

Economic Update, January 15, 2021  
Submitted by Michael Mount

Summary: Retail sales decreased 0.7 percent from November to December, and initial claims for unemployment insurance increased from 784,000 to 965,000 in the week ending January 9. Although small business optimism decreased, Americans turned slightly optimistic “as the vaccine rollout, stimulus checks and new highs for the Dow Jones ease the hit from Covid-related restrictions and layoffs,” according to IDB/TIPP. Industrial production remained strong.

**Federal Government Indicators and Reports:**

US Census

Thursday, [Business Formation](#): “Business Applications for the fourth quarter of 2020, adjusted for seasonal variation, were 1,115,984, a decrease of 28.5 percent compared to the third quarter of 2020.”

Friday, [Retail Sales](#): “Advance estimates of U.S. retail and food services sales for December 2020 . . . were \$540.9 billion, a decrease of 0.7 percent from the previous month, but 2.9 percent above December 2019. Total sales for the 12 months of 2020 were up 0.6 percent from 2019.”

Friday: [Manufacturing and Trade](#): “The combined value of distributive trade sales and manufacturers’ shipments for November . . . was estimated at \$1,480.8 billion, down 0.1 percent from October 2020, but was up 1.5 percent from November 2019.”

Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings was little changed at 6.5 million on the last business day of November. . . . Hires were little changed at 6.0 million while total separations increased to 5.4 million.”

Wednesday, [Real Earnings](#): “Real average hourly earnings for all employees increased 0.4 percent from November to December. . . . This result stems from an increase of 0.8 percent in average hourly earnings combined with an increase of 0.4 percent in the Consumer Price Index for All Urban Consumers (CPI-U).”

Wednesday, [Consumer Price Index](#): The index “increased 0.4 percent in December on a seasonally adjusted basis after rising 0.2 percent in November. . . . Over the last 12 months, the all items index increased 1.4 percent before seasonal adjustment.”

Thursday, [Import and Export Prices](#): “U.S. import prices advanced 0.9 percent in December . . . following a 0.2-percent increase the previous month. Higher fuel and nonfuel prices both contributed to the December rise in import prices. Prices for U.S. exports also rose in December, advancing 1.1 percent, after increasing 0.7 percent in November.”

Friday, [Producer Price Index](#): The index “for final demand increased 0.3 percent in December, seasonally adjusted. . . . This rise followed advances of 0.1 percent in November and 0.3 percent in October. . . . The final demand index moved up 0.8 percent in 2020, after increasing 1.4 percent in 2019.

Department of Labor

Thursday, [Initial Claims](#): “In the week ending January 9, the advance figure for seasonally adjusted initial claims was 965,000, an increase of 181,000 from the previous week’s revised level.”



## Economic Indicators and Confidence

### Federal Reserve

Monday, [Consumer Inflation Expectations](#): “Median inflation expectations increased at the medium-term horizon, and remained unchanged at the short-term horizon. Uncertainty about future inflation increased slightly, remaining at an elevated level. Median home price change expectations increased sharply to its highest level since July 2018.”

Wednesday, [Beige Book](#): “Most Federal Reserve Districts reported that economic activity increased modestly since the previous Beige Book period, although conditions remained varied: two Districts reported little or no change in activity, while two others noted a decline. Reports on consumer spending were mixed. Some Districts noted declines in retail sales and demand for leisure and hospitality services, largely owing to the recent surge in COVID-19 cases and stricter containment measures. Most Districts reported an intensification of the ongoing shift from in-person shopping to online sales during the holiday season.”

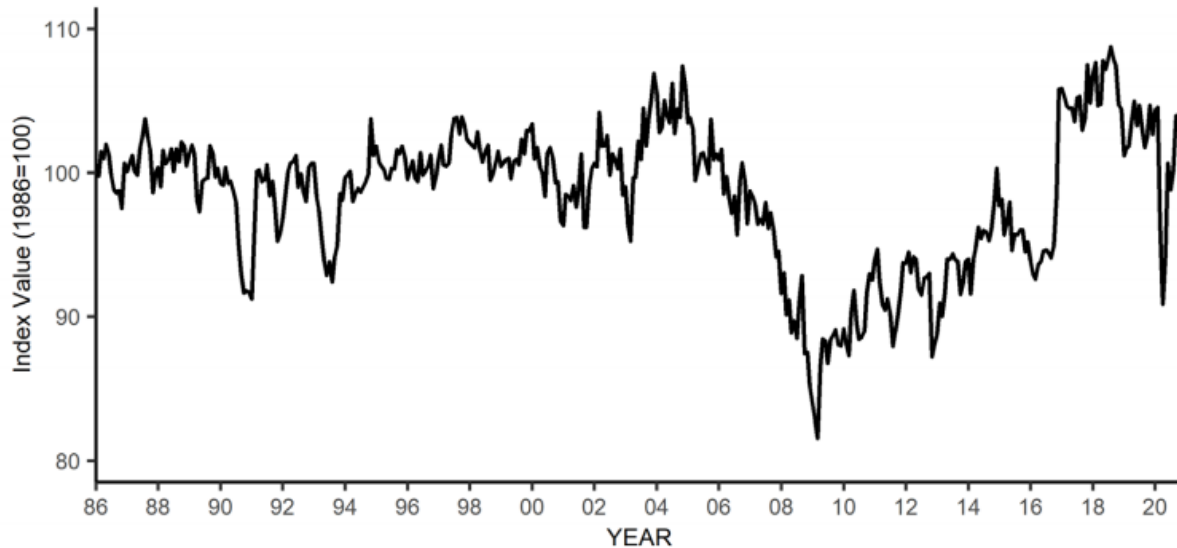
Friday, [Industrial Production](#): “Industrial production advanced 1.6 percent in December, with gains of 0.9 percent for manufacturing, 1.6 percent for mining, and 6.2 percent for utilities. The increase for utilities resulted from a rebound in demand for heating after unseasonably warm weather in November. . . . Capacity utilization for the industrial sector rose 1.1 percentage points in December to 74.5 percent.”

### NFIB

Tuesday, [Small Business Optimism](#): The index “declined to 95.9 in December, down 5.5 points from November. Nine of the 10 Index components declined and one improved. The NFIB Uncertainty Index decreased 8 points to 82. Owners expecting better business conditions over the next six months declined 24 points to a net negative 16 percent. The percent of owners thinking it’s a good time to expand decreased 4 points to 8 percent. Sales expectations over the next three months declined 14 points to a net negative 4 percent. Earnings trends over the past three months declined 7 points to a net negative 14 percent reporting higher earnings.”

## OPTIMISM INDEX

Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)



IDB/TIPP

Tuesday, [Economic Optimism](#): “Americans have turned slightly optimistic about the outlook for the U.S. economy as the vaccine rollout, stimulus checks and new highs for the Dow Jones ease the hit from Covid-related restrictions and layoffs.” The index “rose 1.1 points to 50.1, peeking above the 50 neutral level, even as the pandemic’s toll reaches new heights.”

### **Mortgages and Housing Markets**

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 16.7 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages backed by the FHA increased to 2.93 percent from 2.90 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 2.39 percent from 2.40 percent.”