

Economic Update, September 29, 2017
Submitted by Reuben Kyle

Summary: It is difficult to tell the extent to which recent economic statistics are affected by the hurricanes compared with other underlying factors. The week's economic news is not all bad but not inspiring. Still, the US economy continues to grow, with the most encouraging number being the 2nd quarter GDP growth rate of 3.1%.

Census Bureau

Tuesday, [New Residential Sales](#): In August 2017, new single-family home sales were down 3.4% from July and 1.2% from August 2016. The median sales price in August 2017 was \$300,200, compared with \$319,900 in July. At current sales rates, there is a 6.1-month supply of houses available.

Wednesday, [Advance Report on Manufacturers' Shipments, Inventories, and Orders](#): In August 2017, new orders for manufactured durable goods increased 1.7%, led by transportation equipment, which increased 4.9%. Shipments rose 0.3%, unfilled orders were up less than 0.1%, and inventories increased 0.3%. New orders for nondefense capital goods rose 4.7%, while those for defense capital goods fell 9.4%.

Thursday, [Advance Economic Indicator \(International Trade, Retail and Wholesale\)](#): In August 2017, the US international trade deficit fell by \$0.9 billion (1.4%). Wholesale inventories rose 1.0%, and retail inventories increased 0.7%.

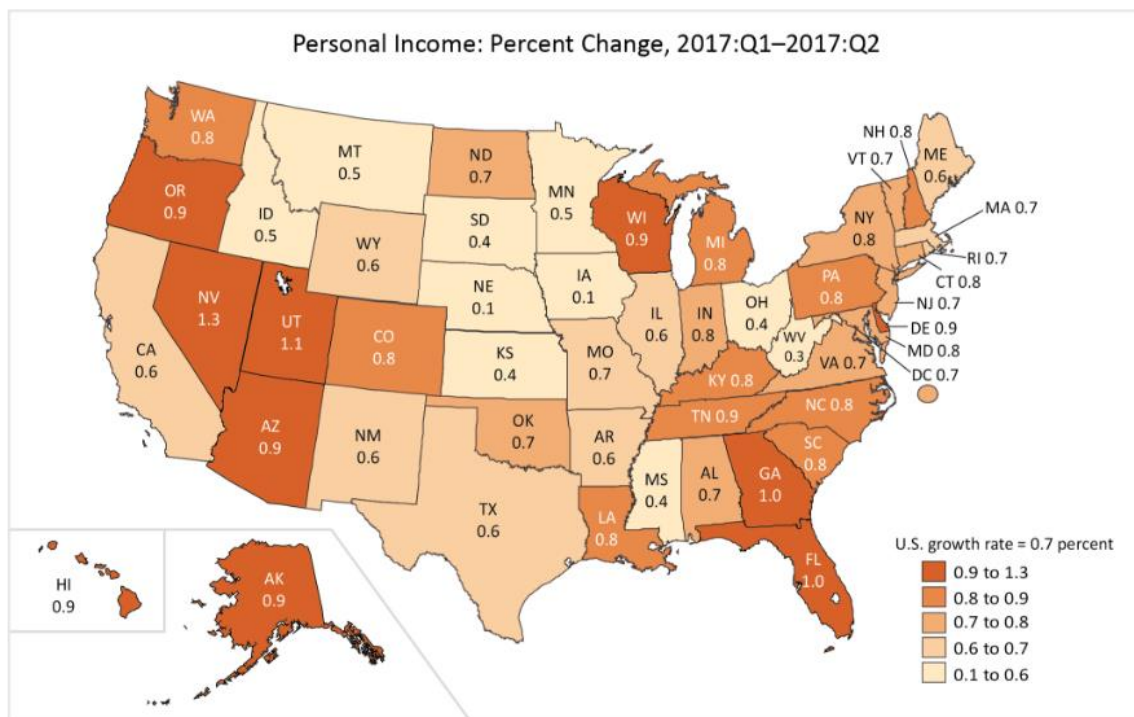
Bureau of Labor Statistics

Wednesday, [Metropolitan Area Employment and Unemployment](#): August 2017 unemployment rates were lower year-over-year in 323 of 388 Metropolitan Statistical Areas (MSAs), higher in 55, and unchanged in 10. The lowest rate was in Fort Collins, Colorado, at 1.8%, and the highest rate was in El Centro, California, at 24.9%. Total nonfarm employment increased year-over-year in 326 MSAs, fell in 55, and was unchanged in seven. ("Hurricane Harvey had no discernible effect on the employment and unemployment data for August.") Unemployment rates in August 2017 fell in all 10 Tennessee MSAs both from July 2017 and from August 2016. The Clarksville MSA had the highest unemployment rate at 4.8%, and the Nashville-Davidson-Murfreesboro-Franklin MSA had the lowest rate at 2.9%. Nonfarm employment increased in nine of the 10 Tennessee MSAs from July to August 2017 and in all 10 since August 2016. The Cleveland MSA had the largest percentage increase in nonfarm employment from July to August 2017 at 1.45%, followed by the Kingsport-Bristol MSA at 1.41%.

