

Economic Update, December 22, 2017
Submitted by Michael Mount

Summary: Consumer confidence dipped some but remains near the average for 2017. Tennessee's unemployment rate ticked up to 3.1%, but it's still less than the 4.1% national rate. For personal income (see map below), Tennessee's increase of 0.6%, was slightly below the national increase of 0.7% in the third quarter.

Census Bureau

Tuesday, [New Residential Construction](#): "Privately-owned housing units authorized by building permits in November were at a seasonally adjusted annual rate of 1,298,000. This is 1.4 percent below the revised October rate of 1,316,000, but is 3.4 percent above the November 2016 rate of 1,255,000. . . . Privately-owned housing starts in November were at a seasonally adjusted annual rate of 1,297,000. This is 3.3 percent above the revised October estimate of 1,256,000 and is 12.9 percent above the November 2016 rate of 1,149,000. . . . Privately-owned housing completions in November were at a seasonally adjusted annual rate of 1,116,000. This is 6.1 percent below the revised October estimate of 1,189,000 and is 7.2 percent below the November 2016 rate of 1,203,000."

Friday, [Advance Report on Durable Goods](#): "New orders for manufactured durable goods in November increased \$3.1 billion or 1.3 percent to \$241.4 billion. . . . Shipments of manufactured durable goods in November, up six of the last seven months, increased \$2.4 billion or 1.0 percent to \$244.5 billion. . . . Unfilled orders for manufactured durable goods in November, up three consecutive months, increased \$1.1 billion or 0.1 percent to \$1,137.0 billion."

Friday, [New Residential Sales](#): "Sales of new single-family houses in November 2017 were at a seasonally adjusted annual rate of 733,000. . . . The median sales price of new houses sold in November 2017 was \$318,700. The average sales price was \$377,100. The seasonally-adjusted estimate of new houses for sale at the end of November was 283,000. This represents a supply of 4.6 months at the current sales rate."

Bureau of Labor Statistics

Tuesday, [Census of Fatal Occupational Injuries](#): "There were a total of 5,190 fatal work injuries recorded in the United States in 2016, a 7-percent increase from the 4,836 fatal injuries reported in 2015. . . . This is the third consecutive increase in annual workplace fatalities." Of the causes of workplace fatalities, violence increased the most, up 23% from 2015, making it the second most common cause behind incidents involving transportation.

Friday, [State Employment and Unemployment](#): "Unemployment rates were lower in November in 8 states, higher in 2 states, and stable in 40 states. . . . Twenty-three states had unemployment rate decreases from November 2016. The largest declines occurred in Alabama and Tennessee (-2.7 percentage points and -2.0 points, respectively)."

