

Economic Update, April 6, 2023  
Submitted by Michael Mount

Summary: The U.S. economy appears to have grown slowly in the first quarter of 2023, but the news this week was not great. Services expanded in the U.S., but manufacturing continued to contract. Job cuts increased in March, and the jobs report that will be released tomorrow (April 7) [is expected to show less hiring](#). With mortgage rates still relatively high, applications for new mortgages decreased this week, whereas they usually increase in the Spring.

**Federal Government Indicators and Reports**

U.S. Census

Monday, [Construction Spending](#): “Construction spending during February 2023 was estimated at a seasonally adjusted annual rate of \$1,844.1 billion, 0.1 percent below the revised January estimate of \$1,845.4 billion.”

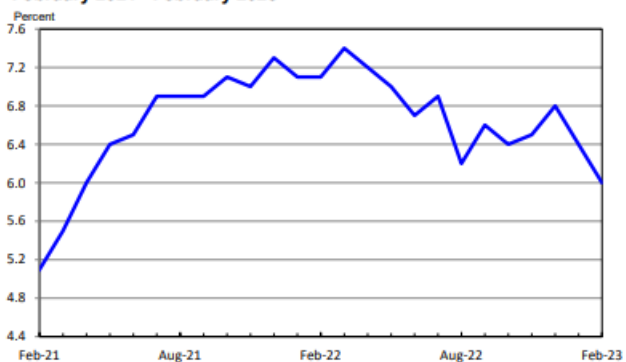
Tuesday, [Factory Orders](#): “New orders for manufactured goods in February, down three of the last four months, decreased \$3.9 billion or 0.7 percent to \$536.4 billion. . . . This followed a 2.1 percent January decrease.”

Wednesday, [International Trade](#): “The goods and services deficit was \$70.5 billion in February, up \$1.9 billion from \$68.7 billion in January.”

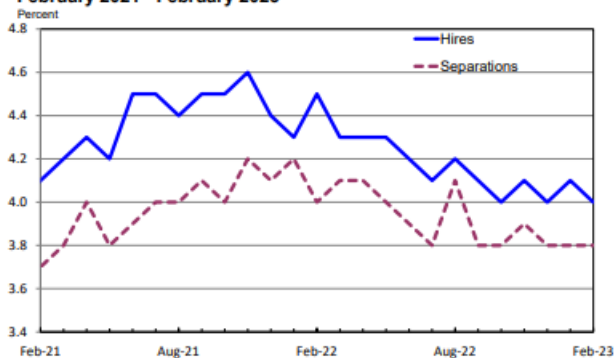
Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings decreased to 9.9 million on the last business day of February. . . . Over the month, the number of hires and total separations changed little at 6.2 million and 5.8 million, respectively.”

**Chart 1. Job openings rate, seasonally adjusted, February 2021 - February 2023**



**Chart 2. Hires and total separations rates, seasonally adjusted, February 2021 - February 2023**



Department of Labor

Thursday, [Initial Claims](#): “In the week ending April 1, the advance figure for seasonally adjusted initial claims was 228,000, a decrease of 18,000 from the previous week’s revised level.”

**Economic Indicators and Confidence**

Institute for Supply Management

Monday, [Manufacturing PMI](#): The index “registered 46.3 percent, 1.4 percentage points lower than the 47.7 percent recorded in February. Regarding the overall economy, this figure indicates a fourth month of contraction after a 30-month period of expansion.”

Wednesday, [Services PMI](#): “Economic activity in the services sector expanded in March for the third consecutive month.” The index “registered 51.2 percent.”

S&P Global

Monday, [Manufacturing PMI](#): The index “posted 49.2 in March, up from 47.3 in February. . . . Although output rose for the first time since last October, growth was fractional, and largely supported by ramping up production following an unprecedented reduction in supply chain pressures.”

Wednesday, [Services PMI](#): The index “registered 52.6 in March, up from 50.6 in February. . . . Improvements in customer spending across the service economy counteracted another fall in manufacturing sales.”

Wednesday, [Sector PMI](#): “Consumer Services recorded by far the strongest rate of output expansion in March (index at 55.0). . . . Basic Materials was the worst-performing segment in March (49.5).”

Logistics Managers’ Index

Tuesday, [Logistics Managers’ Index](#): The index “reads in at 51.1 in March, this is down (-3.6) from February’s reading of 54.7 in February. This is the lowest reading for the overall index in the 6.5-year history of the LMI. This is being driven by an all-time low in Transportation Prices.”

Investor’s Business Daily

Tuesday, [Economic Optimism](#): “Americans’ view of the outlook for the U.S. economy still isn’t great, but it’s brighter than it has been in 16 months.” The index “rose a half-point to 47.4 in April. That puts the index at its highest level since December 2021. Still, the index remained in pessimistic territory, below the 50 neutral level, for a 20<sup>th</sup> straight month.”

ADP Research Institute

Wednesday, [Employment](#): “Private sector employment increased by 145,000 jobs in March and annual pay was up 6.9 percent year-over-year. . . . ‘Our March payroll data is one of several signals that the economy is slowing,’ said Nela Richardson, chief economist, ADP.”

Federal Reserve

Wednesday, [GDPNow](#): The “estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2023 is 1.5 percent on April 5, down from 1.7 percent on April 3.”

Challenger, Gray, & Christmas, Inc.

Thursday, [Job Cuts](#): “U.S.-based employers announced 89,703 cuts in March, up 15 percent from the 77,770 announced in February. It is up 319 percent from the 21,387 cuts announced in the same month in 2022.”

## **Mortgages and Housing Markets**

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 4.1 percent from one week earlier. . . . ‘Spring has arrived, but the housing market is missing the customary burst in listings and purchase activity that typically mark the season. After four weeks of increasing purchase application activity, volume declined a bit this week even with another small drop in mortgage rates,’ said Mike Fratantoni, MBA’s SVP and Chief Economist.”