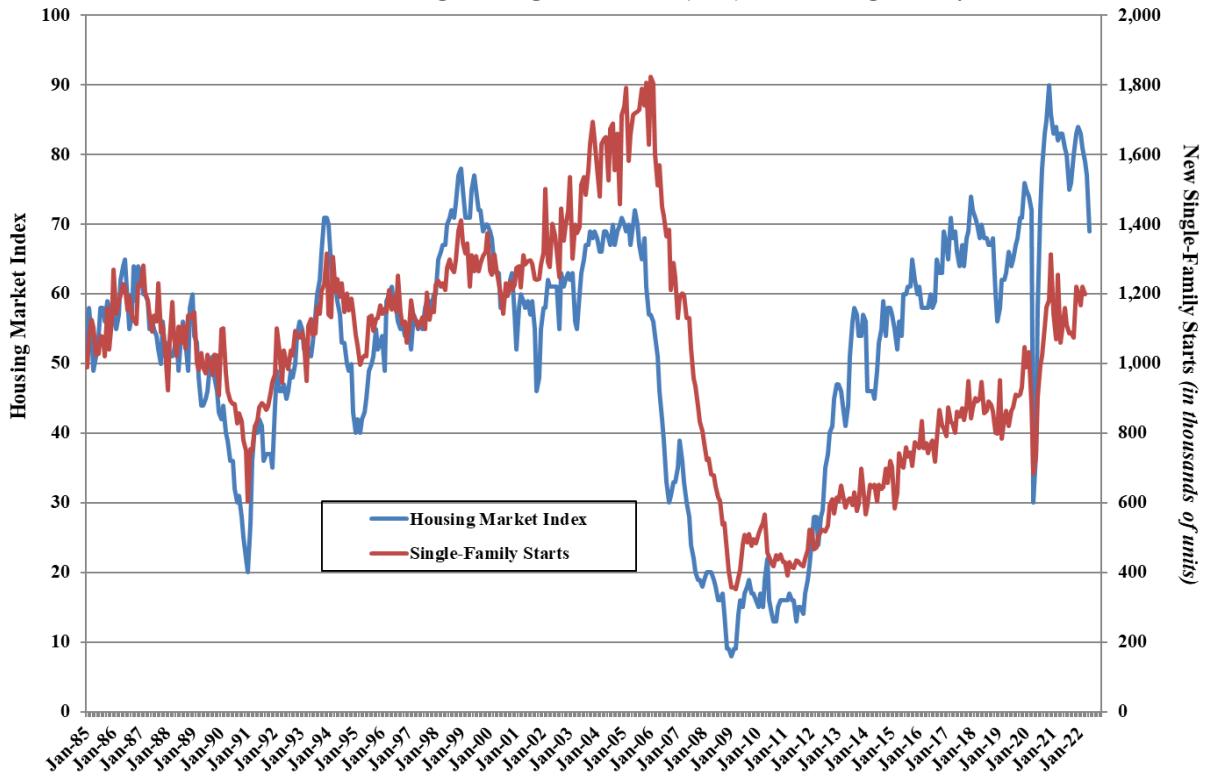
U.S. Census

Wednesday, [New Residential Construction](#): “Privately-owned housing starts in April were at a seasonally adjusted annual rate of 1,724,000. This is 0.2 percent below the revised March estimate of 1,728,000, but is 14.6 percent above the April 2021 rate of 1,505,000.”

National Association of Home Builders

Tuesday, [Housing Market Index](#): The index decreased 77 to 69 from March to April 2022.

Chart: NAHB/Wells Fargo Housing Market Index (HMI) and New Single-Family Starts



Source: NAHB/Wells Fargo Housing Market Index.
U.S. Census Bureau.

Mortgage Bankers Association

Thursday, [Mortgage Applications](#): “Data for April 2022 shows mortgage applications for new home purchases decreased 10.6 percent compared to a year ago. Compared to March 2022, applications decreased by 14 percent.” Joel Kan, an associate vice president for MBA, said: “New home purchase activity declined on a monthly and annual basis in April, as the spike in mortgage rates cooled demand, and homebuilders continued to grapple with rising costs, supply-chain issues, and extended completion timelines.”