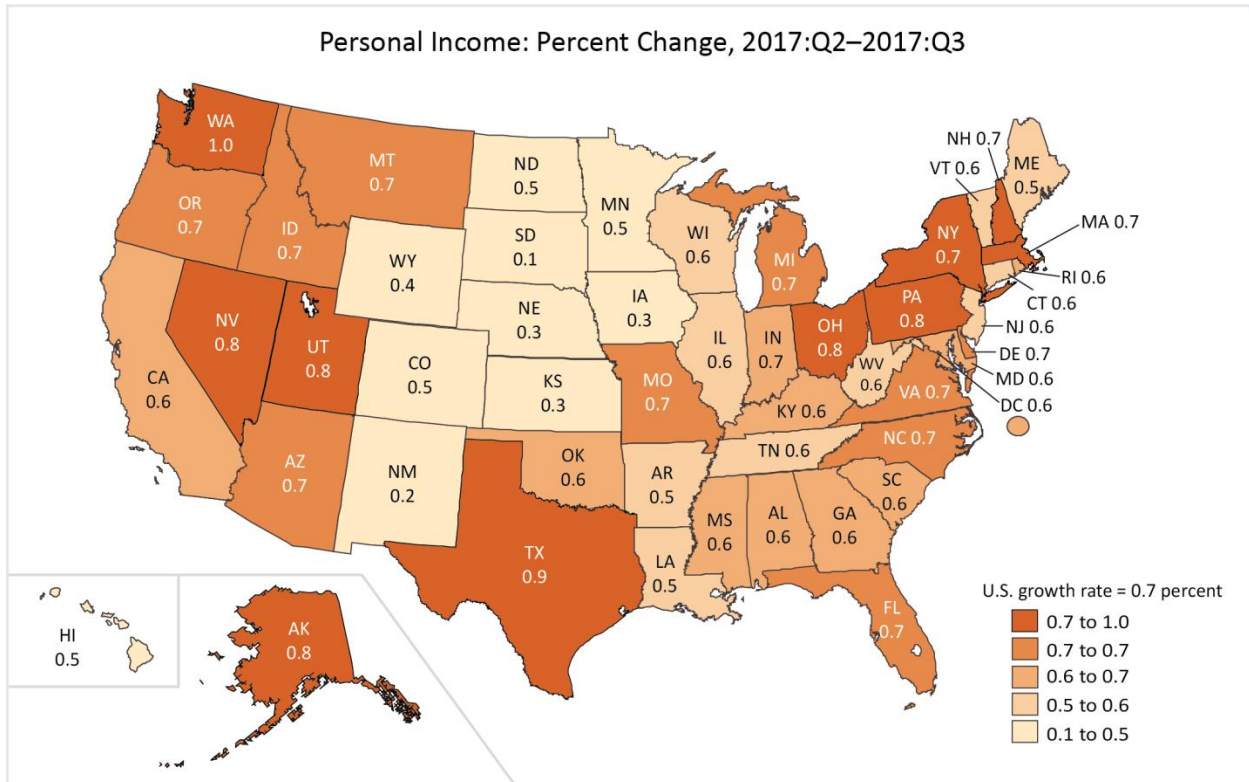
Department of Labor

Thursday, [Initial Claims](#): "In the week ending December 16, the advance figure for seasonally adjusted initial claims was 245,000, an increase of 20,000 from the previous week's unrevised level of 225,000. The 4-week moving average was 236,000, an increase of 1,250 from the previous week's unrevised average of 234,750."

Bureau of Economic Analysis

Tuesday, [U.S. International Transactions](#): “The U.S. current-account deficit decreased to \$100.6 billion (preliminary) in the third quarter of 2017 from \$124.4 billion (revised) in the second quarter of 2017. . . . The deficit decreased to 2.1 percent of current-dollar gross domestic product (GDP) from 2.6 percent in the second quarter.”

Wednesday, [State Personal Income](#): “State personal income increased 0.7 percent on average in the third quarter of 2017.” In Tennessee, the increase was 0.6% (see map below). “In the second quarter, state personal income increased 0.6 percent. Increases in earnings and personal current transfer receipts were the leading contributors to the acceleration in personal income in the third quarter.”



U.S. Bureau of Economic Analysis

Thursday, [Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 3.2 percent in the third quarter of 2017. . . . In the second quarter, real GDP increased 3.1 percent. . . . The slight acceleration in real GDP in the third quarter primarily reflected an acceleration in private inventory investment and an upturn in state and local government spending that were partly offset by decelerations in PCE, nonresidential fixed investment, and exports.”

Thursday, [Corporate Profits](#): “Profits from current production . . . increased \$90.2 billion in the third quarter, compared with an increase of \$14.4 billion in the second quarter.”

Friday, [Personal Income and Outlays](#): “Personal income increased \$54.0 billion (0.3 percent) in November. . . . Disposable personal income (DPI) increased \$50.9 billion (0.4 percent) and personal consumption expenditures (PCE) increased \$87.1 billion (0.6 percent). Real DPI increased 0.1 percent in November and PCE increased 0.4 percent. The PCE price index increased 0.2 percent. Excluding food and energy, the PCE price index increased 0.1 percent.”

Federal Reserve

Thursday, [National Activity Index](#): The index “points to a moderation in economic growth in November. Led by slower growth in production-related indicators, the Chicago Fed National Activity Index (CFNAI) declined to +0.15 in November from +0.76 in October.”

