

Economic Update, September 29, 2023

Submitted by Chris Belden

Summary: Consumer spending increased by 0.4 percent in August in what is considered to be a sign of a healthy economy. Additionally, the personal consumption expenditures index, the Federal Reserve's preferred measure of inflation, rose by 0.4 percent last month or 3.5 percent from August of last year. The core personal consumption expenditures index (excluding food and energy prices) rose by 0.1 percent from last month and 3.9 percent from last year. However, consumers seem to have mixed feelings about the economy, with the Conference Board's Consumer Confidence Index declining from last month, while the University of Michigan's Consumer Sentiment Index in September is 16 percent higher than a year ago.

Federal Government Indicators and Reports

U.S. Census Bureau

Wednesday, [Advance Report on Durable Goods](#): "New orders for manufactured durable goods in August, up five of the last six months, increased \$0.5 billion or 0.2 percent to \$284.7 billion. . . . This followed a 5.6 percent July decrease."

Friday, [Advance Economic Indicators](#): "The international trade deficit was \$84.3 billion in August, down \$6.6 billion from \$90.9 billion in July. . . . Wholesale inventories for August . . . were estimated at an end-of-month level of \$901.2 billion, down 0.1 percent from July 2023, and were down 0.9 percent from August 2022. . . . Retail inventories for August . . . were estimated at an end-of-month level of \$793.4 billion, up 1.1 percent from July 2023, and were up 4.5 percent from August 2022."

Bureau of Labor Statistics

Wednesday, [Metropolitan Area Employment and Unemployment](#): "Unemployment rates were higher in August than a year earlier in 189 of the 389 metropolitan areas, lower in 186 areas, and unchanged in 14 areas." In Tennessee, the civilian labor force increased to 3,370,924 in August 2023, up from 3,343,433 a year prior. Tennessee's unemployment rate in August 2023 was 3.4 percent, down from 3.6 percent in August of 2022.

Bureau of Economic Analysis

Thursday, [Gross Domestic Product \(Third Estimate\)](#): "Real gross domestic product (GDP) increased at an annual rate of 2.1 percent in the second quarter of 2023. . . . In the first quarter, real GDP increased 2.2 percent (revised). . . . The increase in real GDP reflected increases in nonresidential fixed investment, consumer spending, and state and local government spending that were partly offset by a decrease in exports."

Friday, [Personal Income and Outlays](#): "Personal income increased \$87.6 billion (0.4 percent at a monthly rate) in August. . . . Personal consumption expenditures (PCE) increased \$83.6 billion (0.4 percent). . . . The PCE price index increased 0.4 percent. Excluding food and energy, the PCE price index increased 0.1 percent."

	2023				
	Apr	May	June	July	Aug.
	Percent change from preceding month				
Personal income:					
Current dollars	0.3	0.3	0.2	0.2	0.4
Disposable personal income:					
Current dollars	0.5	0.5	0.1	0.0	0.2
Chained (2012) dollars	0.2	0.4	0.0	-0.2	-0.2
Personal consumption expenditures (PCE):					
Current dollars	0.4	0.2	0.4	0.9	0.4
Chained (2012) dollars	0.1	0.1	0.3	0.6	0.1
Price indexes:					
PCE	0.3	0.1	0.2	0.2	0.4
PCE, excluding food and energy	0.3	0.3	0.2	0.2	0.1
Price indexes: Percent change from month one year ago					
PCE	4.4	4.0	3.2	3.4	3.5
PCE, excluding food and energy	4.8	4.7	4.3	4.3	3.9

Department of Labor

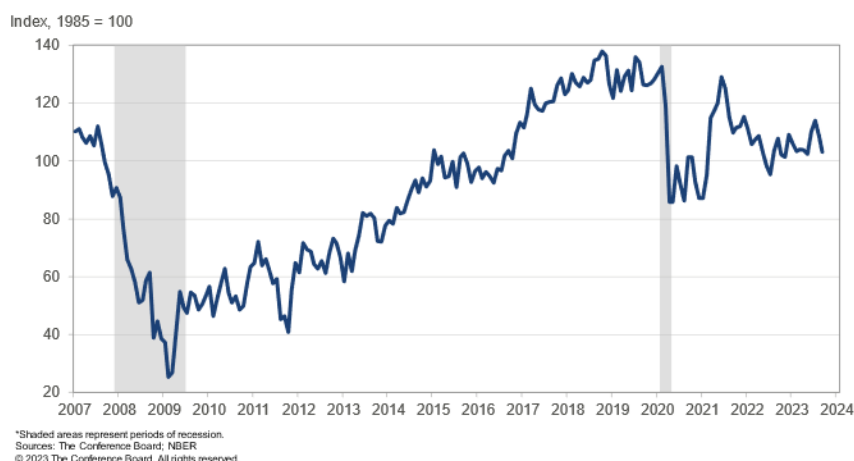
Thursday, [Weekly Initial Claims](#): “In the week ending September 23, the advance figure for seasonally adjusted initial claims was 204,000, an increase of 2,000 from the previous week’s revised level. . . . The 4-week moving average was 211,000, a decrease of 6,250 from the previous week’s revised average.”

