Economic Update, October 7, 2022
Submitted by Michael Mount

Summary: The big news this week was the jobs report, which came in a little better than expectations, according to Reuters. Jobs growth slowed to 263,000 in September, the unemployment rate decreased to 3.5 percent, and the number of job openings decreased 1.1 million. With inflation "stubbornly and unacceptably high," the Federal Reserve has increased interest rates "faster than at any other time in recent history" (see chart at the end). Further complicating matters, "OPEC+ agreed steep oil production cuts on Wednesday, curbing supply in an already tight market," according to Reuters.

Federal Government Indicators and Reports

U.S. Census

Monday, Construction Spending: "Construction spending during August 2022 was estimated at a seasonally adjusted annual rate of $1,781.3 billion, 0.7 percent below the revised July estimate of $1,793.5 billion."

Tuesday, Factory Orders: "New orders for manufactured goods in August, down two consecutive months, decreased less than $0.1 billion or virtually unchanged to $548.4 billion." Excluding transportation, orders increased 0.2 percent.

Bureau of Labor Statistics

Tuesday, Job Openings and Labor Turnover: "On the last business day of August, the number and rate of job openings decreased to 10.1 million (-1.1 million) and 6.2 percent, respectively."

Friday, Employment Situation: "Total nonfarm payroll employment increased by 263,000 in September, and the unemployment rate edged down to 3.5 percent. . . . Notable job gains occurred in leisure and hospitality and in health care."

Chart 1. Unemployment rate, seasonally adjusted, September 2019 – September 2022

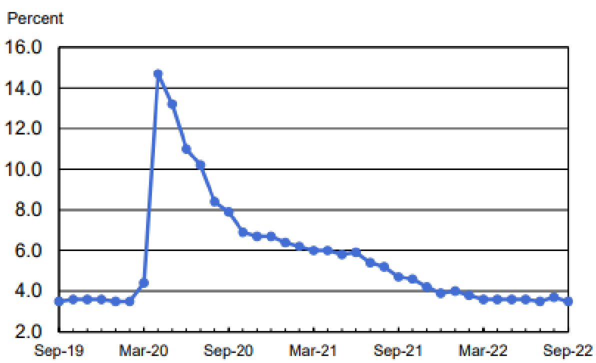
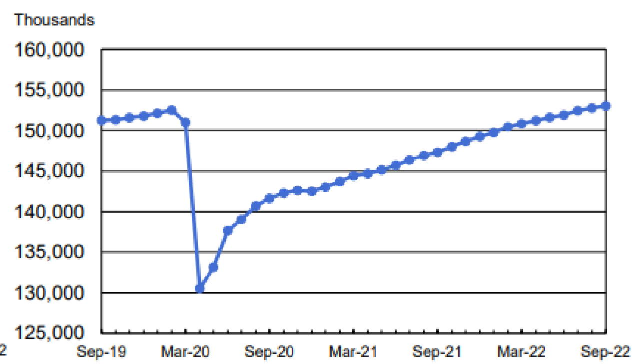


Chart 2. Nonfarm payroll employment, seasonally adjusted, September 2019 – September 2022



Bureau of Economic Analysis

Wednesday, International Trade: "The goods and services deficit was $67.4 billion in August, down $3.1 billion from $70.5 billion in July, revised. . . . August exports were $258.9 billion, $0.7 billion less than July exports. August imports were $326.3 billion, $3.7 billion less than July imports."

Department of Labor

Thursday, Initial Claims: "In the week ending October 1, the advance figure for seasonally adjusted initial claims was 219,000, an increase of 29,000 from the previous week's revised level."

Economic Indicators and Confidence

Institute for Supply Management

Monday, Manufacturing Purchasing Managers' Index: "Economic activity in the manufacturing sector grew in September, with the overall economy achieving a 28th consecutive month of growth." The index decreased from 52.8 to 50.9, the "lowest reading since June 2020."

Wednesday, Services PMI: "The services sector had a slight pullback in growth for the month of September due to decreases in business activity and new orders." The index decreased from 56.9 to 56.7.

S&P Global

Monday, Manufacturing PMI: "Operating conditions across the U.S. manufacturing sector remained relatively subdued in September." The index increased from 51.5 to 52.0 but sill points to "manufacturing acting as a drag on the economy in the third quarter."

Wednesday, Services PMI: "U.S. service providers signaled a much slower contraction in business activity during September." The index increased from 43.7 to 49.3.

ADP

Wednesday, Employment: "Private sector employment increased by 208,000 jobs in September and annual pay was up 7.8 percent year-over-year."

