

## Economic Update, February 17, 2023

Submitted by Chris Belden

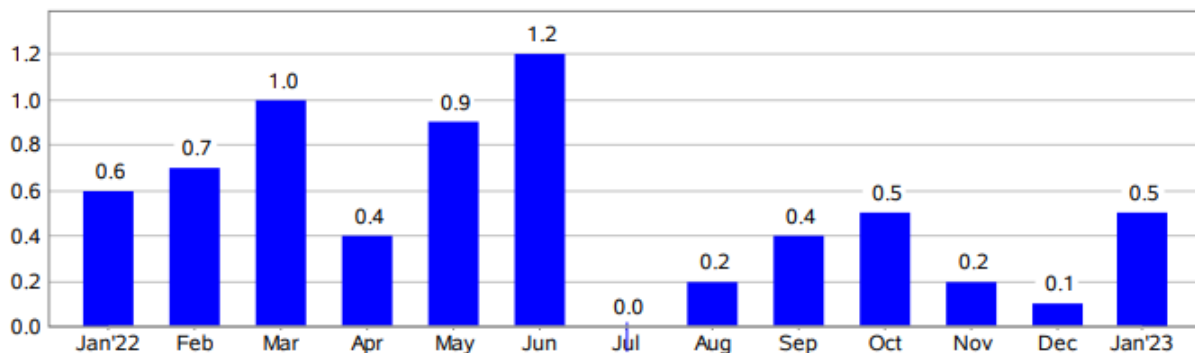
Summary: The Consumer Price Index rose by 0.5 percent in January from the previous month and 6.4 percent from January 2022. These results are likely to contribute to further interest rate increases from the Federal Reserve as it looks to return inflation to the target rate of 2 percent. However, other areas of the economy remain strong, as unemployment claims decreased by 1,000 to 194,000 last week from the week prior. Additionally, retail sales increased by 3 percent in January, much [higher than expectations](#).

### **Federal Government Indicators and Reports**

Bureau of Labor Statistics

Tuesday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.5 percent in January on a seasonally adjusted basis, after increasing 0.1 percent in December. . . . Over the last 12 months, the all items index increased 6.4 percent before seasonal adjustment. . . . The index for shelter was by far the largest contributor to the monthly all items increase, accounting for nearly half of the monthly all items increase, with the indexes for food, gasoline, and natural gas also contributing.”

**Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Jan. 2022 - Jan. 2023**  
Percent change



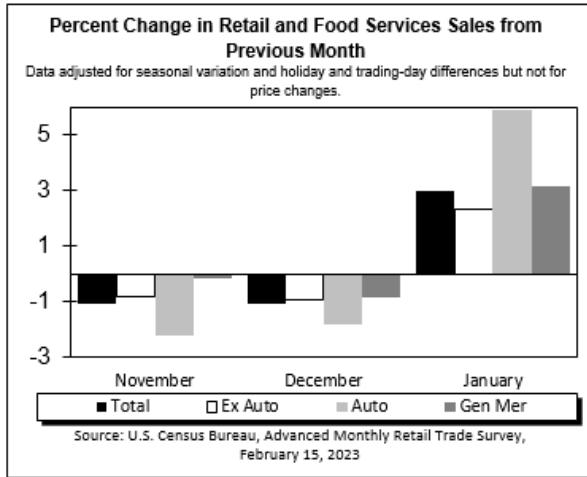
Tuesday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 0.2 percent from December to January. . . . This result stems from an increase of 0.3 percent in average hourly earnings combined with an increase of 0.5 percent in the Consumer Price Index for All Urban Consumers (CPI-U).”

Thursday, [Producer Price Index](#): “The Producer Price Index for final demand increased 0.7 percent in January. . . . Final demand prices declined 0.2 percent in December 2022 and advanced 0.3 percent in November.”

U.S. Census Bureau

Wednesday, [Retail Sales](#): “Advance estimates of U.S. retail and food services sales for January 2023 . . . were \$697.0 billion, up 3.0 percent from the previous month, and up 6.4 percent above January 2022.”

