

Economic Update, August 11, 2023
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Summary: Federal Government indicators and reports this week show increases in the consumer and producer price indexes, the freight transportation services index, real average hourly earnings, and consumer credit. Exports and imports declined in the month of June, and initial unemployment claims increased from the previous week at both the national and state level. Total household debt rose, and consumer sentiment remained essentially unchanged. In the housing market, average rates for 30-year and 15-year fixed-rate mortgages increased from the previous week yet again. While consumers had slightly increased confidence regarding their personal financial situations, 82 percent still reported it's a "bad time to buy" a home.

Federal Government Indicators and Reports:

U.S. Census Bureau

Tuesday, [U.S. International Trade in Goods and Services](#): "The goods and services deficit was \$65.5 billion in June, down \$2.8 billion from \$68.3 billion in May. . . . June exports were \$247.5 billion, \$0.3 billion less than May exports. June imports were \$313.0 billion, \$3.1 billion less than May imports. The June decrease in the goods and services deficit reflected a decrease in the goods deficit of \$2.8 billion to \$88.2 billion and a decrease in the services surplus of less than \$0.1 billion to \$22.7 billion."

Bureau of Labor Statistics

Thursday, [Consumer Price Index](#): "The Consumer Price Index for All Urban Consumers rose 0.2 percent in July on a seasonally adjusted basis, the same increase as in June. . . . Over the last 12 months, the all items index increased 3.2 percent before seasonal adjustment. . . . The index for shelter was by far the largest contributor to the monthly all items increase, accounting for over 90 percent of the increase, with the index for motor vehicle insurance also contributing."

Thursday, [Real Earnings](#): "Real average hourly earnings for all employees increased 0.3 percent from June to July, seasonally adjusted."

Friday, [Producer Price Index](#): "The Producer Price Index for final demand increased 0.3 percent in July, seasonally adjusted. . . . Final demand prices were unchanged in June and declined 0.3 percent in May. On an unadjusted basis, the index for final demand advanced 0.8 percent for the 12 months ended in July."

Bureau of Transportation Statistics

Wednesday, [Freight Transportation Services Index](#): "The Freight Transportation Services Index (TSI), which is based on the amount of freight carried by the for-hire transportation industry, rose 1.6 percent in June from May, rising for the second consecutive month. . . . From June 2022 to June 2023 the index fell -0.9 percent."

Department of Labor

Thursday, [Initial Unemployment Claims](#): “In the week ending August 5, the advance figure for seasonally adjusted initial claims was 248,000, an increase of 21,000 from the previous week’s unrevised level of 227,000.” There were 2,864 initial claims in Tennessee for the week ending August 5, an increase of 104 from the previous week.

The Federal Reserve

Monday, [Consumer Credit](#): “Consumer credit increased at a seasonally adjusted annual rate of 4 percent during the second quarter. Revolving credit increased at an annual rate of 7.1 percent, while nonrevolving credit increased at an annual rate of 3 percent. In June, consumer credit increased at an annual rate of 4.3 percent.”

Economic Indicators and Confidence:

Federal Reserve Bank of New York

Tuesday, [Household Debt and Credit](#): “Total household debt rose by \$16 billion to reach \$17.06 trillion in the second quarter of 2023. . . . Credit card balances saw brisk growth, rising by \$45 billion to a series high of \$1.03 trillion. Other balances, which include retail credit cards and other consumer loans, and auto loans increased by \$15 billion and \$20 billion, respectively. Student loan balances fell by \$35 billion to reach \$1.57 trillion, while mortgage balances were largely unchanged at \$12.01 trillion.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment was essentially unchanged from July, with small offsetting increases and decreases within the index. At 71.2 index points, sentiment is now about 42 percent above the all-time historic low reached in June of 2022 and is approaching the historical average reading of 86. . . . Year-ahead inflation expectations edged down from 3.4 percent last month to 3.3 percent this month, showing remarkable stability for three consecutive months.”

