

Economic Update, June 27, 2025
Submitted by Michael Mount

Summary: Although GDP decreased in Tennessee and nationally in the first quarter of 2025, indicators are pointing toward growth in the second quarter. Inflation remains above the Federal Reserve's 2 percent target at 2.3 percent per year. Consumer sentiment and consumer confidence went in opposite directions. In Tennessee, tourism continues to expand, according to a [report](#) by Tourism Economics, though not by as much as in the previous three years. Tennessee is the 7th least affordable state for mortgage payments, according to an index by the Mortgage Bankers Association.

Federal Government Indicators and Reports

U.S. Census

Thursday, [Durable Goods](#): "New orders for manufactured durable goods in May, up five of the last six months, increased \$48.3 billion or 16.4 percent to \$343.6 billion. . . ." New orders for nondefence capital goods, excluding aircraft, increased 1.7 percent.

Thursday, [International Trade](#): "The international trade deficit was \$96.6 billion in May, up \$9.6 billion from \$87.0 billion in April. Exports of goods for May were \$179.2 billion, \$9.7 billion less than April exports. Imports of goods for May were \$275.8 billion, \$0.1 billion less than April imports."

Bureau of Economic Analysis

Thursday, [Gross Domestic Product](#): "Real gross domestic product (GDP) decreased at an annual rate of 0.5 percent in the first quarter of 2025. . . . In the fourth quarter of 2024, real GDP increased 2.4 percent."

Friday, [Personal Income and Outlays](#): "Personal income decreased \$109.6 billion (0.4 percent at a monthly rate) in May. . . . Personal outlays—the sum of PCE, personal interest payments, and personal current transfer payments—decreased \$27.6 billion in May. . . . From the same month one year ago, the PCE price index for May increased 2.3 percent."

Friday, [GDP and Personal Income by State](#): GDP decreased by 1.2 percent for Tennessee in the first quarter of 2025.

Department of Labor

Thursday, [Initial Claims](#): "In the week ending June 21, the advance figure for seasonally adjusted initial claims was 236,000, a decrease of 10,000 from the previous week's revised level."

Economic Indicators and Confidence

Federal Reserve

Tuesday, [Powell Report](#): "[G]rowth of consumer spending moderated, while investment in equipment and intangibles rebounded from weakness in the fourth quarter. Surveys of households and businesses, however, report a decline in sentiment over recent months and elevated uncertainty about the economic outlook, largely reflecting trade policy concerns."

Thursday, [Barr Speech](#): "The economy is currently on a sound footing, with low and steady unemployment, and disinflation having continued at a gradual, albeit uneven, pace toward our 2 percent target."

Thursday, [National Activity Index](#): The Chicago Fed National Activity Index "increased to -0.28 in May from -0.36 in April," suggesting that economic growth increased in May.

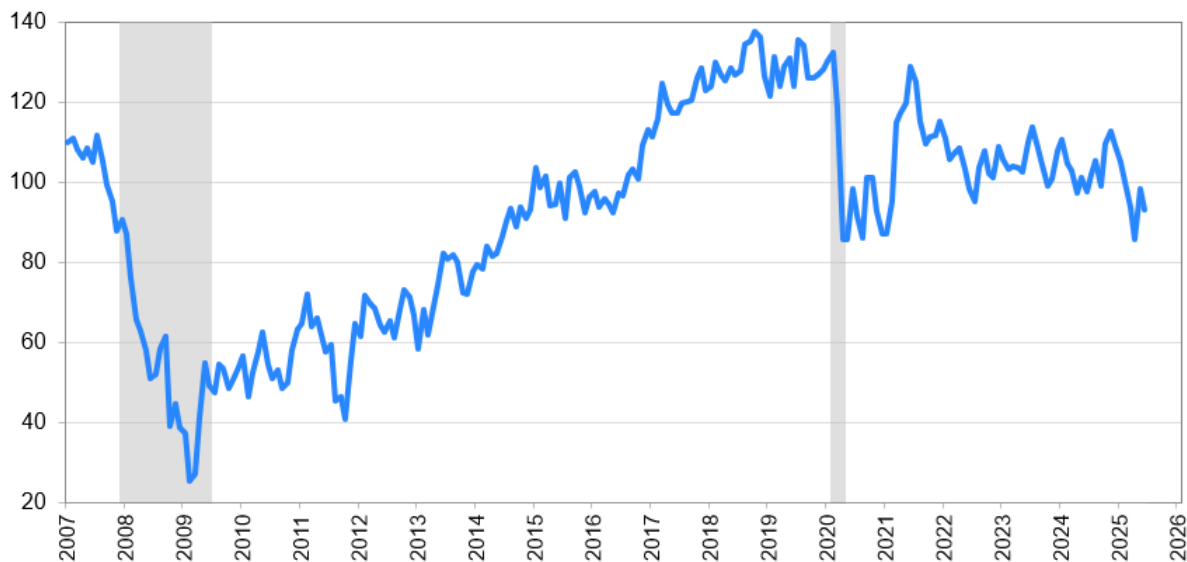
Friday, [GDPNow](#): “The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2025 is 2.9 percent on June 27, down from 3.4 percent on June 18.”

The Conference Board

Tuesday, [Consumer Confidence](#): The index “deteriorated by 5.4 points in June, falling to 93.0 (1985=100) from 98.4 in May.”

Consumer Confidence Index®

Index, 1985 = 100



*Shaded areas represent periods of recession.
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Tourism Economics

Wednesday, [Economic Impact of Visitors to Tennessee](#): “In 2024, 147 million visitors spent \$31.7 billion in the Tennessee economy, increases of 1.6 percent and 3.3 percent, respectively.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment surged 16 percent from May in its first increase in six months—confirming the mid-month reading—but remains well below the post-election bounce seen in December 2024.”

Mortgages and Housing Markets

National Association of Realtors

Monday, [Existing Home Sales](#): “Existing-home sales ticked up by 0.8 percent from April to a seasonally adjusted rate of 4.03 million in May 2025. Year-over-year, sales declined 0.7 percent.”

S&P Global

Tuesday, [Home Price Index](#): “The leading measure of U.S. home prices recorded a 2.7 percent annual gain in April 2025, a slight decrease from the previous reading in March 2025.”

Federal Housing Finance Agency

Tuesday, [House Price Index](#): “U.S. house prices fell 0.4 percent in April. . . . House prices rose 3.0 percent from April 2024 to April 2025.”

U.S. Census

Wednesday, [New Home Sales](#): “Sales of new single-family houses in May 2025 were at a seasonally-adjusted annual rate of 623,000. . . . This is 13.7 percent below the April 2025 rate of 722,000, and is 6.3 percent below the May 2024 rate of 665,000.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Homebuyer affordability declined further in May, with the national median payment applied for by purchase applicants increasing to \$2,211 from \$2,186 in April.” Tennessee ranked 7th in the Purchase Applications Payment Index, which “measures how new mortgage payments vary across time relative to income.”

