

Economic Update, December 11, 2020
Submitted by Michael Mount

Summary: According to a survey of economic forecasters, although the odds of a recession in the next 12 months decreased, the U.S. economic recovery is likely to slow further before the potential rollout of COVID-19 vaccines, which these forecasters expect to be a boon for the economy in the second quarter of 2021. In the immediate future, shutdowns are expected to lead to declining income and job losses. Initial claims for unemployment insurance increased by 137,000 in the week ending December 5, 2020. In the third quarter of 2020, services recovered most the revenue that they lost in the first and second quarters.

Federal Government Indicators and Reports:

Bureau of Labor Statistics

Tuesday, [Productivity and Costs](#): “Nonfarm business sector labor productivity increased 4.6 percent in the third quarter of 2020 . . . as output increased 43.4 percent and hours worked increased 37.1 percent.”

Wednesday, [Work Experience](#): “A total of 168.6 million persons worked at some point during 2019. . . . The proportion of the civilian noninstitutional population age 16 and over who worked at some time during 2019 was 64.9 percent, an increase of 0.5 percentage point from 2018. The number of persons who experienced some unemployment during 2019 edged up 401,000 to 13.6 million.”

Wednesday, [Job Openings](#): “The number of job openings was little changed at 6.7 million on the last business day of October. . . . Hires were little changed at 5.8 million while total separations increased to 5.1 million.”

Thursday, [Real Earnings](#): “Real average hourly earnings for all employees increased 0.1 percent from October to November, seasonally adjusted. . . . This result stems from an increase of 0.3 percent in average hourly earnings combined with an increase of 0.2 percent in the Consumer Price Index for All Urban Consumers (CPI-U).”

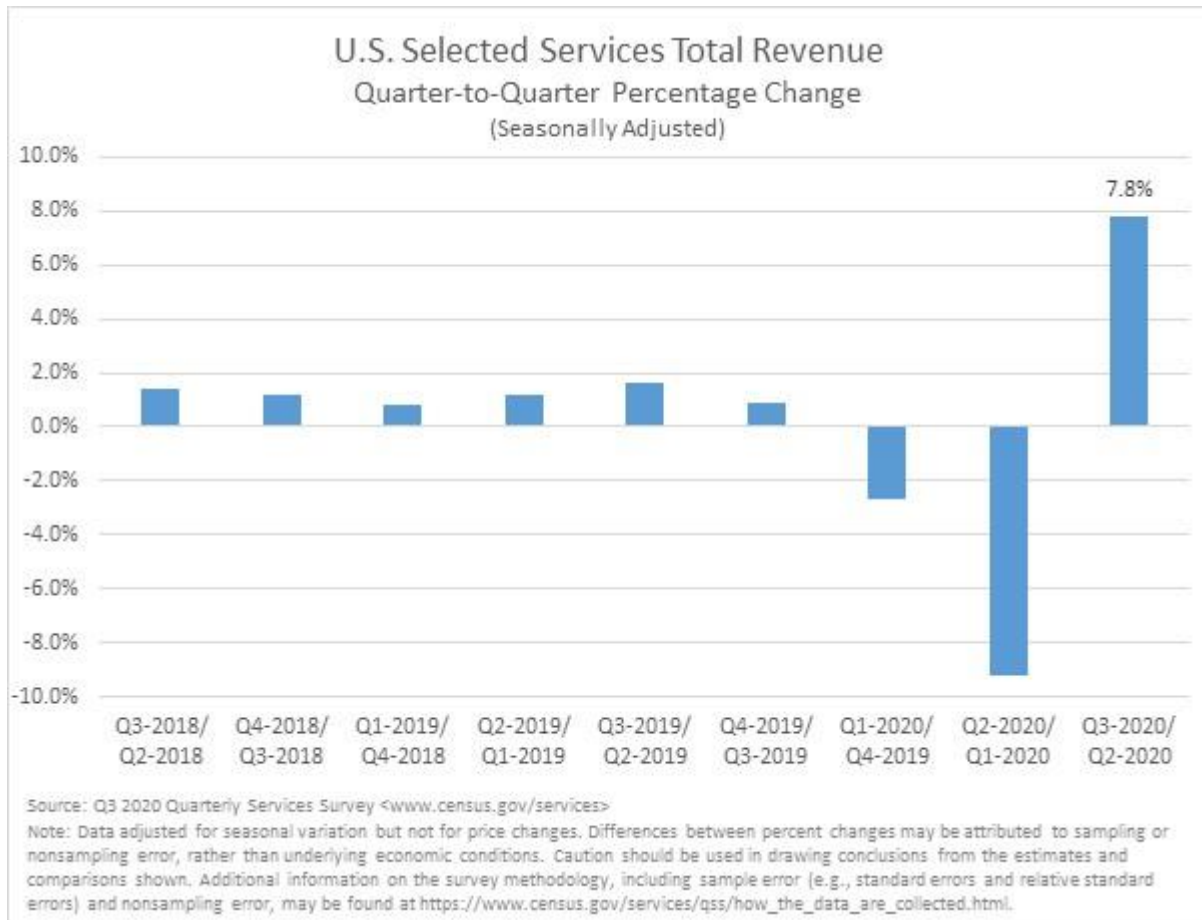
Thursday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent in November on a seasonally adjusted basis after being unchanged in October. . . . Over the last 12 months, the all items index increased 1.2 percent before seasonal adjustment.”

