

## Economic Update, September 30, 2022

Submitted by Bob Moreo

Summary: The personal consumption expenditures price index excluding food and energy (core PCE) is the measure of inflation preferred by the Federal Reserve, and Friday's figure for August wasn't what they were hoping for. Core PCE "rose 0.6 percent for the month after being flat in July," [CNBC.com reports](#), which was faster than the 0.5 percent estimated by the Dow Jones. "On a year-over-year basis, core PCE increased 4.9 percent, more than the 4.7 percent estimate." After the rising prices in August, however, it seems optimism rose in September. The Conference Board's index of consumer confidence rose more than expected in September; Gallup's Economic Confidence Index and State Street's investor confidence index increased as well. The University of Michigan's Index of Consumer Sentiment showed a slight increase but [missed expectations by falling short of the mid-month preliminary reading](#). In that survey, expectations for inflation in the next year declined to 4.7 percent, the lowest reading since September 2021.

Housing prices fell in July as pending sales have declined and mortgage rates continue to increase. Initial unemployment claims were below 200,000, beating expectations. ["Economists polled by Reuters had forecast 215,000 applications for the latest week."](#)

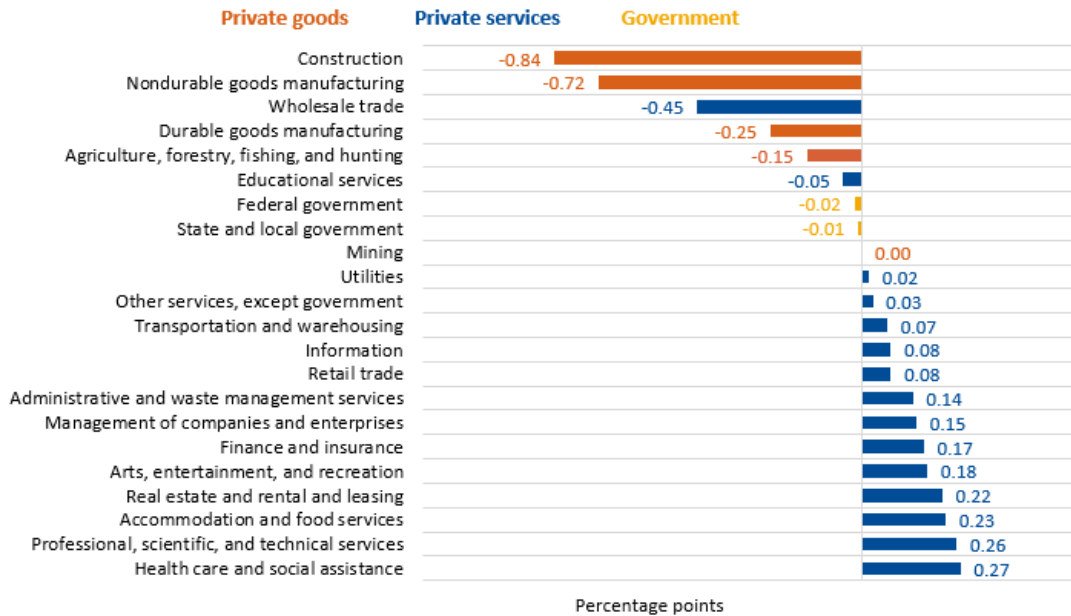
### **Federal Government Indicators and Reports:**

Bureau of Economic Analysis

Thursday, [Gross Domestic Product and Corporate Profits](#): "Real gross domestic product (GDP) decreased at an annual rate of 0.6 percent in the second quarter of 2022. . . . In the first quarter, real GDP decreased 1.6 percent. . . . Current-dollar GDP increased 8.5 percent at an annual rate, or \$508.0 billion, in the second quarter to a level of \$25.25 trillion. . . . Real gross domestic income (GDI) increased 0.1 percent in the second quarter, a downward revision of 1.3 percentage points from the previous estimate. . . . Profits from current production increased \$131.6 billion in the second quarter. . . . Profits of domestic financial corporations decreased \$46.0 billion. . . . Profits of domestic nonfinancial corporations increased \$152.2 billion. . . . Real gross output . . . increased 1.7 percent in the second quarter."

### Contributions to Percent Change in Real GDP by Industry Group, 2022:Q2

Real GDP decreased 0.6 percent



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Friday, [Personal Income and Outlays](#): “Personal income increased \$71.6 billion (0.3 percent) in August. . . . The PCE price index increased 0.3 percent. Excluding food and energy, the PCE price index increased 0.6 percent.”

