

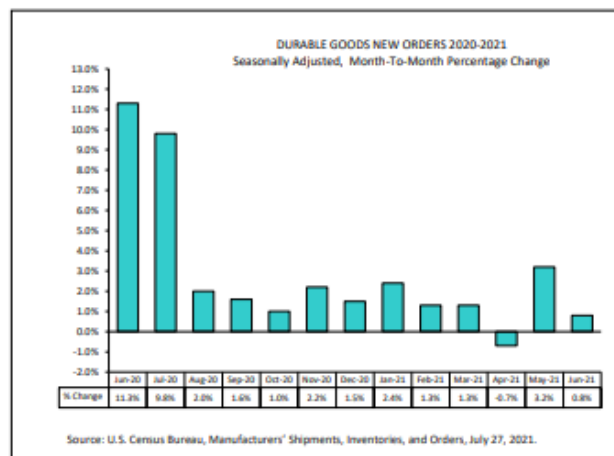
Economic Update, July 30, 2021
Submitted by Kevin Vanzant

Summary: Gross domestic product (GDP) was up 6.5%, below expectations, as growth in US economic activity accelerated only slightly in the second quarter compared to the first. Orders for durable goods increased by 0.8% in June, signaling continued strength in the US economy, but also came in below expectations. Household spending and personal income in June, however, increased by 1% and 0.1% respectively, both higher than expectations. Although US consumer confidence hovered around a 17-month high in July, the consumer sentiment index fell to 81.2 from a reading of 85.5 in June. Both the core PCE price index and the employment cost index rose less than expected, potentially signaling that price pressures in the US economy were beginning to abate. Initial jobless claims fell last week, as the labor market continues to improve even as the delta variant of Covid-19 continues to spread.

Federal Government Indicators and Reports:

Census Bureau

Tuesday, [Durable Goods Orders](#): “New orders for manufactured durable goods in June increased \$2.1 billion or 0.8% to \$257.6 billion . . . This increase, up thirteen of the last fourteen months, followed a 3.2% May increase.”



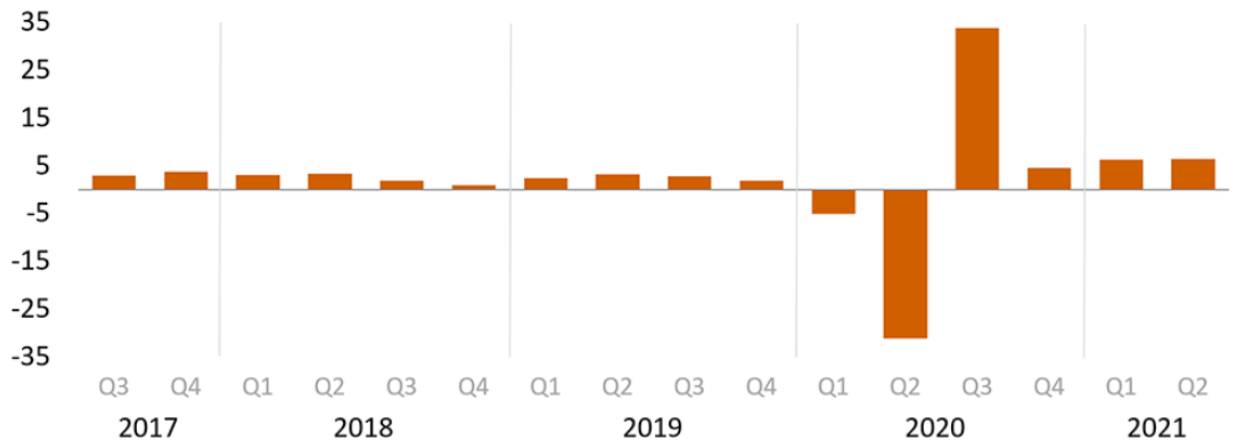
Federal Reserve Open Market Committee

Wednesday, [FOMC Statement](#): “The path of the economy continues to depend on the course of the virus. Progress on vaccinations will likely continue to reduce the effects of the public health crisis on the economy, but risks to the economic outlook remain. . . . The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved. The Committee decided to keep the target range for the federal funds rate at 0% to 1/4% and expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2% and is on track to moderately exceed 2% for some time.”

Bureau of Economic Analysis

Thursday, [GDP Growth Rate](#): “Real gross domestic product (GDP) increased at an annual rate of 6.5% in the second quarter of 2021 . . . In the first quarter, real GDP increased 6.3% (revised).”

