

Economic Update, November 22, 2017  
Submitted by Michael Mount

Summary: The news this week remains mostly positive. The US leading economic indicator increased sharply in October, suggesting that growth will continue into 2018, but confidence was down a little. I took a look at mortgage rates (see chart below) and plan to look again after the likely rate hike in December. The Wall Street Journal published an [article](#) saying that Tennessee's unemployment rate is low because many in the state stopped looking for work.

Census Bureau

Wednesday, [Advance Report on Durable Goods](#): "New orders for manufactured durable goods in October decreased \$2.8 billion or 1.2 percent to \$236.0 billion. . . . This decrease, down following two consecutive monthly increases, followed a 2.2 percent September increase. Excluding transportation, new orders increased 0.4 percent. Excluding defense, new orders decreased 0.8 percent. Transportation equipment, also down following two consecutive monthly increases, drove the decrease, \$3.5 billion or 4.3 percent to \$77.1 billion."

U.S. Department of Labor

Thursday, [Initial Claims](#): "In the week ending November 18, the advance figure for seasonally adjusted initial claims was 239,000, a decrease of 13,000 from the previous week's revised level. The previous week's level was revised up by 3,000 from 249,000 to 252,000. The 4-week moving average was 239,750, an increase of 1,250 from the previous week's revised average. The previous week's average was revised up by 750 from 237,750 to 238,500."

Bureau of Economic Analysis

Tuesday, [Gross Domestic Product by State](#): "Real gross domestic product (GDP) increased in 48 states and the District of Columbia in the second quarter of 2017." Tennessee increased 3.0 percent. "Real GDP by state growth in the second quarter ranged from 8.3 percent in North Dakota to -0.7 percent in Iowa. Nationally, mining increased 28.6 percent and was the leading contributor to growth for the nation and in the three fastest-growing states of North Dakota, Wyoming and Texas in the second quarter. Mining contributed to growth in 49 states led by increases in oil and natural gas production. By contrast, agriculture, forestry, fishing, and hunting decreased 10.6 percent and subtracted from growth in 25 states, including every state in the Plains region, which experienced high levels of crop production in 2016. This industry was the leading contributor to the decreases in real GDP in Iowa and South Dakota—the only two states to decrease in the second quarter."

The Conference Board

Monday, [Leading Economic Index](#): The index increased 1.2 percent in October to 130.4 (2010 = 100), following a 0.1 percent increase in September, and a 0.4 percent increase in August. "The US LEI increased sharply in October, as the impact of the hurricanes dissipated," said Ataman Ozyildirim, Director of Business Cycles and Growth Research at The Conference Board. "The growth of the LEI, coupled with widespread strengths among its components, suggests that solid growth in the US economy will continue through the holiday season and into the new year."

Federal Reserve

Tuesday, [Chicago Fed National Activity Index](#): Led by improvements in production-related indicators, the index moved up to +0.17 in September from -0.37 in August. All four broad categories of indicators that make up the index increased from August, and three of the four categories made positive

contributions to the index in September. The index's three-month moving average was unchanged at – 0.16 in September.

#### National Association of Realtors

Tuesday, [Existing Home Sales](#): “With mortgage rates remaining below 4 percent for the third straight month, existing-home sales in October were at a healthy pace but failed to keep up with September's jump. . . . All four major regions saw no gains in sales in October.”

#### Bloomberg

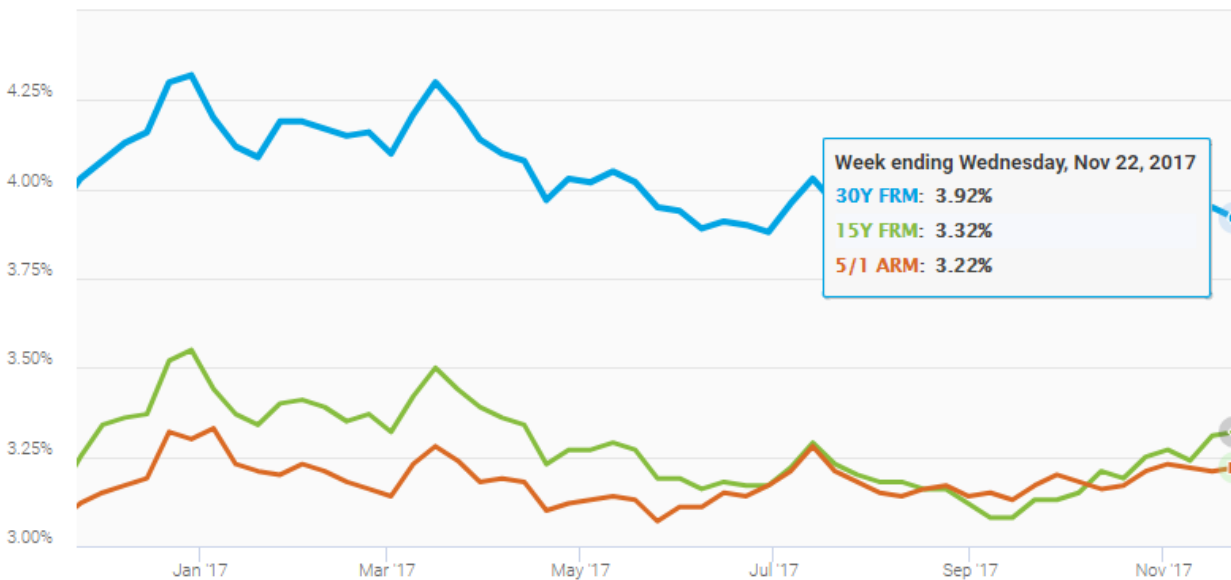
Wednesday, [Consumer Comfort Index](#): “The Bloomberg Consumer Comfort Index fell to 51.7 from 52.1; it's still close to a 16-year high.”

#### Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased from one week earlier as an uptick in purchase applications offset a decrease in refinancing. . . . The Market Composite Index increased by 0.1 percent on a seasonally adjusted basis from one week earlier.”

#### Freddie Mac

Wednesday, [30-Year Mortgage Rate](#): “Rates dipped slightly in a short week leading up to the Thanksgiving holiday. The 10-year Treasury yield fell roughly 4 basis points, while the 30-year mortgage rate dropped 3 basis points to 3.92 percent. Mortgage rates continue to remain low.”



#### University of Michigan

Wednesday, [Consumer Sentiment Index](#): The indexed decreased from 100.7 in October to 98.5 in November. “Overall, the Sentiment Index has remained largely unchanged since the start of the year at the highest levels since 2004. What has changed recently is the degree of certainty with which consumers hold their economic expectations. In contrast to the media buzz about approaching cyclical peaks and an aging expansion, with the implication of greater uncertainty about future economic trends, consumers have voiced greater certainty about their expectations for income, employment, and inflation.”

Bureau of Transportation Statistics

Tuesday, [North American Freight Data](#): “NAFTA freight totaled \$94.4 billion as three out of five major transportation modes carried more freight by value with North American Free Trade Agreement (NAFTA) partners Canada and Mexico in September 2017 compared to September 2016.”

Gallup

Tuesday, [Economic Confidence Index](#): “Americans felt slightly less confident in the economy last week, as their perceptions of current conditions dimmed somewhat. Gallup's U.S. Economic Confidence Index averaged +4 for the week ending Nov. 19, down from the previous reading of +7.”