

Economic Update, October 28, 2022

Submitted by Chris Belden

Summary: GDP data released on Thursday show that the U.S. economy grew by 2.6 percent in the third quarter of 2022. This comes in the wake of two consecutive GDP contractions in the first two quarters of 2022. According to the [Wall Street Journal](#), “Trade contributed the most to the third quarter’s turnaround as the U.S. exported more oil and natural gas with the war in Ukraine disrupting supplies in Europe.” Other data released this week suggest inflation is still a force to be reckoned with. The core personal consumption expenditures (PCE) price index, the Federal Reserve’s preferred measure of inflation, rose by 0.5 percent in September and 5.1 percent from the year prior. This is likely to inform the Fed’s interest rate decision, which comes next week.

Federal Government Indicators and Reports

Census Bureau

Wednesday, [Advanced Economic Indicators](#): “The international trade deficit was \$92.2 billion in September, up \$4.9 billion from \$87.3 billion in August. Exports of goods for September were \$177.6 billion, \$2.8 billion less than August exports. Imports of goods for September were \$269.8 billion, \$2.2 billion more than August imports. . . . Wholesale inventories for September . . . were estimated at an end-of-month level of \$921.7 billion, up 0.8 percent from August 2022. . . . Retail inventories for September . . . were estimated at an end-of-month level of \$744.0 billion, up 0.4 percent from August 2022.”

Thursday, [Advance Report on Durable Goods](#): “New orders for manufactured durable goods in September, up six of the last seven months, increased \$1.0 billion or 0.4 percent to \$274.7 billion. . . . Excluding transportation, new orders decreased 0.5 percent.” New orders for nondefense capital goods, excluding aircraft, decreased 0.7 percent.

Bureau of Labor Statistics

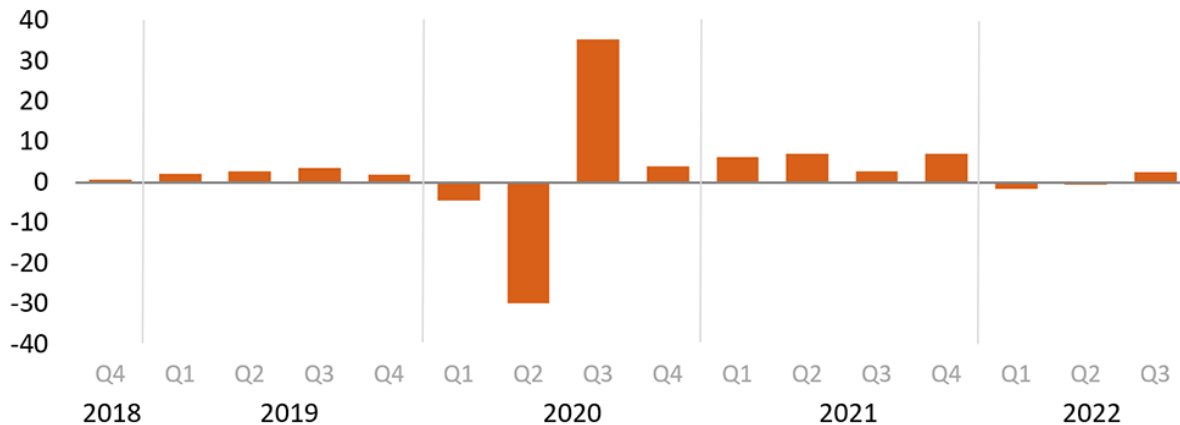
Wednesday, [Business Employment Dynamics](#): “The difference between the number of gross job gains and the number of gross job losses yielded a net employment gain of 1.5 million jobs in the private sector during the first quarter of 2022.”

Friday, [Employment Cost Index](#): “Compensation costs for civilian workers increased 1.2 percent, seasonally adjusted, for the 3-month period ending in September 2022. . . . Wages and salaries increased 1.3 percent and benefit costs increased 1.0 percent from June 2022.”

Bureau of Economic Analysis

Thursday, [Gross Domestic Product](#): “Real gross domestic product increased at an annual rate of 2.6 percent in the third quarter of 2022. . . . The increase in real GDP reflected increases in exports, consumer spending, nonresidential fixed investment, federal government spending, and state and local government spending, that were partly offset by decreases in residential fixed investment and private inventory investment.”

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

Friday, [Personal Income and Outlays](#): “Personal income increased \$78.9 billion (0.4 percent) in September. . . . Disposable personal income increased \$71.3 billion (0.4 percent) and personal consumption expenditures (PCE) increased \$113.0 billion (0.6 percent). The PCE price index increased 0.3 percent. Excluding food and energy, the PCE price index increased 0.5 percent.”