Bureau of Economic Analysis

Tuesday, [State Quarterly Personal Income, 2nd Quarter 2017](#): On average, state personal income increased 0.7% in the 2nd quarter of 2017, after increasing 1.2% in the 1st quarter. Nevada had the strongest growth at 1.3%, while Nebraska had the weakest at

0.1%. In Tennessee, personal income grew 0.9%. The map below shows the rates for all 50 states and the District of Columbia.



U.S. Bureau of Economic Analysis

Thursday, [Gross Domestic Product \(GDP\), 2nd Quarter 2017 \(3rd Estimate\); Corporate Profits 2nd Quarter 2017](#): GDP increased at an annual rate of 3.1% in the 2nd quarter of 2017 according to the 3rd estimate, compared with the advance estimate of 2.6% and the 2nd estimate of 3.0%. “The acceleration in real GDP in the second quarter reflected an upturn in private inventory investment, an acceleration in PCE [personal consumption expenditures], a deceleration in imports, and an upturn in federal government spending that were partly offset by a downturn in residential fixed investment, a deceleration in exports, and a downturn in state and local government spending.” Corporate profits in the 2nd quarter increased by \$14.4 billion, compared with a decrease of \$46.2 billion in the 1st quarter.

Friday, [Personal Income and Outlays](#): In August 2017, personal income increased 0.2%, while disposable personal income (DPI) increased 0.1%. Personal Consumption Expenditures (PCE) were also up 0.1%. Adjusted for inflation, DPI and PCE both fell 0.1%. The PCE Price Index increased 0.2%, after accounting for the decline in inflation-adjusted results. Compared with a year earlier, the PCE Price Index increased 1.4%, and excluding food and energy, it increased 1.3%.

US Department of Labor

Thursday, [Initial Claims](#) for unemployment insurance in the week ending September 23, 2017, increased by 12,000 to 272,000, and the four-week moving average rose by 9,000 to 277,750. The previous week, ending September 16, four states and Puerto Rico reported increased new claims of 1,000 or more, and Texas reported a decrease of 23,637; Tennessee reported a decrease of 47 initial claims.

The Conference Board

Tuesday, [Consumer Confidence Index](#): In September 2017, this index fell to 119.8 from 120.4 in August (1985=100). "Consumer confidence decreased slightly in September after a marginal improvement in August," said Lynn Franco, Director of Economic Indicators at The Conference Board. "Confidence in Texas and Florida, however, decreased considerably, as these two states were the most severely impacted by Hurricanes Harvey and Irma. Despite the slight downtick in confidence, consumers' assessment of current conditions remains quite favorable and their expectations for the short-term suggest the economy will continue expanding at its current pace."

Bloomberg.com

Thursday, [Consumer Comfort Index](#): The latest index reading is 51.6, up from 50.6 the previous week. "The consumer comfort index is bouncing back to pre-hurricane expansion highs, to 51.6 in the September 23 week vs 50.6 in the prior week and a peak of 53.3 in mid-August. Strength in consumer confidence measures reflects strength in the outlook for jobs."

The University of Michigan

Friday, [Consumer Sentiment Index](#): The final September 2017 index reading is 95.1, down only slightly from 96.8 in August. "Consumer sentiment remained largely unchanged from the slightly lower level recorded at mid-month. The resilience of consumers has again been demonstrated as concerns about the impact of the hurricanes on the national economy have quickly faded. Given that the survey was able to reach most households in Florida and Texas in late September, it should be no surprise that small declines were recorded in the current financial situation of households."

National Association of Realtors

Wednesday, [Pending Home Sales](#): In August 2017, the Pending Home Sales Index fell 2.6%, dropping from 109.1 in July to 106.3. "Lawrence Yun, NAR chief economist, says this summer's terribly low supply levels have officially drained all of the housing market's momentum over the past year. 'August was another month of declining contract activity because of the one-two punch of limited listings and home prices rising far above incomes. . . . Demand continues to overwhelm supply in most of the country, and as a result, many would-be buyers from earlier in the year are still in

the market for a home, while others have perhaps decided to temporarily postpone their search.’”

Standard & Poor’s

Tuesday, [Corelogic Case-Shiller House Price Index](#): In July 2017, the National Home Price Index increased at a 5.9% annual rate, up from 5.8% in June. “Home prices over the past year rose at a 5.9% annual rate,” says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. “Consumers, through home buying and other spending, are the driving force in the current economic expansion. While the gains in home prices in recent months have been in the Pacific Northwest, the leadership continues to shift among regions and cities across the country. Dallas and Denver are also experiencing rapid price growth. Las Vegas, one of the hardest hit cities in the housing collapse, saw the third fastest increase in the year through July 2017.”

The Brookings Institution

Friday, [Thirteen Facts About Wage Growth](#): Here is an interesting list of information about wage growth.