

Economic Update, August 15, 2025

Submitted by Madison Thorn

Summary: In July 2025, the Consumer Price Index for All Urban Consumers increased by 0.2 percent compared to June and by 2.7 percent compared to the previous year. The Producer Price Index saw a rise of 0.9 percent in July 2025. Import prices rose by 0.4 percent, while export prices increased by 0.1 percent. Retail sales reached \$726.3 billion, reflecting a 0.5 percent increase from June and a 3.9 percent increase from July 2024. Business applications rose by 2.6 percent in July 2025, and initial unemployment claims dropped to 224,000 nationally (with 2,960 in Tennessee). The NFIB Small Business Optimism Index improved to 100.3. Additionally, mortgage rates eased slightly, mortgage credit availability rose by 0.2 percent, and mortgage applications grew by 10.9 percent compared to last week.

TACIR has an ongoing partnership with the Business and Economic Research Center at Middle Tennessee State University to provide an interactive [Tracking Tennessee's Economy](#) dashboard. In June 2025, Tennessee's economic indicators were mixed. Total building permits rose while permits for single family houses decreased. Average weekly hours and sales tax collections dipped slightly, and unemployment improved marginally. Employment gains were seen in construction, mining, and professional services, while government and durable goods manufacturing declined. Over the past year, sales tax collections and hours worked rose, but both home permit types fell, signaling a slowdown in home construction. Year-over-year job growth occurred in other services, leisure and hospitality, and government, while non-durable goods manufacturing and mining/logging employment dropped.

Federal Government Indicators and Reports:

Bureau of Labor Statistics

Tuesday, [Consumer Price Index for All Urban Consumers](#): "The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent on a seasonally adjusted basis in July, after rising 0.3 percent in June. . . . Over the last 12 months, the all items index increased 2.7 percent before seasonal adjustment."

Tuesday, [Weekly Earnings](#): "Real average hourly earnings for all employees increased 0.1 percent from June to July, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. This result stems from an increase of 0.3 percent in average hourly earnings combined with an increase of 0.2 percent in the Consumer Price Index for All Urban Consumers (CPI-U). Real average weekly earnings increased 0.4 percent over the month due to the change in real average hourly earnings combined with an increase of 0.3 percent in the average workweek."

Wednesday, [Job Openings and Labor Turnover](#): "Job openings rates decreased in 4 states and increased in 1 state in June, the U.S. Bureau of Labor Statistics reported today. Over the month, hires rates decreased in 11 states and increased in 1 state. Total separations rates decreased in 2 states and increased in 1 state. Nationally, the job openings, hires, and total separations rates showed little change in June.

Thursday, [Producer Price Index](#): "The Producer Price Index for final demand rose 0.9 percent in July, seasonally adjusted. . . . Final demand prices were unchanged in June and moved up 0.4 percent in May. On an unadjusted basis, the index for final demand advanced 3.3 percent for the 12 months ended in July, the largest 12-month increase since rising 3.4 percent in February 2025."

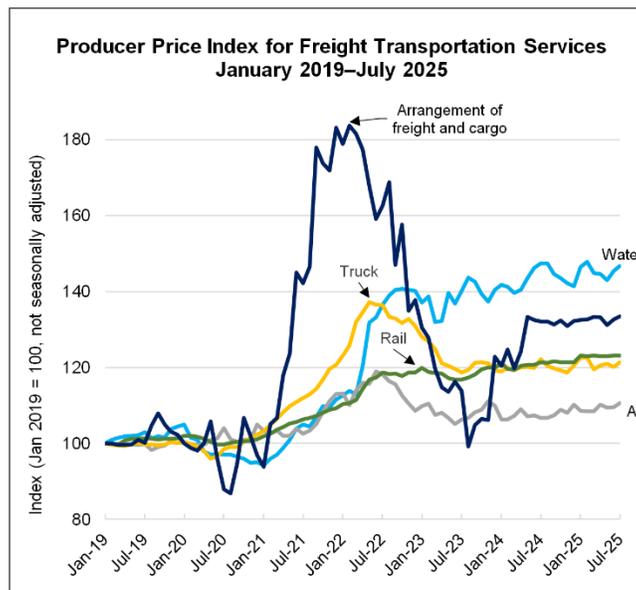
Friday, [Imports and Exports](#): “U.S. import prices increased 0.4 percent in July. . . . following a 0.1-percent decrease in June. Higher prices for nonfuel imports and fuel imports drove the advance in July. Prices for U.S. exports rose 0.1 percent in July, after increasing 0.5 percent the previous month.”

