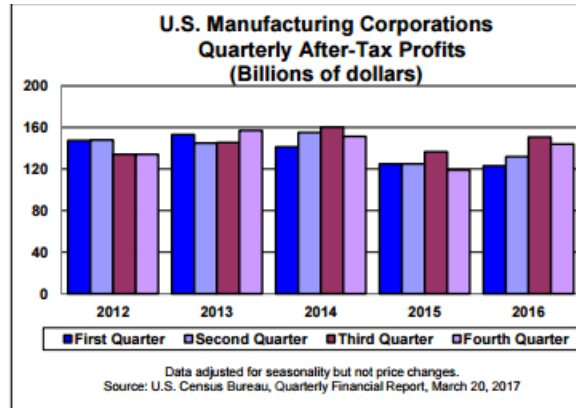
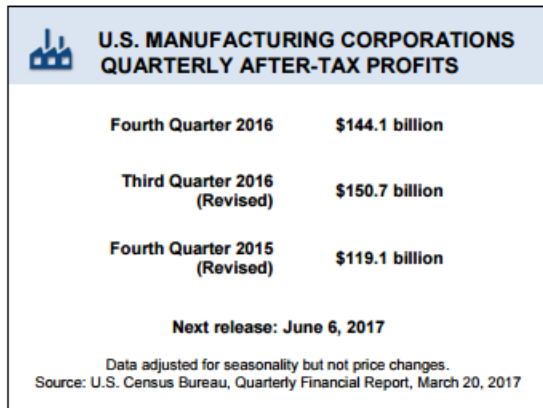


Economic Update, March 24, 2017
Submitted by Reuben Kyle

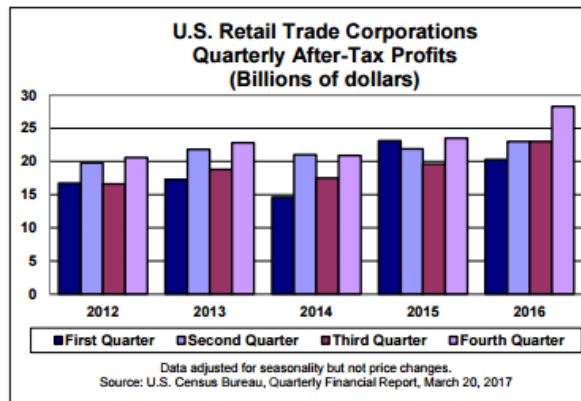
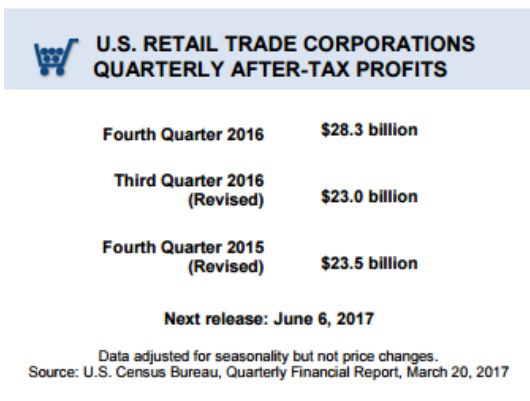
Summary: This week’s economic news is luke-warm. The purchasing managers index pointed down, as did some housing market indicators. But quarterly financial reports from manufacturing and retail trade look pretty strong. Tennessee’s economic numbers also look positive.

Census Bureau

Monday, [Quarterly Financial Report-Manufacturing and others](#): In the 4th quarter of 2016, seasonally adjusted, after tax profits were down by \$6.6 billion from the 3rd quarter but \$25 billion higher than in Q4 2015. The chart below shows the results since 2012.



Monday, [Quarterly Financial Report-Retail Trade](#): In the 4th quarter of 2016, seasonally adjusted after tax profits of retail corporations with assets of \$50 million or more were \$5.4 billion higher than in the 3rd quarter and \$4.8 billion higher than in Q4 2016. Below is a chart showing the quarterly results since 2012.



Thursday, [New Residential Sales](#): In February 2017, sales of new single-family houses increased by 6.1% from January to a seasonally adjusted, annual rate of 592,000. This figure was 12.8% higher than the 525,000 in February 2016. The median selling price in February was \$296,200 compared with \$308,200 in January. The drop in the median price indicates that more units were sold at prices below the previous median price than in the prior month. At the same time the mean price rose from January to February indicating the more units were sold at prices above the previous month’s mean.

Friday, [Advance Report on Durable Goods Manufacturers' Shipments, Inventories and Orders](#): In February 2017, new orders for manufactured durable goods rose by 1.7% from January led by transportation equipment orders for which increased by 4.3%. Shipments were up by 0.3% while unfilled orders were little changed by \$0.2 billion decrease. Inventories added 0.2%. In the case of nondefense capital goods, new orders increased by 4.1%, shipments fell by 0.1%, and both unfilled orders and inventories rose. Defense capital goods saw new orders fall, shipments rose while unfilled orders declined and inventories rose.

