

Economic Update, November 23, 2016
Submitted by Reuben Kyle

Summary: The week's economic news was largely positive with positive reports for manufacturing and home sales. Consumer confidence was relatively high.

Census Bureau

Wednesday, [Advance Report on Durable Goods Manufacturers' Shipments, Inventories, and Orders](#): The preliminary October 2016 report shows new orders for manufactured durables up by 4.8% for the month, led by a 12.0% increase in new orders for transportation equipment. Shipments for manufactured durables rose by 0.1%. Unfilled orders increased by 0.7% and inventories added less than 0.1%. In the case of nondefense capital goods, new orders and unfilled orders both increased while shipments and inventories fell. For defense capital goods, new orders declined but shipments, unfilled orders, and inventories rose.

Wednesday, [New Residential Sales](#): In October 2016, sales of new single family homes declined by 1.9% from September but were 17.8% higher than in October 2015. The median home price was \$304,500, and at the current sales rate, there is a 5.2 month supply of houses available.

U.S. Department of Labor

Wednesday: [Initial Claims](#) for unemployment insurance increases by 18,000 to 251,000 in the week ending November 19, 2016, and the four-week moving average fell by 2,000 to 251,000. In the prior week ending November 12, no state reported an increase of 1,000 or more new claims, and nine states reported decreases of 1,000 or more. Tennessee reported 19 fewer claims from the previous week.

Board of Governors of the Federal Reserve

Wednesday, Federal Open Market Committee (FOMC): [Minutes of November Meeting](#): Participants at the meeting had a long and, evidently, spirited discussion about the state of the economy and the policy decision. The vote was to maintain the current policy of a ¼ to ½% federal funds rate with eight voting for this policy and two voting against it. The two dissenters argued that with the economy at or near full employment, a 25 basis point increase in the fed funds rate was appropriate. The next meeting will be by December 13-14.

Federal Housing Finance Agency (FHFA)

Wednesday, [FHFA House Price Index](#): The monthly index rose by 0.6% from August to September 2016, by 1.5% for the 3rd quarter, and by 6.1% from Q3 2015 to Q3 2016. "Our data indicate that the deceleration in home price growth that we observed in late spring proved to be short-lived," said FHFA Supervisory Economist Andrew Leventis. "While price growth in select markets has cooled somewhat, for the U.S. as a whole, the third quarter showed no evidence of a widespread slowdown."

Markit Economics

Wednesday, [Purchasing Managers Index \(PMI\) Manufacturing Index Flash](#): The advance index for November 2016 is at 53.9 up from 53.4 in October. Chris Williamson, Chief Markit Economist, stated: "US manufacturers enjoyed a strong post-election bounce in November, further tilting the scales toward the Fed hiking rates in December. Many factories reported that demand from customers had picked up as uncertainty about the election result cleared. Domestic demand rose especially sharply, helping to make up for subdued export growth, linked in turn to the strong dollar."

National Association of Realtors

Tuesday, [Existing Home Sales](#): In October 2016, existing home sales increased from September by 2.0% to a seasonally adjusted, annual rate of 5.6 million homes. That rate is 5.9% above the level of October 2015 and is the highest level since February 2007. Chief NAR Economist Lawrence Yun is quoted: "October's strong sales gain was widespread throughout the country and can be attributed to the release of the unrealized pent-up demand that held back many would-be buyers over the summer because of tight supply... Buyers are having more success lately despite low inventory and prices that continue to swiftly rise above incomes."

Bloomberg.com

Wednesday, [Consumer Comfort Index](#): The latest index reading is 44.8, down from 45.4 the previous week. "[T]he recent rise puts the CCI in comparatively fine fettle heading into the traditional start of the holiday shopping season. It's on track to finish the year with its highest annual average, currently 43.4, since the end of the Great Recession, and hasn't been this high in a Thanksgiving week since 2006."

University of Michigan

Wednesday, [Consumer Sentiment](#): The preliminary November 2016 index is at 93.8 compared with 87.2 in October.