

Economic Update, September 15, 2023

Submitted by Chris Belden

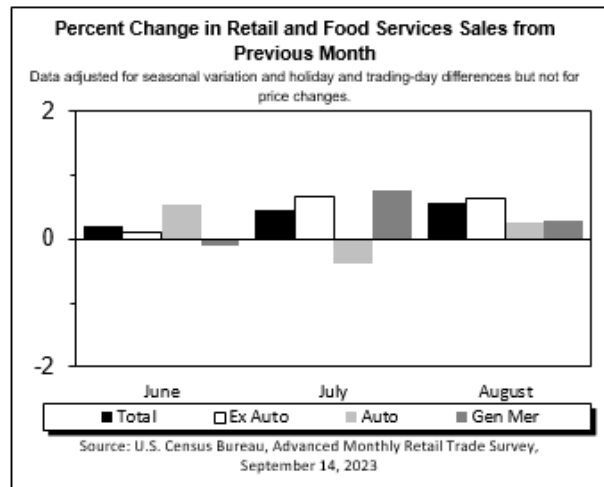
Summary: Economic data released this week showed that the economy may still be hotter than the Federal Reserve would like. Retail sales were up 0.6 percent, [well above what was expected](#). The Consumer Price Index showed that inflation also rose by 0.6 percent, and the Producer Price Index, which can be an indicator of future consumer prices, rose by 0.7 percent.

Federal Government Indicators and Reports

U.S. Census Bureau

Thursday, [Retail Sales](#): “Advance estimates of U.S. retail and food services sales for August 2023 . . . were \$697.6 billion, up 0.6 percent from the previous month, and up 2.5 percent above August 2022.”

ADVANCE MONTHLY SALES		
August 2023	\$697.6 billion	0.6%
July 2023 (revised)	\$693.7 billion	0.5%
Next release: October 17, 2023		
* The 90 percent confidence interval includes zero. There is insufficient statistical evidence to conclude that the actual change is different from zero. Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes. Source: U.S. Census Bureau, Advanced Monthly Retail Trade Survey, September 14, 2023		

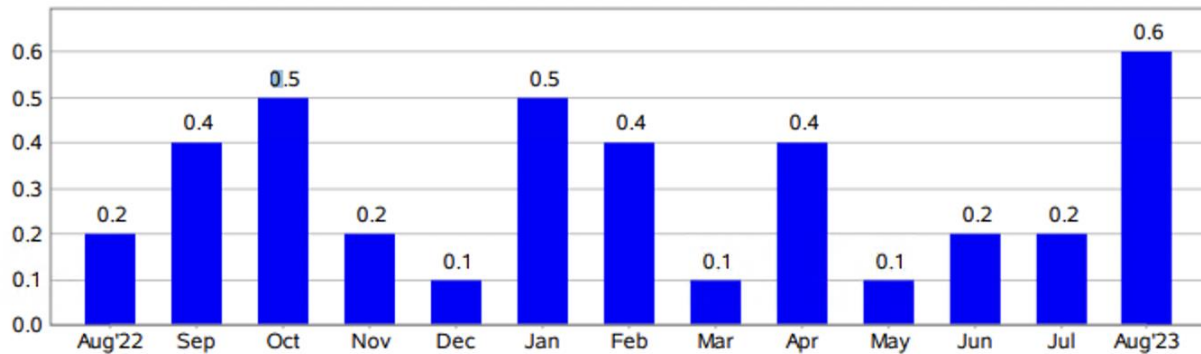


Thursday, [Business Inventories](#): “Manufacturers’ and trade inventories for July . . . were estimated at an end-of-month level of \$2,538.1 billion, virtually unchanged from June 2023, but were up 1.4 percent from July 2022.”

Bureau of Labor Statistics

Wednesday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.6 percent in August on a seasonally adjusted basis, after increasing 0.2 percent in July. . . . Over the last 12 months, the all items index increased 3.7 percent before seasonal adjustment. . . . The index for all items less food and energy rose 0.3 percent in August, following a 0.2-percent increase in July.”

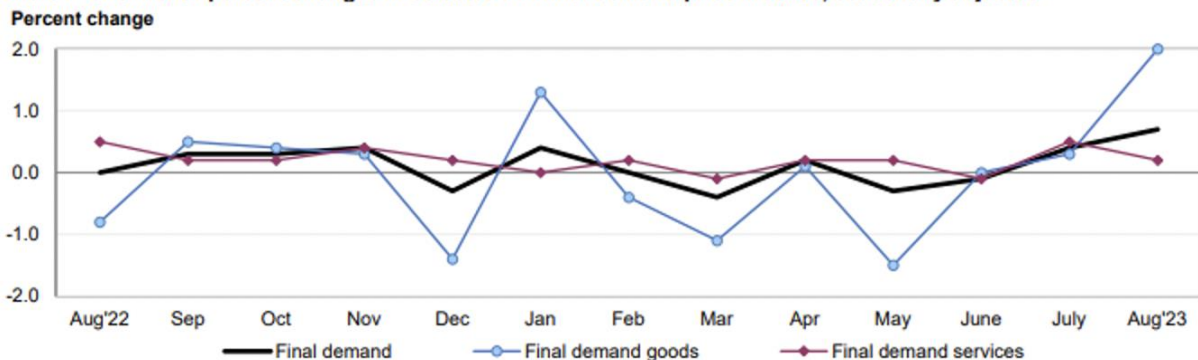
Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Aug. 2022 - Aug. 2023
Percent change



Wednesday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 0.5 percent from July to August. . . . This result stems from an increase of 0.2 percent in average hourly earnings combined with an increase of 0.6 percent in the Consumer Price Index for All Urban Consumers (CPI-U).”

Thursday, [Producer Price Index](#): “The Producer Price Index for final demand increased 0.7 percent in August, seasonally adjusted, after rising 0.4 percent in July. . . . The August advance is the largest increase in final demand prices since moving up 0.9 percent in June 2022. On an unadjusted basis, the index for final demand rose 1.6 percent for the 12 months ended in August.”

Chart 1. One-month percent changes in selected PPI final demand price indexes, seasonally adjusted



Department of Labor

Thursday, [Weekly Initial Claims](#): “In the week ending September 9, the advance figure for seasonally adjusted initial claims was 220,000, an increase of 3,000 from the previous week’s revised level. The previous week’s level was revised up by 1,000 from 216,000 to 217,000. The 4-week moving average was 224,500, a decrease of 5,000 from the previous week’s revised average.”

Economic Indicators and Confidence

Federal Reserve Bank of New York

Monday, [Consumer Inflation Expectations](#): “Median one- and five-year-ahead inflation expectations rose slightly in August, both increasing by 0.1 percentage point to 3.6 percent and 3.0

percent, respectively. Conversely, three-year-ahead inflation expectations declined by 0.1 percentage point to 2.8 percent.”

University of Michigan

Friday, [Consumer Sentiment \(Preliminary\)](#): “Consumer sentiment inched down a scant 1.8 index points this month and has been essentially flat for the past two months. At 67.7 points, sentiment is currently about 35 percent above the all-time historic low reached in June of 2022 but remains shy of the historical average reading of 86.”

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications decreased 0.8 percent from one week earlier.” Joel Kan, MBA’s vice president and deputy chief economist, said: “Mortgage applications decreased for the seventh time in eight weeks, reaching the lowest level since 1996. Last week’s decline was driven by a 5 percent drop in refinance applications to the weakest reading since January 2023.”