Friday, [Producer Price Index](#): “The Producer Price Index for final demand advanced 0.1 percent in November. . . . Final demand prices rose 0.3 percent in October and 0.4 percent in September. On an unadjusted basis, the final demand index increased 0.8 percent for the 12 months ended in November, the largest advance since moving up 1.1 percent for the 12 months ended in February.”

Census

Tuesday, [Wholesale Trade](#): “October 2020 sales of merchant wholesalers . . . were \$496.6 billion, up 1.8 percent from the revised September level and were up 0.9 percent from the revised October 2019 level.”

Thursday, [Selected Services](#): “U.S. selected services total revenue for the third quarter of 2020 . . . was \$3,929.9 billion, an increase of 7.8 percent from the second quarter of 2020 and down 3.9 percent from the third quarter of 2019.”



Bureau of Economic Analysis

Wednesday, [Gross Domestic Product by County](#): “Real gross domestic product (GDP) increased in 2,484 counties, decreased in 612 counties, and was unchanged in 17 counties in 2019.” In Tennessee, the percentage change in real GDP ranged from a 6.0% decrease in Stewart County to a 31.6% increase in Moore County.

Department of Labor

Thursday, [Initial Claims](#): “In the week ending December 5, the advance figure for seasonally adjusted initial claims was 853,000, an increase of 137,000 from the previous week’s revised level.”

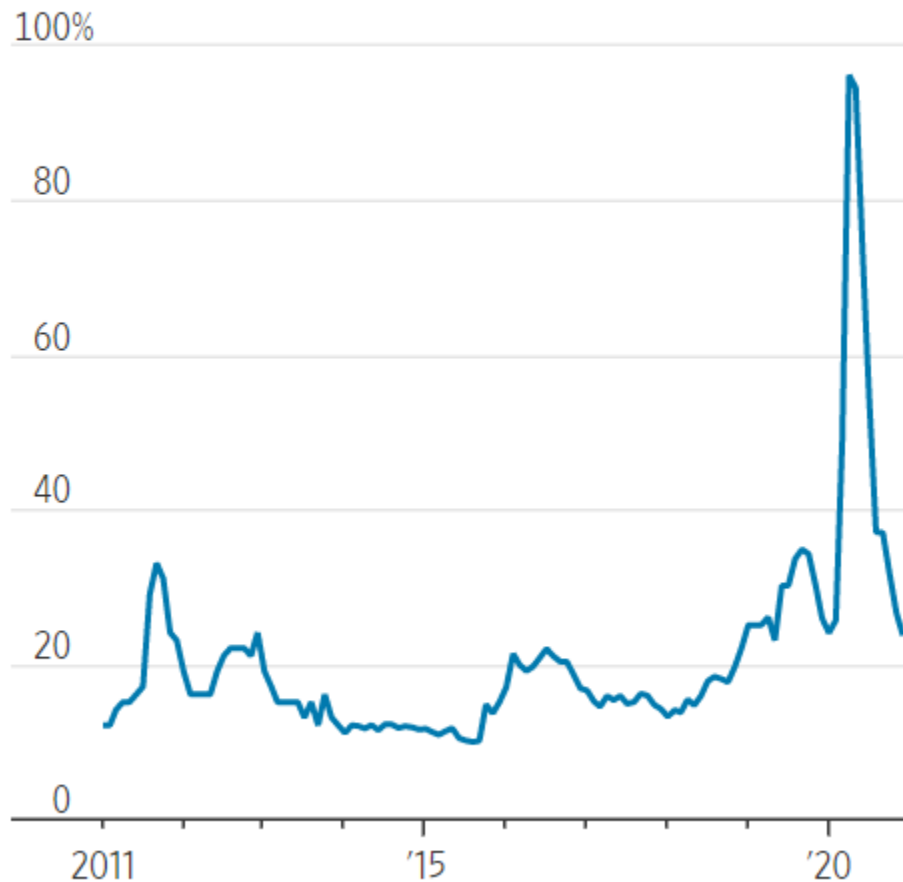
Economic Indicators and Confidence

Wall Street Journal

Last Tuesday, [Economic Forecasting Survey](#): “The U.S. economic recovery is likely to slow further before the impact of expected approvals of Covid-19 vaccines makes itself felt in the second quarter of 2021. . . . Forecasters slashed their projections for economic growth and job creation in the first quarter, amid a surge in coronavirus cases. . . . But economists overwhelmingly expect the potential rollout of coronavirus vaccines will be a boon for the economy in the second quarter.”

Diminishing Recession Odds

Average probability of the U.S. economy being in a recession within the next 12 months



Source: WSJ Survey of Economists

NFIB

Tuesday, [Small Business Optimism](#): “The Optimism Index declined to 101.4 in November, down 2.6 points from October but remains well above the 47-year historical average reading of 98. . . . Labor market indicators remained strong.”

University of Michigan

Friday, [Consumer Sentiment](#): “In the immediate future, job losses and income declines due to shutdowns are expected to increase, and the long priority queues before most consumers can be vaccinated will make the wait amid rising deaths all the more difficult to endure.”

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 1.2 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$510,400 or less) decreased to a survey low of 2.90 percent from 2.92 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to a survey low of 2.51 percent from 2.53 percent.”