Price indexes:	2022				
	Apr.	May	June	July	Aug.
	Percent change from month one year ago				
PCE	6.4	6.5	7.0	6.4	6.2
PCE, excluding food and energy	5.0	4.9	5.0	4.7	4.9

Friday, [GDP and Personal Income by State](#): “Real gross domestic product (GDP) decreased in 40 states and the District of Columbia in the second quarter of 2022. . . . [while] state personal income increased at an annual rate of 5.8 percent across all 50 states and the District of Columbia.” Tennessee, however, was one of only the few states where real GDP increased in the second quarter, improving by 0.3 percent.

Bureau of Labor Statistics

Wednesday, [Metropolitan Area Employment and Unemployment](#): “Unemployment rates were lower in August than a year earlier in 384 of the 389 metropolitan areas. . . . A total of 90 areas had jobless rates of less than 3.0 percent. . . . Nonfarm payroll employment increased over the year in 101 metropolitan areas and was essentially unchanged in 288 areas. The national unemployment rate in August was 3.8 percent, not seasonally adjusted, down from 5.3 percent a year earlier.”

State and area	Civilian labor force				Unemployed							
	July		August		Number				Percent of labor force			
	2021	2022	2021	2022 <sup>P</sup>	July		August		July		August	
					2021	2022	2021	2022 <sup>P</sup>	2021	2022	2021	2022 <sup>P</sup>

Tennessee.....	3,362,110	3,391,509	3,331,141	3,354,025	154,790	134,426	137,895	116,989	4.6	4.0	4.1	3.5
Chattanooga.....	278,429	276,402	274,515	273,542	11,138	9,721	10,186	8,912	4.0	3.5	3.7	3.3
Clarksville.....	118,387	119,445	117,603	118,034	6,199	5,425	5,599	4,816	5.2	4.5	4.8	4.1
Cleveland.....	58,272	57,984	57,477	57,030	2,606	2,362	2,291	2,009	4.5	4.1	4.0	3.5
Jackson.....	65,519	65,432	64,173	63,842	3,033	2,601	2,763	2,198	4.6	4.0	4.3	3.4
Johnson City.....	92,326	93,220	91,334	92,178	3,718	3,589	3,410	3,148	4.0	3.9	3.7	3.4
Kingsport-Bristol-Bristol.....	133,925	134,901	132,931	134,171	5,925	5,146	5,209	4,685	4.4	3.8	3.9	3.5
Knoxville.....	437,655	447,468	432,528	440,798	16,096	15,611	14,293	13,442	3.7	3.5	3.3	3.0
Memphis.....	652,528	656,104	644,502	646,237	46,464	35,240	40,418	30,637	7.1	5.4	6.3	4.7
Morristown.....	53,354	53,792	52,202	52,703	2,294	2,154	2,044	1,828	4.3	4.0	3.9	3.5
Nashville-Davidson--Murfreesboro--Franklin.....	1,109,858	1,136,373	1,102,146	1,125,504	41,693	34,951	37,888	30,973	3.8	3.1	3.4	2.8

## Bureau of Transportation Statistics

Wednesday, [North American Transborder Freight](#): Total transborder freight between the U.S. and North American countries in July 2022 was valued at \$132.6 billion, “up 19.1 percent compared to July 2021. . . . Freight between the U.S. and Canada totaled \$67.4 billion, up 21.0 percent from July 2021. . . . Freight between the U.S. and Mexico totaled \$65.2 billion, up 17.2 percent from July 2021.”

## Census Bureau

Tuesday, [Advance Report on Durable Goods](#): “New orders for manufactured durable goods in August, down two consecutive months, decreased \$0.6 billion or 0.2 percent to \$272.7 billion. . . . Excluding transportation, new orders increased 0.2 percent.” New orders for non-defense capital goods, excluding aircraft, increased 1.3 percent. “Shipments of manufactured durable goods in August, up fifteen of the last sixteen months, increased \$2.0 billion or 0.7 percent to \$272.1 billion.”

Tuesday, [New Residential Sales](#): “Sales of new single-family houses in August 2022 were at a seasonally adjusted annual rate of 685,000. . . . This is 28.8 percent above the revised July rate of 532,000, but is 0.1 percent below the August 2021 estimate of 686,000. . . . The median sales price of new houses sold in August 2022 was \$436,800.”