Conference Board

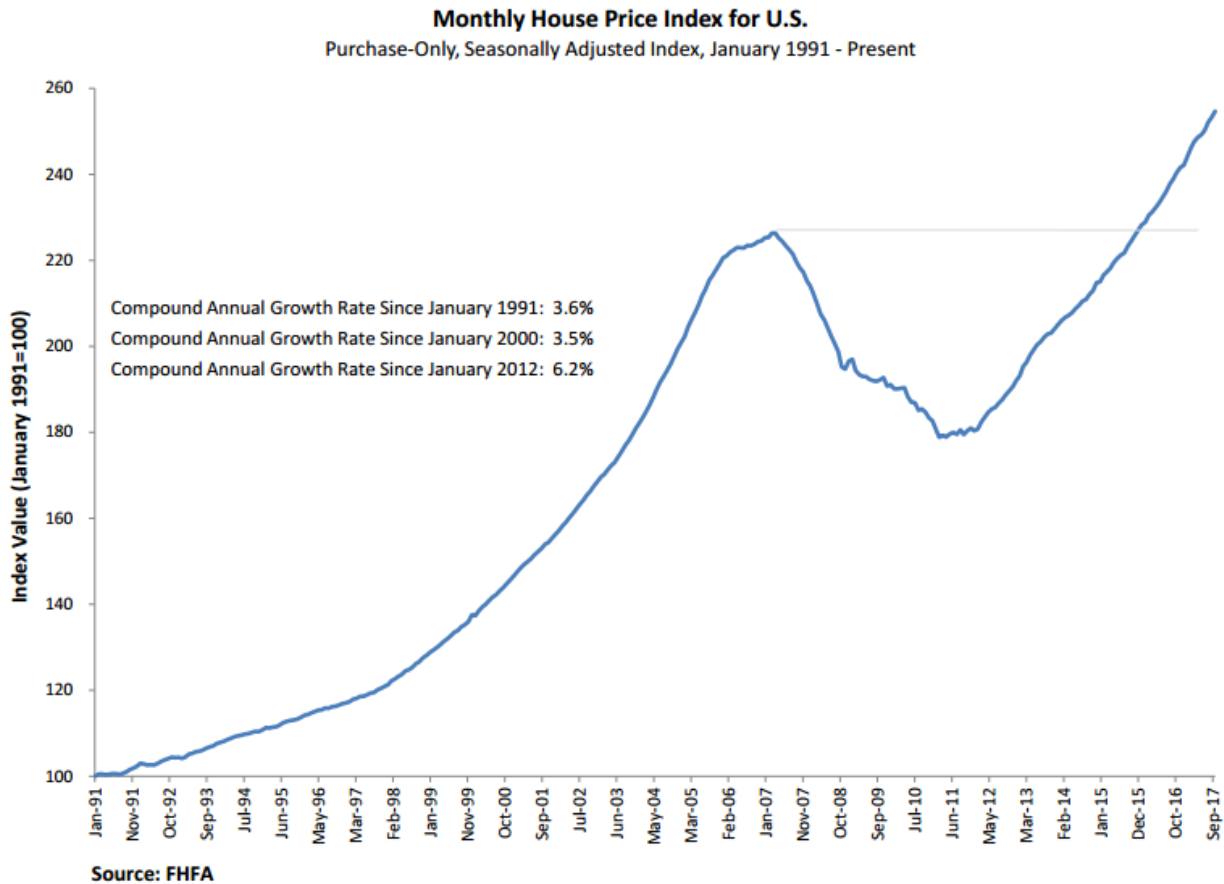
Thursday, [Leading Indicators](#): The index “increased 0.4 percent in November to 130.9, following a 1.2 percent increase in October, and a 0.1 percent increase in September.” According to Ataman Ozyildirim, director of business cycles and growth research at The Conference Board, “The U.S. LEI rose again in November, suggesting that solid economic growth will continue into the first half of 2018. In recent months, unemployment insurance claims have returned to pre-hurricane levels. In addition, improving financial indicators, new orders in manufacturing and historically high consumer sentiment have propelled the U.S. LEI even higher.”

National Association of Realtors

Wednesday, [Existing Home Sales](#): “Existing-home sales surged for the third straight month in November and reached their strongest pace in almost 11 years. . . . All major regions except for the West saw a significant hike in sales activity last month. . . . Existing-home sales in the South expanded 8.3 percent to an annual rate of 2.34 million in November, and are now 4.0 percent higher than a year ago. The median price in the South was \$216,200, up 4.8 percent from a year ago.”

Federal Housing Finance Agency

Thursday, [House Price Index](#): “U.S. house prices rose in October, up 0.5 percent from the previous month. . . . The previously reported 0.3 percent increase in September was revised upward to 0.5 percent.” Here’s the index since January 1991:



National Association of Home Builders

Monday, [Housing Market Index](#): “Builder confidence in the market for newly-built single-family homes increased five points to a level of 74 in December on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI) after a downwardly revised November reading. This was the highest report since July 1999, over 18 years ago. ‘Housing market conditions are improving partially because of new policies aimed at providing regulatory relief to the business community,’ said NAHB Chairman Granger MacDonald, a home builder and developer from Kerrville, Texas.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 4.9 percent from one week earlier. . . . The Market Composite Index, a measure of mortgage loan application volume, decreased 4.9 percent on a seasonally adjusted basis from one week earlier. . . . The Refinance Index decreased 3 percent from the previous week. The seasonally adjusted Purchase Index decreased 6 percent from one week earlier.”

Bloomberg

Thursday, [Consumer Comfort Index](#): The index decreased from 53 in November to 47 in December. “Americans’ outlook for the U.S. economy fell in December to match the weakest for the year and a weekly measure of confidence cooled to a two-month low, even as both gauges remain high by historical standards, the Bloomberg Consumer Comfort Index showed Thursday.”

University of Michigan

Friday, [Consumer Confidence](#): “Consumer confidence continued to slowly sink in December, with most of the decline among lower income households. The extent of the decline was minor, with the December figure just below the average for 2017 (95.9 versus 96.8). . . . Overall, the data indicate that real personal consumption expenditures will expand by 2.6% in 2018.”