Economic Indicators and Confidence

The Conference Board

Tuesday, [Consumer Confidence](#): “The Conference Board Consumer Confidence Index declined again in September to 103.0 (1985=100), down from an upwardly revised 108.7 in August. The Present Situation Index—based on consumers’ assessment of current business and labor market conditions—rose slightly to 147.1 (1985=100) from 146.7. The Expectations Index—based on consumers’ short-term outlook for income, business, and labor market conditions—declined to 73.7 (1985=100) in September, after falling to 83.3 in August.” According to Dana Peterson, chief economist at The Conference Board, “Responses showed that consumers continued to be preoccupied with rising prices in general, and for groceries and gasoline in particular. Consumers also expressed concerns about the political situation and higher interest rates.”

Consumer Confidence Index®



University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment confirmed its early-month reading and was little changed this month, slipping a mere 1.4 index points from August and remaining 16 percent higher than a year ago. A small decline in consumer expectations over their personal finances was offset by a modest improvement in expected business conditions. Consumers are understandably unsure about the trajectory of the economy given multiple sources of uncertainty, for example over the possible shutdown of the federal government and labor disputes in the auto industry. Until more information emerges about these developments, though, consumers have reserved judgement on whether economic conditions have materially changed from the past few months.”

Final Results for September 2023

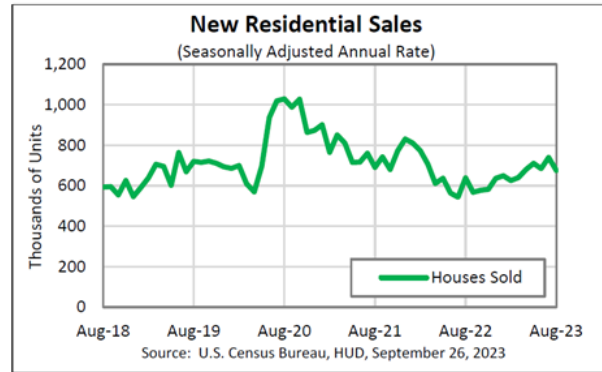
	Sep 2023	Aug 2023	Sep 2022	M-M Change	Y-Y Change
Index of Consumer Sentiment	68.1	69.5	58.6	-2.0%	+16.2%
Current Economic Conditions	71.4	75.7	59.7	-5.7%	+19.6%
Index of Consumer Expectations	66.0	65.5	58.0	+0.8%	+13.8%

Mortgages and Housing Markets

U.S. Census Bureau

Tuesday, [New Residential Sales](#): “Sales of new single-family houses in August 2023 were at a seasonally adjusted annual rate of 675,000. . . . This is 8.7 percent below the revised July rate of 739,000 but is 5.8 percent above the August 2022 estimate of 638,000. . . . The median sales price of new houses sold in August 2023 was \$430,300. The average sales price was \$514,000.”

 NEW RESIDENTIAL SALES AUGUST 2023	
New Houses Sold¹:	675,000
New Houses For Sale²:	436,000
Median Sales Price:	\$430,300
Next Release: October 25, 2023	
¹ Seasonally Adjusted Annual Rate (SAAR)	
² Seasonally Adjusted	
Source: U.S. Census Bureau, HUD, September 26, 2023	



S&P Global

Tuesday, [Case-Shiller Home Price Index](#): “The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported 1.0 percent annual change in July, up from a 0 percent change in the previous month.”

Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications decreased 1.3 percent from one week earlier.” Joel Kan, MBA’s vice president and deputy chief economist, said, “Mortgage rates moved to their highest levels in over 20 years as Treasury yields increased late last week. The 30-year fixed mortgage rate increased to 7.41 percent, the highest rate since December 2000, and the 30-year fixed jumbo mortgage rate increased to 7.34 percent, the highest rate in the history of the jumbo rate series dating back to 2011.”

National Association of Realtors

Thursday, [Pending Home Sales](#): “Pending home sales slumped in August, down 7.1 percent from July. High interest rates have pushed mortgage rates above 7 percent, which has impacted home buying. Pending home sales dropped in all four U.S. regions month-over-month and compared to one year ago.”