Bureau of Transportation

Tuesday, [Transportation Consumer Price Index](#): “The Consumer Price Index (CPI) for all transportation goods and services was unchanged 0.0 percent from July 2024 to July 2025. Transportation contributed 1.0 percent to the 2.7 percent increase in the price of all goods and services, per the CPI. Motor vehicle insurance contributed the most to inflation, rising 5.3 percent year-over-year and contributing 5.6% to the annual change in the price of all goods and services.” In July 2025, the top three contributors to inflation by item were motor vehicle insurance (+5.6 percent), used cars and trucks (+4.1 percent), and motor vehicle maintenance and repair (+2.7 percent). Offsetting transportation’s contribution to inflation, the largest dampening effects came from gasoline (all types, –12.6 percent), other intercity transportation (–0.2 percent), and other motor fuels and airline fares (both –0.1 percent).

Thursday, [Freight Transportation Services Index](#): “The Freight Transportation Services Index (TSI), fell 0.4 percent in June from May, falling for the first month after two consecutive months of growth. . . . From June 2024 to June 2025 the freight index fell 0.5 percent. The freight TSI measures the amount of freight carried by the for-hire transportation industry.”

Thursday, [Transportation Producer Price Index](#): “Transportation equipment Producer Price Index (PPI) indicate the changes in transportation equipment prices faced by transportation providers, and any increase, increases providers costs. The PPI shows that prices increased for freight transportation and equipment 1.9 percent in July 2025 from July 2024.”

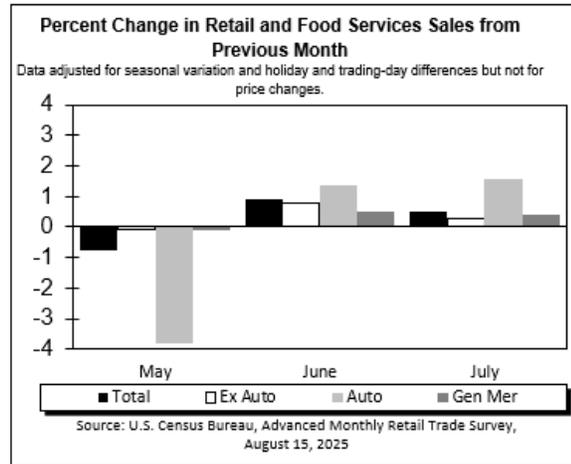


Census Bureau

Wednesday, [Business Formation Statistics](#): “Business Applications for July 2025, adjusted for seasonal variation, were 470,571, an increase of 2.6 percent compared to June 2025. . . . Projected Business Formations (within 4 quarters) for July 2025, adjusted for seasonal variation, were 28,494, an increase of 0.3 percent compared to June 2025.”

Friday, [Advance Retail Sales](#): “Advance estimates of U.S. retail and food services sales for July 2025, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$726.3 billion, up 0.5 percent from the previous month, and up 3.9 percent from July 2024. Total sales for the May 2025 through July 2025 period were up 3.9 percent from the same period a year ago. The May 2025 to June 2025 percent change was revised from up 0.6 percent to up 0.9 percent. Retail trade sales were up 0.7 percent from June 2025, and up 3.7 percent from last year. Nonstore retailers were up 8.0 percent from last year, while food service and drinking places were up 5.6 percent from July 2024.”