Wednesday, [Advance Economic Indicators](#): “The international trade deficit was \$87.3 billion in August, down \$2.9 billion from \$90.2 billion in July. Exports of goods for August were \$179.8 billion, \$1.7 billion less than July exports. . . . Wholesale inventories . . . were estimated at an end-of-month level of \$913.1 billion, up 1.3 percent from July 2022, and were up 25.1 percent from August 2021. . . . Retail inventories . . . were estimated at an end-of-month level of \$741.0 billion, up 1.4 percent from July 2022, and were up 21.6 percent from August 2021.”

## Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending September 24, the advance figure for seasonally adjusted initial claims was 193,000, a decrease of 16,000 from the previous week's revised level. . . . [which] was revised down by 4,000 . . . to 209,000.” The unadjusted advance figure for initial claims filed in Tennessee the week ending September 24 was 2,134—an increase of 224 from the previous week's figure.

## **Employment and Confidence:**

### American Staffing Association

Tuesday, [Staffing Index](#): “Staffing employment grew in the week of Sept. 12–18, rising 1.4 percent to a rounded value of 106 and setting a new record high for the month of September. . . . Staffing jobs were up 5.6 percent from the same week last year.”

### The Conference Board

Tuesday, [Consumer Confidence Survey](#): “The Conference Board Consumer Confidence Index increased in September for the second consecutive month. . . . [and] now stands at 108.0, up from 103.6

in August. The Present Situation Index . . . rose to 149.6 from 145.3 last month. The Expectations Index . . . increased to 80.3 from 75.8.”

Federal Reserve Bank of Atlanta

Wednesday, [Survey of Business Uncertainty](#): Businesses surveyed in September 2022 had less uncertainty and higher expectations for year-ahead revenue and employment growth than they did in August.

#### Business Uncertainty

Uncertainty about 4-quarter ahead growth



Notes: Aggregate employment and sales uncertainty series are constructed from firms' probabilistic expectations over the year ahead. Gray bars indicate periods of recession.  
Source: Atlanta Fed/Chicago Booth/Stanford Survey of Business Uncertainty  
Updated on: September 28, 2022

#### Business Expectations

4-quarter ahead expectations



Notes: Aggregate employment and sales growth series are weighted averages of firms' probabilistic expectations over the year ahead. Gray bars indicate periods of recession.  
Source: Atlanta Fed/Chicago Booth/Stanford Survey of Business Uncertainty  
Updated on: September 28, 2022

Gallup

Friday, [Economic Confidence Index](#): “Despite the stock market having its worst month since March 2020, Americans' confidence in the economy improved ever so slightly in September after a bigger improvement in August, but remains negative on balance. . . . The Gallup Economic Confidence Index ticked up to -35 in September after rising to -39 in August. That in turn was up from -51 in July and -58 in June.”

State Street

Wednesday, [Investor Confidence](#): “The Global Investor Confidence Index [ICI] increased to 108.8, up 1.5 points from August's revised reading of 107.3. . . . North American ICI rose as well, up 2.4 points to 109.”

University of Michigan

Friday, [Index of Consumer Sentiment](#): The final Index of Consumer Sentiment for September 2022 was 58.6, up slightly from August's 58.2. Consumers' assessment of current conditions improved but future expectations were unchanged. Surveys of Consumers director Joanne Hsu explained, “Buying conditions for durables and the one-year economic outlook continued lifting from the extremely low readings earlier in the summer, but these gains were largely offset by modest declines in the long run outlook for business conditions.”

## **Mortgages and Housing Markets:**

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “30-year fixed-rate mortgage averaged 6.70 percent with an average 0.9 point as of September 29, 2022, up from last week when it averaged 6.29 percent. A year ago at this time, the 30-year FRM averaged 3.01 percent.”

Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications Survey](#): “Mortgage applications decreased 3.7 percent from one week earlier . . . for the week ending September 23, 2022. . . . The Refinance Index decreased 11 percent from the previous week and was 84 percent lower than the same week one year ago. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$647,200 or less) increased to 6.52 percent from 6.25 percent.”

National Association of Realtors

Wednesday, [Pending Home Sales](#): “Pending home sales sagged for the third straight month in August. . . . The Pending Home Sales Index . . . fell 2.0 percent to 88.4 in August. Year-over-year, pending transactions dwindled by 24.2 percent.”

S&P Dow Jones

Tuesday, [National Home Price Index](#): “The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index . . . reported a 15.8 percent annual gain in July, down from 18.1 percent in the previous month. . . . The -2.3 percent difference between those two monthly rates of gain is the largest deceleration in the history of the index.”