Mortgages and Housing Markets:

Fannie Mae

Monday, [National Housing Survey](#): “The Fannie Mae Home Purchase Sentiment Index increased slightly in July, as consumers’ increased confidence regarding their personal financial situations was largely offset by further pessimism toward homebuying conditions. . . . Eighty-two percent of consumers reported that it’s a ‘bad time to buy’ a home, a new survey high and up from 78 percent in June. The full index is up 4.0 points year over year.” Doug Duncan, Fannie Mae Senior Vice President and Chief Economist said, “While consumers are reporting confidence in the components related to their personal financial situations, it’s unlikely we’ll see housing sentiment catch up to other broader economic confidence measures until there is meaningful improvement to home purchase affordability.”

Freddie Mac

Thursday, [Mortgage Rates](#): “For the third straight week, mortgage rates continued creeping up and are now just shy of seven percent.” The average rate for a 30-year fixed-rate mortgage was 6.96

percent as of August 10, up 0.06 percent from last week and up 1.74 percentage points from this time last year. The average rate for a 15-year fixed-rate mortgage was 6.34 percent, up 0.09 percentage points from last week and up 1.75 percentage points from this time last year.

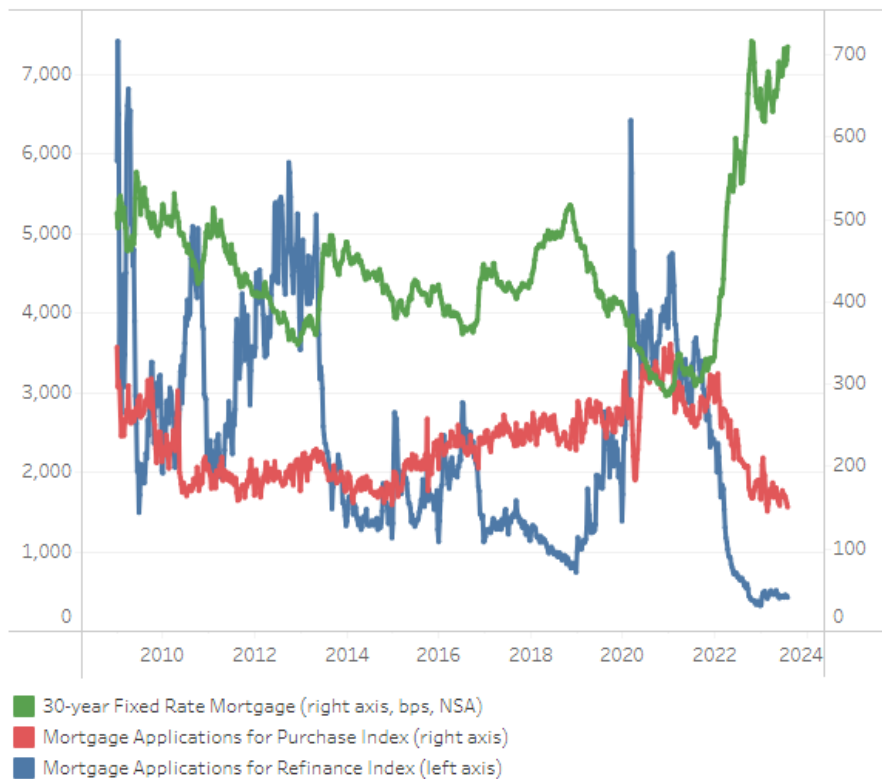
Mortgage Bankers Association

Tuesday, [Mortgage Credit Availability](#): “Mortgage credit availability decreased in July according to the Mortgage Credit Availability Index (MCAI). . . . The MCAI fell by 0.3 percent to 96.3 in July. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit.” Joel Kan, MBA’s Vice President and Deputy Chief Economist said, “Mortgage credit availability declined to its lowest level since 2013, as lenders pulled back on underutilized loan programs and as liquidity concerns remain for some jumbo lenders.”

National Association of Home Builders

Wednesday, [Mortgage Activity](#): “Total mortgage activity decreased 3.1 percent from the previous week. . . . Interest rates went up this week as U.S. credit was downgraded. The combination of higher rates and low affordability have made it difficult for potential buyers to purchase. The seasonally adjusted purchase index was 27 percent lower than one year ago while the seasonally adjusted refinancing index was 37.2 percent lower than one year ago.”

Mortgage Applications and Interest Rates



Index, 03/16/1990 = 100, seasonally adjusted, Source: MBA Applications Survey