

Economic Update, November 19, 2021
Submitted by Kevin Vanzant

Summary: There was plenty of good news this week. Retail sales jumped 1.7 percent last month, before adjusting for inflation, the highest gain since March 2021, and an [increase](#) that may at least in part be the result of Americans getting an early start on holiday shopping over concerns about supply chain problems and the possibility of forthcoming shortages. Manufacturing output also surged 1.2 percent last month, its highest level since March 2019, after falling 0.7 percent in September, and business inventories increased 0.7 percent in September, as businesses appear to be making steady progress replenishing depleted inventories. Construction of new homes did fall by 0.7 percent in October, but building permits were up, indicating optimism about the coming months, with homebuilder confidence in November reaching its highest level since last May. And first-time claims for unemployment insurance decreased by 1,000 from the previous week's reading, again reaching its lowest level since March 14, 2020. Embedded in almost all of this good news, however, were continuing concerns about inflation, and the major inflation indicators released this week, U.S. import and export prices, saw their [largest increases](#) since May 2021.

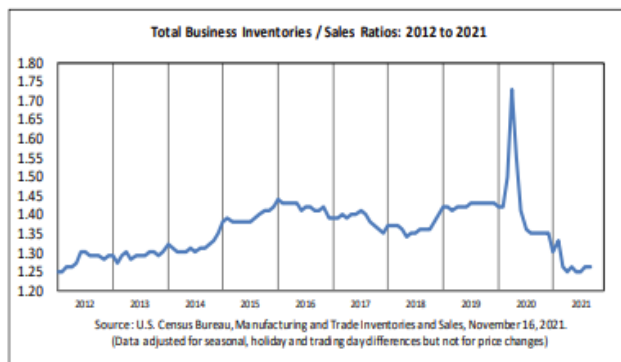
Federal Government Indicators and Reports:

Census Bureau

Tuesday, [Retail Sales](#): "Advance estimates of U.S. retail and food services sales for October 2021 . . . were \$638.2 billion, an increase of 1.7 percent from the previous month, and 16.3 percent above October 2020. Total sales for the August 2021 through October 2021 period were up 15.4 percent from the same period a year ago. Retail trade sales were up 1.9 percent from September 2021, and up 14.8 percent above last year. Gasoline stations were up 46.8 percent from October 2020, while food services and drinking places were up 29.3 percent from last year."

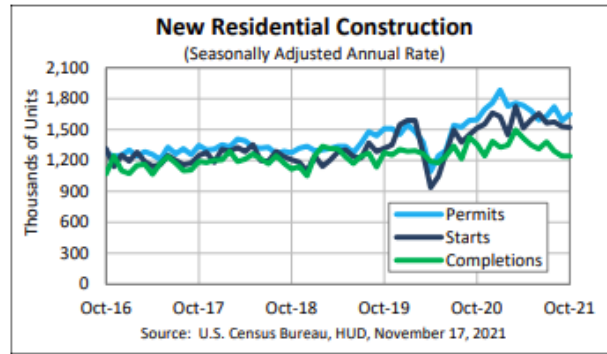
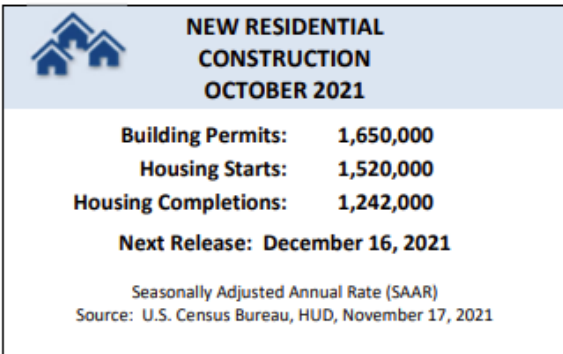
Tuesday, [Business Inventories](#): "The combined value of distributive trade sales and manufacturers' shipments for September . . . was estimated at \$1,669.7 billion, up 0.9 percent from August 2021 and was up 15.5 percent from September 2020. Manufacturers' and trade inventories for September . . . were estimated at an end-of-month level of \$2,101.8 billion, up 0.7 percent from August 2021 and were up 7.5 percent from September 2020."