Challenger, Gray & Christmas

Thursday, Job Cuts: "September Hiring Intentions Fall To Lowest Level Since 2011. . . . U.S.-based employers announced 29,989 cuts in September, a 46.4 percent increase from the 20,485 cuts announced in August. It is 67.6 percent higher than the 17,898 cuts announced in the same month last year."

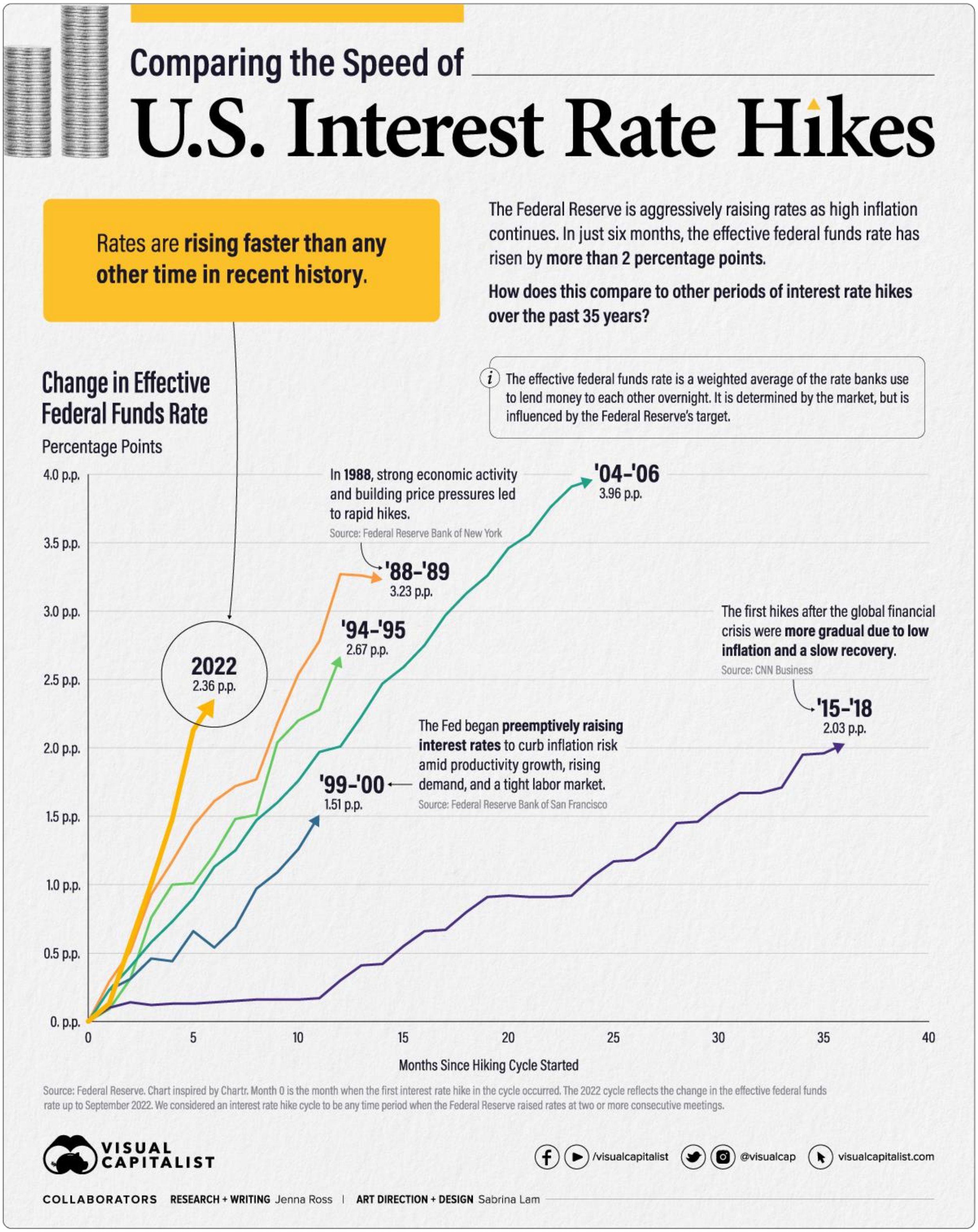
Federal Reserve

Thursday, Economic Outlook: Lisa Cook, a governor of the Federal Reserve, described the labor market as "very strong," although "labor force participation has recovered more slowly than expected. . . . [and] inflation remains stubbornly and unacceptably high."

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, Mortgage Applications: "Mortgage applications decreased 14.2 percent from one week earlier." Associate Vice President Joel Kan explained that "Mortgage rates continued to climb last week, causing another pullback in overall application activity."



Source: https://www.visualcapitalist.com/comparing-the-speed-of-u-s-interest-rate-hikes/