

Economic Update
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Summary: An unexpectedly strong 3.3 percent annual growth pace of the nation's economy in the fourth quarter of 2024, as measured by GDP, was the highlight of this week's economic news. Federal government indicators and reports this week show positive trends in personal income and outlays and new residential sales. Initial claims increased at a national level while decreasing in Tennessee. Economic indicators signaled a fast rise in business activity. In the housing market, loans in forbearance decreased while mortgage applications increased. The 30-year fixed-rate mortgage and the 15-year fixed-rate mortgage both increased from the previous week.

Federal Government Indicators and Report

Bureau of Economic Analysis

Thursday, [Gross Domestic Product](#): "Real gross domestic product (GDP) increased at an annual rate of 3.3 percent in the fourth quarter of 2023. . . . In the third quarter, real GDP increased 4.9 percent. . . . Current-dollar personal income increased \$224.8 billion in the fourth quarter compared with an increase of \$196.2 billion in the third quarter. . . . Disposable personal income increased \$211.7 billion, or 4.2 percent in the fourth quarter, compared with an increase of \$143.5 billion, or 2.9 percent, in the third quarter. . . . Personal saving was \$818.9 billion in the fourth quarter, compared with \$851.2 billion in the third quarter."

Friday, [Personal Income and Outlays](#): "Personal income increased \$60.0 billion (0.3 percent at a monthly rate) in December. . . . Disposable personal income (DPI), personal income less personal current taxes, increased \$51.8 billion (0.3 percent) and personal consumption expenditures (PCE) increased \$133.9 billion (0.7 percent). . . . Personal outlays, the sum of PCE, personal interest payments, and personal current transfer payments, increased \$134.7 billion in December. Personal saving was \$766.7 billion in December and the personal saving rate—personal saving as a percentage of disposable personal income—was 3.7 percent."

U.S. Census Bureau

Thursday, [International Trade and Inventories](#): "The international trade deficit was \$88.5 billion in December, down \$0.9 billion from \$89.3 billion in November. . . . Wholesale inventories for December, adjusted for seasonal variations and trading day differences, but not for price changes, were estimates at an end-of-month level of \$897.7 billion, up 0.4 percent from November 2023, and were down 2.7 percent from December

2022. . . . Retail inventories for December, adjusted for seasonal variations and trading day differences, but not for price changes, were estimated at an end-of-month level of \$803.3 billion, up 0.8 percent from November 2023, and were up 5.3 percent from December 2022.”

Thursday, [New Residential Sales](#): “Sales of new single-family houses in December 2023 were at a seasonally adjusted annual rate of 664,000. . . . This is 8.0 percent above the revised November rate of 615,000 and is 4.4 percent above the December 2022 estimate of 636,000. . . . An estimated 668,000 new homes were sold in 2023. This is 4.2 percent above the 2022 figure of 641,000. . . . The median sales price of new houses sold in December 2023 was \$413,000. The average sales price was \$487,300.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending January 20, the advance figure for seasonally adjusted initial claims was 214,000, an increase of 25,000 from the previous week’s revised level.” In Tennessee, the advance figure for seasonally adjusted initial claims was 3,065, down 1,113 from the previous week.

Economic Indicators and Confidence

S&P Global

Wednesday, [Global Flash U.S. Composite PMI](#): “At 52.3 the headline S&P Global Flash U.S. Purchasing Managers’ Index (PMI) Composite Output Index was up from 50.9 in December and signaled the fastest rise in business activity since June 2023. The expansion in output indicated a notable uptick in performance at the start of the year. . . . Output growth was led by service providers, and manufacturing firms continued to see a moderate drop in activity in January. . . . Companies in the U.S. recorded another rise in employment during January, albeit slightly slower than seen in December. . . . At 50.3, the S&P Global Flash U.S. Manufacturing PMI was up from 47.9 in December to signal the first improvement in operating conditions at goods producers in nine months.”

Mortgage and Housing Market

Mortgage Bankers Association

Monday, [Mortgage Loans in Forbearance](#): “The Mortgage Bankers Association’s (MBA) monthly Loan Monitoring Survey revealed that the total number of loans now in forbearance decreased by 3 basis points from 0.26 percent of servicers’ portfolio volume

in the prior month to 0.23 percent as of December 31, 2023. According to MBA's estimate, 115,000 homeowners are in forbearance plans."

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): "The Market Composite Index, a measure of mortgage loan application volume, increased 3.7 percent on a seasonally adjusted basis from one week earlier."

Freddie Mac

Thursday, [Mortgage Rates](#): "The 30-year fixed-rate mortgage (FRM) averaged 6.69 percent as of January 25, 2024, up from last week when it averaged 6.60 percent. A year ago at this time, the 30-year FRM averaged 6.13 percent. The 15-year FRM averaged 5.96 percent, up from last week when it averaged 5.76 percent. A year ago at this time, the 15-year FRM average 5.17 percent."

National Association of Realtors

Friday, [Pending Home Sales](#): "Pending home sales in December elevated 8.3 percent. . . . The Midwest, South, and West posted monthly gains in transactions while the Northeast recorded a loss."