| ADVANCE MONTHLY SALES | | |
|--|-----------------|-------|
| July 2025 | \$726.3 billion | +0.5% |
| June 2025 (revised) | \$722.6 billion | +0.9% |
| Next release: September 16, 2025 | | |
| <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, August 15, 2025</small> | | |



Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending August 9, the advance figure for seasonally adjusted initial claims was 224,000, a decrease of 3,000 from the previous week's revised level. . . . The 4-week moving average was 221,750, an increase of 750 from the previous week's revised average. . . . The advance seasonally adjusted insured unemployment rate was 1.3 percent for the week ending August 2, unchanged from the previous week's unrevised rate. The advance number for seasonally adjusted insured unemployment during the week ending August 2 was 1,953,000, a decrease of 15,000 from the previous week's revised level. . . . The 4-week moving average was 1,950,750, an increase of 500 from the previous week's revised average” In Tennessee, the advanced figure for initial claims filed in the week ending August 9 was 2,960, up from last week's figure of 2,830.

Federal Reserve Board

Friday, [Industrial Production and Capacity Utilization](#): “Industrial production (IP) edged down 0.1 percent in July. Manufacturing output was unchanged after increasing 0.3 percent in June. In July, the index for mining declined 0.4 percent, and the index for utilities decreased 0.2 percent. At 104.0 percent of its 2017 average, total IP in July was 1.4 percent above its year-earlier level. Capacity utilization moved down to 77.5 percent in July, a rate that is 2.1 percentage points below its long-run (1972–2024) average.”

Economic Indicators and Confidence:

Federal Reserve Bank of Dallas

Thursday, [Weekly Economic Index](#): “The WEI is currently 2.50 percent, scaled to four-quarter GDP growth, for the week ended Aug. 9 and 2.59 percent for Aug. 2. The 13-week moving average is

2.23 percent. This is compared with 1.99 percent four-quarter GDP growth through second quarter 2025.”

GEP/S&P Global

Wednesday, [Global Supply Chain Volatility](#): “Global supply chain activity fell in July as U.S. manufacturers sharply tapered purchases of materials and components after building inventories in June ahead of the end of the ‘tariff pause’. . . . The index dropped to -0.35 from -0.17 in June, signaling increased spare capacity worldwide. The U.S. was the main driver, with North America’s index falling to -0.33 from -0.06. The reversal follows a surge in June when U.S. factories front-loaded orders to beat anticipated tariff changes. In July, U.S. manufacturers sharply tapered purchases of inputs — materials, components and commodities — signaling expectations of slowing demand going forward.”

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): “The NFIB Small Business Optimism Index rose 1.7 points in July to 100.3, slightly above the 52-year average of 98. Contributing most to the rise in the Optimism Index were respondents reporting better business conditions and reporting that it is a good time to expand. In contrast to the Optimism Index, the Uncertainty Index increased by eight points from June to 97. Twenty-one percent of small business owners reported labor quality as their single most important problem, up five points from June and ranking as the top problem.”

Mortgages and Housing Markets:

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “The 30-year FRM averaged 6.58 percent as of August 14, 2025, down from last week when it averaged 6.63 percent. A year ago at this time, the 30-year FRM averaged 6.49 percent. The 15-year FRM averaged 5.71 percent, down from last week when it averaged 5.75 percent. A year ago at this time, the 15-year FRM averaged 5.66 percent.”

Mortgage Bankers Association (MBA)

Tuesday, [Mortgage Credit Availability](#): “Mortgage credit availability increased in July according to the Mortgage Credit Availability Index (MCAI). . . . The MCAI rose by 0.2 percent to 103.9 in July. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012. The Conventional MCAI increased 0.5 percent, while the Government MCAI decreased by 0.2 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI increased by 0.9 percent, and the Conforming MCAI fell by 0.5 percent.”

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, increased 10.9 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 10 percent compared with the previous week. The Refinance Index increased 23 percent from the previous week and was 8 percent higher 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 17 percent higher than the same week one year ago.”