Real GDP: Percent change from preceding quarter



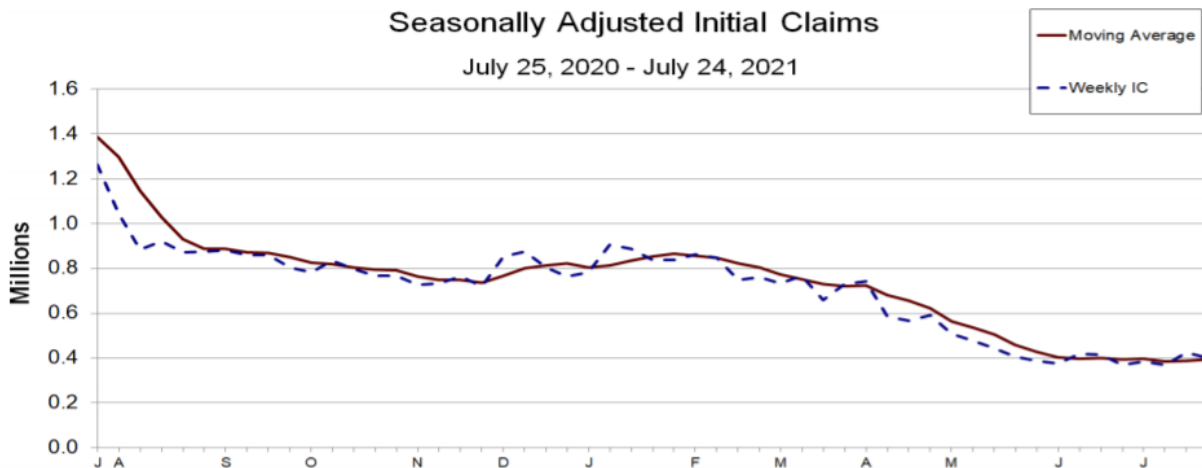
U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Friday, [Personal Income and Consumption Expenditures \(PCE\)](#): “Personal income increased \$26.1 billion (0.1%) in June . . . Disposable personal income (DPI) decreased \$2.6 billion (less than 0.1%) and personal consumption expenditures (PCE) increased \$155.4 billion (1.0%). . . The PCE price index increased 0.5%. Excluding food and energy, the PCE price index increased 0.4% . . . [and] increased 3.5% from one year ago.”

Department of Labor

Thursday, [Initial Jobless Claims](#): “In the week ending July 24, the advance figure for seasonally adjusted initial claims was 400,000, a decrease of 24,000 from the previous week's revised level.”



Bureau of Labor Statistics

Friday, [Employment Cost Index](#): “Compensation costs for civilian workers increased 0.7%, seasonally adjusted, for the 3-month period ending in June 2021. . . Wages and salaries increased 0.9% and benefit costs increased 0.4% from March 2021.”

Economic Indicators and Confidence:

Conference Board

Tuesday, [Consumer Confidence](#): “The index was relatively unchanged in July, following gains in each of the prior five months. The Index now stands at 129.1, up from 128.9 in June. . . . Lynn Franco, Senior Director of Economic Indicators at The Conference Board, said, ‘consumers’ optimism about the short-term outlook didn’t waver, and they continued to expect that business conditions, jobs, and personal financial prospects will improve.’”



University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment edged upward at the end of July, although it still posted a monthly decline of 5.0%. The largest monthly declines remained concentrated in the outlook for the national economy and complaints about high prices for homes, vehicles, and household durables. While most consumers still expect inflation to be transitory, there is growing evidence that an inflation storm is likely to develop on the not too distant horizon.”

| | Jul | Jun | Jul | M-M | Y-Y |
|--------------------------------|------|------|------|--------|--------|
| | 2021 | 2021 | 2020 | Change | Change |
| Index of Consumer Sentiment | 81.2 | 85.5 | 72.5 | -5.0% | +12.0% |
| Current Economic Conditions | 84.5 | 88.6 | 82.8 | -4.6% | +2.1% |
| Index of Consumer Expectations | 79.0 | 83.5 | 65.9 | -5.4% | +19.9% |

Mortgages and Housing Markets:

Census Bureau

Monday, [New Residential Home Sales](#): “Sales of new single-family houses in June 2021 were at a seasonally adjusted annual rate of 676,000 . . . This is 6.6% below the revised May rate of 724,000 and is 19.4% below the June 2020 estimate of 839,000.”

Tuesday, [Residential Vacancies and Homeownership](#): “National vacancy rates in the second quarter 2021 were 6.2% for rental housing and 0.9% for homeowner housing.”

S&P Dow Jones Indices

Tuesday, [US National Home Price Index](#): The index “reported a 16.6% annual gain in May, up from 14.8% in the previous month. . . ‘Housing price growth set a record for the second consecutive month in May 2021,’ says Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P DJI.”

National Association of Realtors

Thursday, [Pending Home Sales](#): “Pending home sales declined marginally in June after recording a notable gain in May. . . . ‘Pending sales have seesawed since January, indicating a turning point for the market,’ said Lawrence Yun, NAR’s chief economist. ‘Buyers are still interested and want to own a home, but record-high home prices are causing some to retreat.’”