	2022				
	May	June	July	Aug.	Sept.
	Percent change from preceding month				
Personal income:					
Current dollars	0.6	0.6	0.4	0.4	0.4
Disposable personal income:					
Current dollars	0.6	0.6	0.4	0.5	0.4
Chained (2012) dollars	0.0	-0.4	0.5	0.2	0.0
Personal consumption expenditures (PCE):					
Current dollars	0.7	1.2	-0.2	0.6	0.6
Chained (2012) dollars	0.1	0.2	-0.1	0.3	0.3
Price indexes:					
PCE	0.6	1.0	-0.1	0.3	0.3
PCE, excluding food and energy	0.4	0.6	0.0	0.5	0.5
	Percent change from month one year ago				
Price indexes:					
PCE	6.5	7.0	6.4	6.2	6.2
PCE, excluding food and energy	4.9	5.0	4.7	4.9	5.1

Department of Labor

Thursday, [Initial Jobless Claims](#): “In the week ending October 22, the advance figure for seasonally adjusted initial claims was 217,000, an increase of 3,000 from the previous week’s unrevised level of 214,000. The 4-week moving average was 219,000, an increase of 6,750 from the previous week’s unrevised average of 212,250.” In Tennessee, there were 1,935 initial claims for the week ending October 22, a decrease of 695 from the week prior.

Economic Indicators and Confidence

S&P Global

Monday, [Flash US Composite Purchasing Managers' Index](#): “The headline Flash US PMI Composite Output Index registered 47.3 in October, down from 49.5 in September. With the exception of the initial pandemic period, the rate of decrease was the second-fastest since 2009.”

Conference Board

Tuesday, [Consumer Confidence](#): “The Conference Board Consumer Confidence Index decreased in October after back-to-back monthly gains. The Index now stands at 102.5, down from 107.8 in September. The Present Situation Index—based on consumers’ assessment of current business and labor market conditions—declined sharply to 138.9 from 150.2 last month. The Expectations Index—based on consumers’ short-term outlook for income, business, and labor market conditions—declined to 78.1 from 79.5.” According to Lynn Franco, Senior Director of Economic Indicators at The Conference Board, “Consumers’ expectations regarding the short-term outlook remained dismal. The Expectations Index is still lingering below a reading of 80—a level associated with recession—suggesting recession risks appear to be rising. Notably, concerns about inflation—which had been receding since July—picked up again, with both gas and food prices serving as main drivers.”

University of Michigan

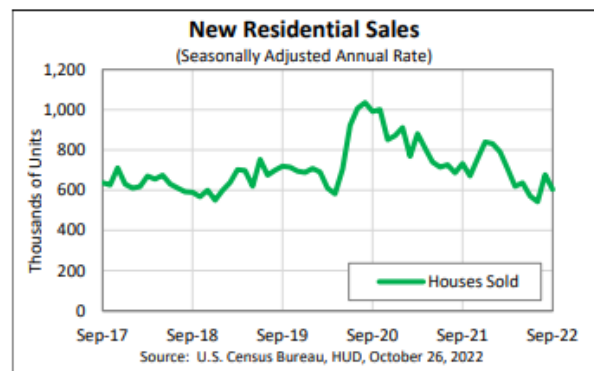
Friday, [Consumer Sentiment](#): The final Index of Consumer Sentiment for October was 59.9, up 1.3 points from September.

Mortgages and Housing Markets

Census Bureau

Wednesday, [New Residential Sales](#): “Sales of new single-family houses in September 2022 were at a seasonally adjusted annual rate of 603,000. . . . This is 10.9 percent below the revised August rate of 677,000 and is 17.6 percent below the September 2021 estimate of 732,000. The median sales price of new houses sold in September 2022 was \$470,600. The average sales price was \$517,700.”

 NEW RESIDENTIAL SALES	
SEPTEMBER 2022	
New Houses Sold¹:	603,000
New Houses For Sale²:	462,000
Median Sales Price:	\$470,600
Next Release:	November 23, 2022
<small>¹Seasonally Adjusted Annual Rate (SAAR)</small>	
<small>²Seasonally Adjusted</small>	
<small>Source: U.S. Census Bureau, HUD, October 26, 2022</small>	



S&P CoreLogic

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 a 13.0% annual gain in August, down from 15.6% in the previous month.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 1.7 percent from one week earlier . . . for the week ending October 21, 2022.” Joel Kan, Vice President and Deputy Chief Economist at the Mortgage Bankers Association, said, “Mortgage rates increased for the 10th consecutive week, with the 30-year fixed rate reaching 7.16 percent, the highest rate since 2001. The ongoing trend of rising mortgage rates continues to depress mortgage application activity, which remained at its slowest pace since 1997.”

National Association of Realtors

Friday, [Pending Homes Sales](#): “Pending home sales dropped for the fourth straight month, down 10.2% from August. Month-over-month, contract signings pulled back in all four major U.S. regions. Pending sales decreased in all regions compared to one year ago.”