Bureau of Labor Statistics

Wednesday, [Employment Situation of Veterans](#): "The unemployment rate for veterans who served on active duty in the U.S. Armed Forces at any time since September 2001--a group referred to as Gulf War-era II veterans--edged down to 5.1 percent in 2016, the U.S. Bureau of Labor Statistics reported today. The jobless rate for all veterans also edged down over the year to 4.3 percent. About 36 percent of Gulf War-era II veterans had a service-connected disability in August 2016, compared with 22 percent of all veterans." Some interesting facts from the report: in 2016 there were 20.9 million veterans, men and women, in the U.S. 10% of whom were women. The unemployment rate was 4.2 for male veterans 5.0% for female veterans. Veterans are those who have served in the active duty U.S. armed forces and are currently civilians. Those who served in WWII, Korea, and the Vietnam-era make up 41% of the total veteran population.

Friday, [State Employment and Unemployment](#): In February 2017, 10 states had significantly lower unemployment rates, one state had a significantly higher rate, and rates were stable in 39 states and the District of Columbia. New Hampshire had the lowest unemployment at 2.7% and New Mexico had the highest rate at 6.8%. [Tennessee's](#) unemployment rate was 5.3%, down from 5.4% in January. The monthly change was not statistically significant nor is Tennessee's rate significantly different than the national unemployment rate. Total nonfarm employment increased significantly in 11 states from January to February. Tennessee added 8,300 jobs in February with the largest increases in Mining/logging/construction, Manufacturing, and Education Services. Year-over-year Tennessee employment increased by 66,100 jobs.

U.S. Department of Labor

Thursday, [Initial Claims](#): New claims for unemployment insurance in the week ending March 18, 2017 increased by 15,000 to 258,000 and the four-week moving average rose by 1,000 to 240,000. For the previous week ending March 11, no state reported an increase of 1,000 or more initial claims and three states reported decreases of 1,000 or more. Tennessee reported a decrease of 74 new claims from the prior week.

U.S. Department of Transportation

Thursday, [January 2017 North American Freight Numbers](#): Year-over-year NAFTA freight value increased by \$88.0 billion, a rise of 6.7%. That increase was the largest year-over-year gain since September 2014 and was shared by all modes: air, vessel, pipeline, rail, and truck. The increase of 42.7% carried by pipelines was largely due to a 66% increase in the price of crude oil. Trucks are responsible for 62.5% of NAFTA freight and that year-over-year increase was 0.4%.

Federal Housing Finance Agency (FHFA)

Wednesday, [FHFA House Price Index](#): In January 2017, the U.S. House Price Index was unchanged from December and over the 12-month period from January 2016 to January 2017 it was up by 5.7%. In the East South Central region, which includes Tennessee, the index fell by 0.2% from December while over the prior 12 months it was up by 3.5%.

National Association of Realtors

Wednesday, [Existing Home Sales](#): In February 2017, sales of all existing homes fell by 3.7%, on a seasonally-adjusted basis, to an annual rate of 5.48 million units from the January level of 5.68 million. Lawrence Yun, Chief NAR Economist, stated: "Realtors® are reporting stronger foot traffic from a year ago, but low supply in the affordable price range continues to be the pest that's pushing up price growth and pressuring the budgets of prospective buyers,...Newly listed properties are being snatched up quickly so far this year and leaving behind minimal choices for buyers trying to reach the market."

Markit Economics

Friday, [Purchasing Managers' Index \(PMI\) Composite Flash](#): The preliminary composite index for manufacturing and services in March 2017 stands at 53.2 down from 54.1 in February and signaling the slowest growth of Private sector output since September 2016. Chief Markit Economist Chris Williamson stated "The US economy shifted down a gear in March. A slowing in the pace of growth signalled (sic) by the PMI surveys for a second straight month suggests that the economy is struggling to sustain momentum. The survey readings are consistent with annualized GDP growth of 1.7% in the first quarter, down from 1.9% in the final quarter of last year."

Bloomberg.com

Thursday, [Consumer Comfort Index](#): The latest index reading was 51.3 compared to 51.0 the previous week. "The consumer comfort index continues to press to highs for the economic cycle, up 3 tenths in the March 19 week to 51.3. Strength in confidence readings points to strength for the jobs outlook and also for the stock market."

TACIR/MTSU Department of Economics & Finance

Monday, [Tracking Tennessee's Economy](#): Dr. David Penn has updated the Tennessee Economic Indicators through January 2017. Unemployment insurance claims continue to trend down as seen in the graph below. Over the year, building permits for single-family homes has increased by more than 40%. State sales tax collections are up 4.1% year-over-year.