BUSINESS INVENTORIES		
SEPTEMBER 2021	\$2,101.8 billion	+0.7%
AUGUST 2021 (revised)	\$2,086.5 billion	+0.8%
Next release: December 15, 2021		
* The 90 percent confidence interval includes zero. There is insufficient evidence to conclude that the actual change is different from zero. Data adjusted for seasonality but not price changes. Source: U.S. Census Bureau, Manufacturing and Trade Inventories and Sales, November 16, 2021.		



Wednesday, [New Residential Construction](#): "Privately-owned housing units authorized by building permits in October were at a seasonally adjusted annual rate of 1,650,000. This is 4.0 percent above the revised September rate of 1,586,000 and is 3.4 percent above the October 2020 rate of 1,595,000. . . . Privately-owned housing starts in October were at a seasonally adjusted annual rate of

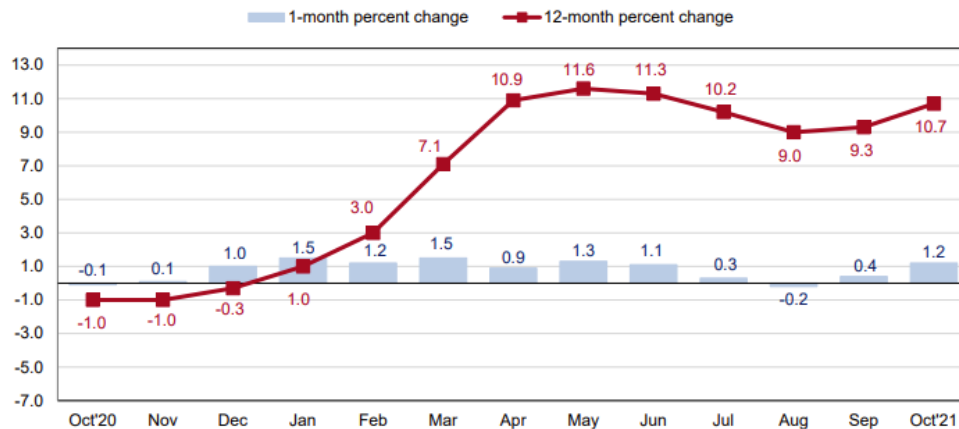
1,520,000. This is 0.7 percent below the revised September estimate of 1,530,000 but is 0.4 percent above the October 2020 rate of 1,514,000.”



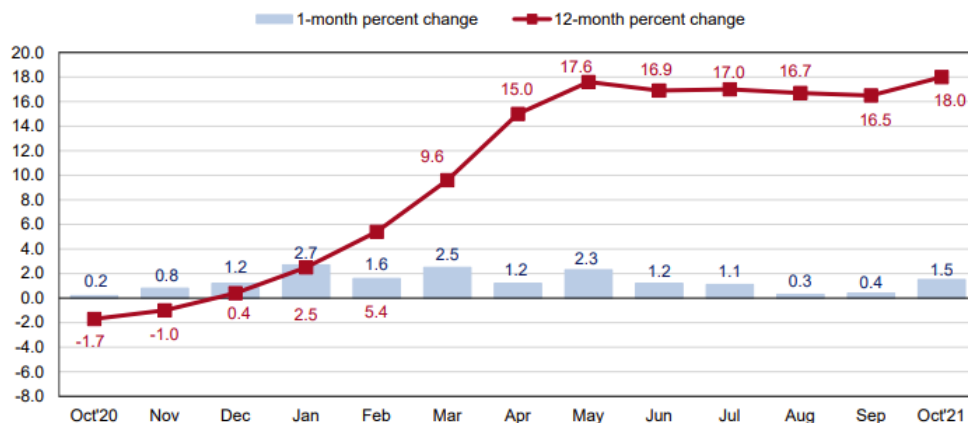
Bureau of Labor Statistics

Tuesday, [Import and Export Prices](#): “U.S. import prices rose 1.2 percent in October following a 0.4-percent advance in September. . . . Higher fuel and nonfuel prices contributed to the October increase. Prices for U.S. exports advanced 1.5 percent in October, after rising 0.4 percent in September and 0.3 percent in August.”

