

Economic Update, October 15, 2021
Submitted by Michael Mount

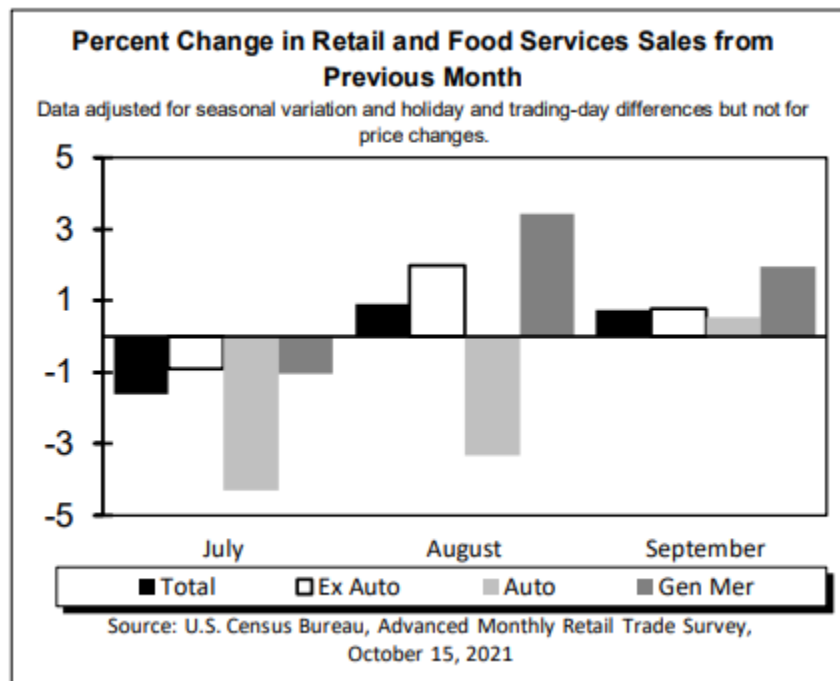
Summary: Retail sales showed some resilience in September, but inflation concerns remain. The Consumer Price Index increased 5.4 percent over the last year, and the Social Security Administration said its cost-of-living adjustment will be 5.9 percent in 2022. The Federal Open Market Committee said inflation has been boosted by a surge in demand as the economy reopened further, along with the effects of production bottlenecks and supply constraints. The Delta variant, supply chain shortages, and reduced labor force participation will continue to dim the pace of consumer spending into 2022, according to the University of Michigan.

Federal Government Indicators and Reports

U.S. Census

Thursday, [Business Formation](#): “Business Applications for September 2021 . . . were 431,381, an increase of 0.8 percent compared to August 2021.”

Friday, [Retail Sales](#): “Advance estimates of U.S. retail and food services sales for September 2021 . . . were \$625.4 billion, an increase of 0.7 percent from the previous month, and 13.9 percent above September 2020.”



Friday, [Manufacturing and Trade](#): “The combined value of distributive trade sales and manufacturers’ shipments for August . . . was estimated at \$1,652.4 billion, down 0.1 percent from July 2021, but was up 15.3 percent from August 2020.”

Bureau of Labor Statistics

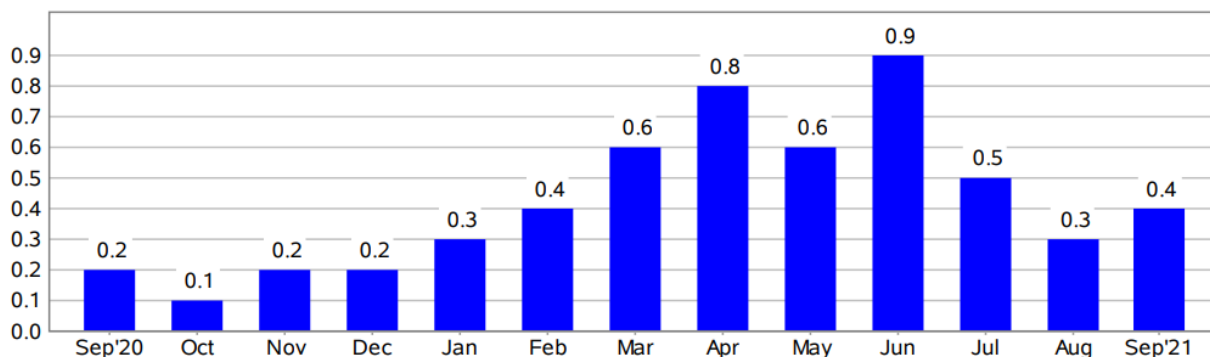
Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings declined to 10.4 million on the last business day of August following a series high in July. . . . Hires decreased to 6.3 million while total separations were little changed at 6.0 million. Within separations, the quits rate

increased to a series high of 2.9 percent while the layoffs and discharges rate was little changed at 0.9 percent.”

Wednesday, [Real Earnings](#): “Real average hourly earnings for all employees increased 0.2 percent from August to September. . . . This result stems from an increase of 0.6 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 Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent in September . . . after rising 0.3 percent in August. . . . Over the last 12 months, the all items index increased 5.4 percent.”

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Sep. 2020 - Sep. 2021
Percent change



Thursday, [Producer Price Index](#): “The Producer Price Index for final demand increased 0.5 percent in September. . . . Final demand prices moved up 0.7 percent in August and 1.0 percent in July. . . . The final demand index rose 8.6 percent for the 12 months ended in September, the largest advance since 12-month data were first calculated in November 2010.”

Social Security Administration

Wednesday, [Cost of Living Adjustment](#): “Approximately 70 million Americans will see a 5.9% increase in their Social Security benefits and Supplemental Security Income (SSI) payments in 2022.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending October 9, the advance figure for seasonally adjusted initial claims was 293,000, a decrease of 36,000 from the previous week’s revised level. This is the lowest level for initial claims since March 14, 2020 when it was 256,000.” In Tennessee, there were 3,709 initial claims reported, a decrease of 1,172 from the prior week.

Economic Indicators and Confidence

Federal Reserve

Tuesday, [Consumer Inflation Expectations](#): “Short- and medium-term inflation expectations [rose] to their highest levels since the inception of the survey in 2013. In contrast, year-ahead home price and commodity price expectations all subsided in September.”

Wednesday, [FOMC Minutes](#): “The spread of the Delta variant of the COVID-19 virus weighed on the near-term growth outlook. . . . Inflation, as measured by either the PCE price index or the consumer price index (CPI), had been boosted by a surge in demand as the economy reopened further, along with the effects of production bottlenecks and supply constraints.”

National Federation of Independent Business

Tuesday, [Small Business Optimism](#): “Owners expecting better business conditions over the next six months decreased five points to a net negative 33%. Fifty-one percent of owners reported job openings that could not be filled, a 48-year record high for the third consecutive month. A net 42% of owners reported raising compensation, a 48-year record high.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment has remained for the past three months at the lows first recorded in response to last year’s shutdown of the economy. The Delta variant, supply chain shortages, and reduced labor force participation rates will continue to dim the pace of consumer spending into 2022.”

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 0.2 percent from one week earlier. . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$548,250 or less) increased to 3.18 percent from 3.14 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 2.48 percent from 2.45 percent.”