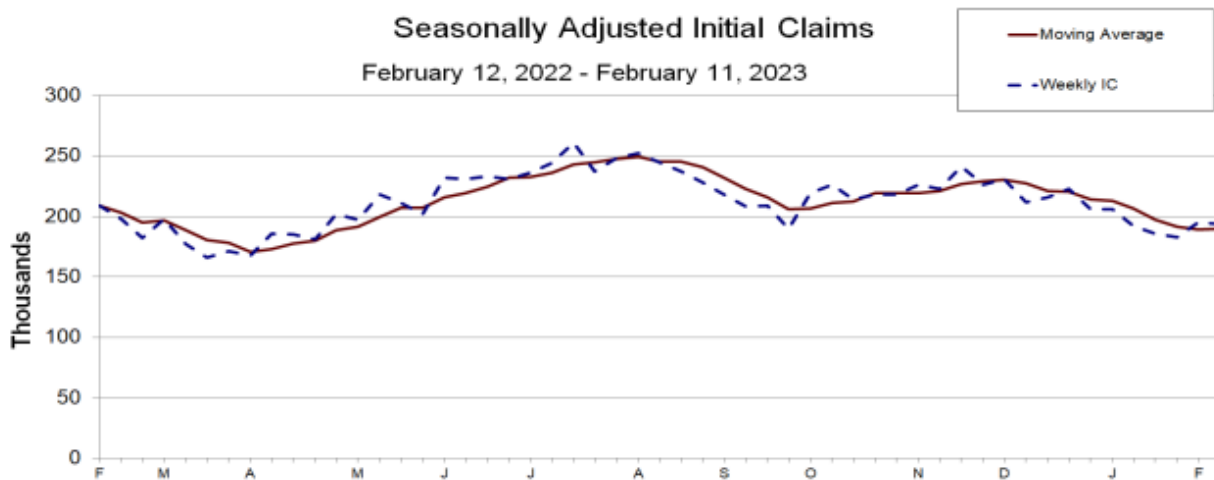
ADVANCE MONTHLY SALES		
January 2023	\$697.0 billion	3.0%
December 2022 (revised)	\$676.9 billion	-1.1%
Next release: March 15, 2023		
<small>* The 90 percent confidence interval includes zero. There is insufficient statistical evidence to conclude that the actual change is different from zero. Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes. Source: U.S. Census Bureau, Advanced Monthly Retail Trade Survey, February 15, 2023</small>		



Wednesday, [Business Inventories](#): “Manufacturers’ and trade inventories for December . . . were estimated at an end-of-month level of \$2,483.5 billion, up 0.3 percent from November 2022 and were up 12.7 percent from December 2021.”

Department of Labor

Thursday, [Weekly Initial Claims](#): “In the week ending February 11, the advance figure for seasonally adjusted initial claims was 194,000, a decrease of 1,000 from the previous week’s revised level. . . . The 4-week moving average was 189,500, an increase of 500 from the previous week’s revised average.”



**Economic Indicators and Confidence**

Federal Reserve

Wednesday, [Industrial Production](#): “Industrial production was unchanged in January after falling 0.6 percent and 1.0 percent in November and December, respectively. . . . Capacity utilization declined 0.1 percentage point in January to 78.3 percent, a rate that is 1.3 percentage points below its long-run (1972–2022) average.”

### **Mortgages and Housing Markets**

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 7.7 percent from one week earlier.” According to Joel Kan, MBA’s vice president and deputy chief economist, “Mortgage rates increased across the board last week, pushed higher by market expectations that inflation will persist, thus requiring the Federal Reserve to keep monetary policy restrictive for a longer time. After five straight weeks of decreases, the 30-year fixed rate increased by 21 basis points to 6.39 percent.”

National Association of Home Builders

Wednesday, [Housing Market Index](#): The index increased to 42 in February, up from 35 in January. However, the index remains lower than a year ago, down from 81 in February 2022.

U.S. Census Bureau

Thursday, [New Residential Construction](#): “Privately-owned housing units authorized by building permits in January were at a seasonally adjusted annual rate of 1,339,000. This is 0.1 percent above the revised December rate of 1,337,000, but is 27.3 percent below the January 2022 rate of 1,841,000.”