One-month and 12-month percent changes in the Import Price Index: October 2020 – October 2021

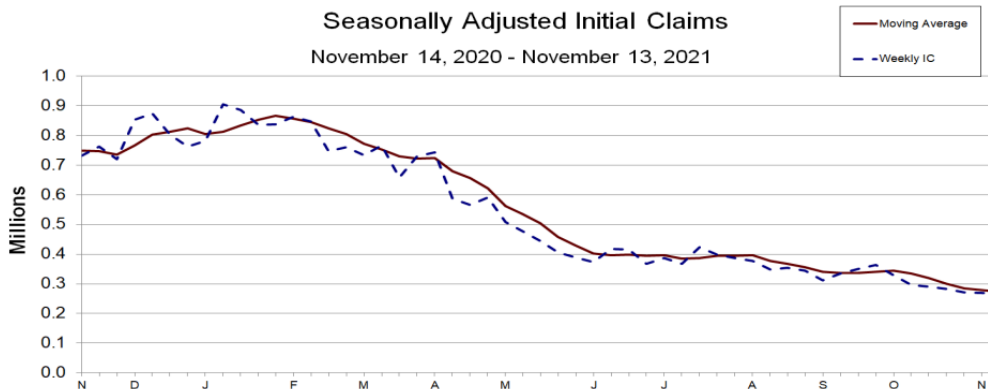


One-month and 12-month percent changes in the Export Price Index: October 2020 – October 2021



Department of Labor

Thursday, [Initial Jobless Claims](#): “In the week ending November 13, the advance figure for seasonally adjusted initial claims was 268,000, a decrease of 1,000 from the previous week’s revised level. This is the lowest level for initial claims since March 14, 2020 when it was 256,000. . . . The 4-week moving average was 272,750, a decrease of 5,750 from the previous week’s revised average. This is the lowest level for this average since March 14, 2020.” In Tennessee there were 3,847 initial claims filed for the week ending November 13, a decrease of 4,148 from the previous week.



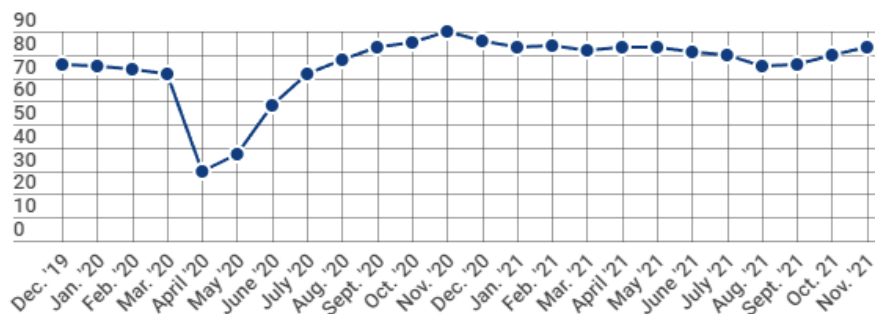
Federal Reserve

Tuesday, [Industrial Capacity and Capacity Utilization](#): “Industrial production rose 1.6 percent in October after falling 1.3 percent in September; about half of the gain in October reflected a recovery from the effects of Hurricane Ida. . . . At 101.6 percent of its 2017 average, total industrial production in October was 5.1 percent above its year-earlier level and at its highest reading since December 2019. In October, capacity utilization for the industrial sector increased 1.2 percentage points to 76.4 percent; even so, it was still 3.2 percentage points below its long-run (1972–2020) average.”

Mortgages and Housing Markets:

National Association of Home Builders/Wells Fargo

Tuesday, [Housing Market Index](#): “Builder sentiment in the market for newly built single-family homes moved three points higher to 83 in November, according to the NAHB/Wells Fargo Housing Market Index. . . . ‘The solid market for home building continued in November despite ongoing supply-side challenges,’ said NAHB Chairman Chuck Fowke. ‘Lack of resale inventory combined with strong consumer demand continues to boost single-family home building.’”



Link for chart: [NAHB](#).

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 2.8 percent from one week earlier. . . . The Refinance Index decreased 5 percent from the previous week and was 31 percent lower than the same week one year ago. . . . ‘Refinance applications decreased for the seventh time in eight weeks, as mortgage rates moved higher after two weeks of declines. . . . All mortgage rates in MBA’s survey increased, with the 30-year fixed rate climbing to 3.2 percent,’ said Joel Kan, MBA’s Associate Vice President of Economic and Industry Forecasting.”