

Economic Update, March 18, 2022
Submitted by Michael Mount

Summary: Although the jobs market remains strong, with initial claims for unemployment insurance decreasing to 214,000, forecasts of economic growth have weakened. The Federal Reserve increased its target for the federal funds rate from 0.25 percent to 0.5 percent and said, “inflation remains elevated.” The Conference Board said, “the global economic impact of the war [in Ukraine] on supply chains and soaring energy, food, and metals prices—coupled with rising interest rates, existing labor shortages, and high inflation—all pose headwinds to U.S. economic growth.” Both the Federal Reserve and Conference Board have lowered their forecasts of real GDP for 2022, to 2.8 percent and 3.0 percent, respectively.

Federal Government Indicators and Reports

U.S. Census

Wednesday, [Retail and Food Sales](#): “Advance estimates of U.S. retail and food services sales for February 2022 . . . were \$658.1 billion, an increase of 0.3 percent from the previous month, and 17.6 percent above February 2021.”

Wednesday, [Manufacturing and Trade](#): “The combined value of distributive trade sales and manufacturers’ shipments for January . . . was estimated at \$1,784.8 billion, up 3.7 percent from December 2021 and was up 15.5 percent from January 2021.”

Bureau of Economic Analysis

Tuesday, [Arts and Cultural Production](#): “The Arts and Cultural Production Satellite Account . . . shows that arts and cultural economic activity, adjusted for inflation, decreased 6.4 percent in 2020 after increasing 3.4 percent in 2019.”

Bureau of Labor Statistics

Monday, [State Employment and Unemployment](#): “Unemployment rates were lower in January in 19 states, higher in 2 states and the District of Columbia, and stable in 29 states.” Tennessee’s unemployment rate decreased from 3.6 percent to 3.5 percent from December 2021 to January 2022.

Wednesday, [Producer Price Index](#): “The Producer Price Index for final demand increased 0.8 percent in February. . . . This rise followed advances of 1.2 percent in January and 0.4 percent in December 2021.”

Wednesday, [Import and Export Prices](#): “U.S. import prices rose 1.4 percent in February, after advancing 1.9 percent in January. . . . Higher fuel and nonfuel prices drove the increases in both months. Prices for U.S. exports advanced 3.0 percent in February following a 2.8 percent rise the previous month.”

Thursday, [State Job Openings and Labor Turnover](#): “In January, job openings rates decreased in 13 states and increased in 8 states. . . . The largest increases in job openings rates occurred in Maine (+1.8 percentage points); Delaware (+1.1 points); and Connecticut, Minnesota, Nebraska, and Tennessee (+0.7 point each). The national job openings rate was little changed.”

Friday, [Employer Costs for Employee Compensation](#): “Employer costs for employee compensation for civilian workers averaged \$40.35 per hour worked in December 2021.”

Friday, [Metropolitan Area Employment and Unemployment](#): “Unemployment rates were lower in January than a year earlier in 388 of the 389 metropolitan areas and higher in 1 area.” Unemployment rates in Tennessee’s metro areas in January 2022 ranged from 2.9 percent (Nashville-Davidson--Murfreesboro--Franklin) to 5.2 percent (Memphis).

Department of Labor

Thursday, [Initial Claims](#): “In the week ending March 12, the advance figure for seasonally adjusted initial claims was 214,000, a decrease of 15,000 from the previous week's revised level.”



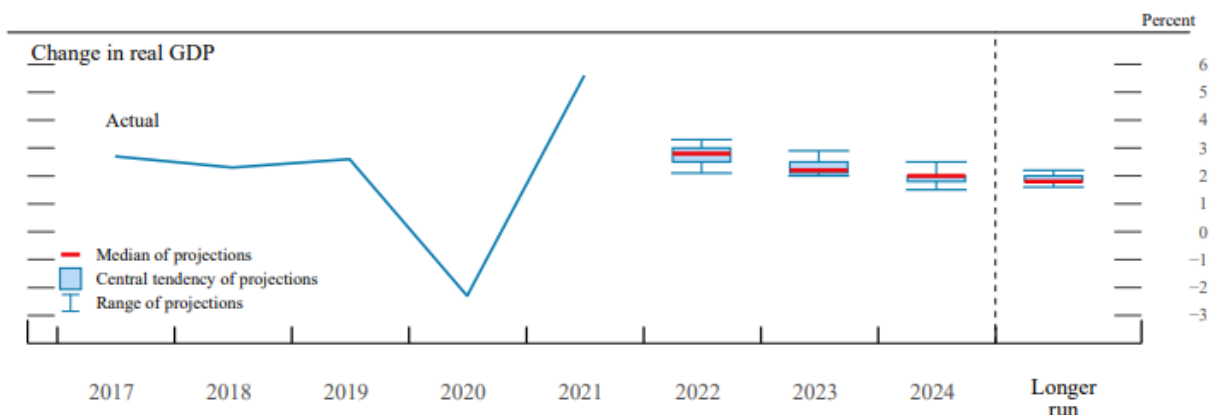
Economic Indicators and Confidence

Federal Reserve

Monday, [Consumer Inflation Expectations](#): The survey “shows an increase in short-and medium-term inflation expectations, reversing some of last month’s sharp declines. Median home price expectations, on the other hand, declined.”

Wednesday, [Interest Rate Decision](#) and [Economic Projections](#): “Indicators of economic activity and employment have continued to strengthen. Job gains have been strong in recent months, and the unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures. . . . The Committee decided to raise the target range for the federal funds rate to 1/4 to 1/2 percent.”

Figure 1. Medians, central tendencies, and ranges of economic projections, 2022–24 and over the longer run



The Conference Board

Friday, [Leading Index](#): The index “increased by 0.3 percent in February to 119.9 (2016 = 100), following a 0.5 percent decrease in January and a 0.8 percent increase in December. . . . The global

economic impact of the war [in Ukraine] on supply chains and soaring energy, food, and metals prices—coupled with rising interest rates, existing labor shortages, and high inflation—all pose headwinds to U.S. economic growth.”

Mortgages and Housing Markets

U.S. Census

Thursday, [Residential Construction](#): “Privately-owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1,859,000. This is 1.9 percent below the revised January rate of 1,895,000, but is 7.7 percent above the February 2021 rate of 1,726,000.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage rates continue to be volatile due to the significant uncertainty regarding Federal Reserve policy and the situation in Ukraine. Investors are weighing the impacts of rapidly increasing inflation in the U.S. and many other parts of the world against the potential for a slowdown in economic growth due to a renewed bout of supply-chain constraints,” said Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting.”

National Association of Home Builders

Wednesday, [Housing Market Index](#): The index decreased from 81 to 79 from February to March 2022.

National Association of Realtors

Friday, [Existing Home Sales](#): “Sales were down 7.2 percent from the prior month and 2.4 percent from one year ago. . . . ‘Housing affordability continues to be a major challenge, as buyers are getting a double whammy: rising mortgage rates and sustained price increases,’ said Lawrence Yun, NAR's chief economist.”