

## Economic Update, June 24, 2022

Submitted by Chris Belden

Summary: Federal Reserve Chair Jerome Powell testified before Congress on Wednesday and Thursday, answering questions from lawmakers regarding high inflation and the Fed's decision last week to raise interest rates by 0.75 percent. Chairman Powell [addressed](#) the probability of continued interest rate increases in the future, saying, "Over coming months we'll be looking for compelling evidence that inflation is moving down. . . . We anticipate that ongoing rate increases will be appropriate." [Fed officials](#) projected the federal funds rate will surpass 3 percent by the end of 2022. Housing markets have begun to react to the increases, with the 30-year fixed mortgage rate rising by 0.33 percentage points to 5.98 percent, the largest weekly increase since 2009.

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

#### Census Bureau

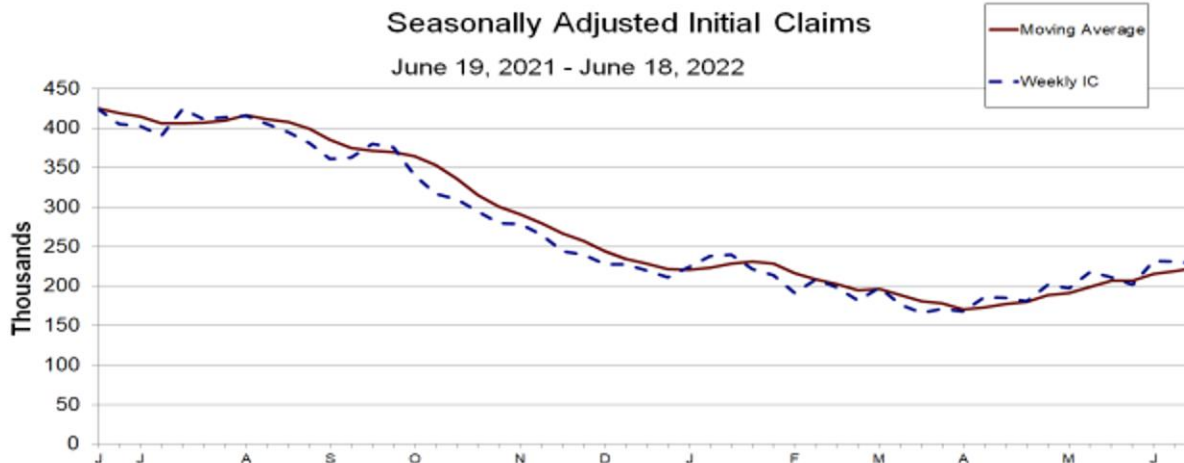
Friday, [U.S. Imports for Consumption of Steel Products](#): "Preliminary May steel imports were \$3.8 billion (2.5 million metric tons) compared to the preliminary April totals of \$3.7 billion (2.5 million metric tons). . . . Increases occurred primarily with Mexico, Turkey, and India. Decreases occurred primarily with Brazil, Russia, and China."

#### Bureau of Labor Statistics

Thursday, [American Time Use Survey](#): "In 2021, 38 percent of employed persons did some or all of their work at home on days they worked, and 68 percent of employed persons did some or all of their work at their workplace. . . . In 2019, before the COVID-19 pandemic, workers were less likely to work at home (24 percent) and more likely to work at their workplace (82 percent) on days they worked. . . . On average, those who worked at their workplace did so for 7.8 hours on days they worked, and those who worked at home did so for 5.6 hours."

#### Department of Labor

Thursday, [Initial Jobless Claims](#): "In the week ending June 18, the advance figure for seasonally adjusted initial claims was 229,000, a decrease of 2,000 from the previous week's revised level. . . . The 4-week moving average was 223,500, an increase of 4,500 from the previous week's revised average. . . . The advance seasonally adjusted insured unemployment rate was 0.9 percent for the week ending June 11, unchanged from the previous week's unrevised rate."



Bureau of Economic Analysis

Thursday, [U.S. International Transactions](#): “The U.S. current-account deficit, which reflects the combined balances on trade in goods and services and income flows between U.S. residents and residents of other countries, widened by \$66.6 billion, or 29.6 percent, to \$291.4 billion in the first quarter of 2022. . . . The first-quarter deficit was 4.8 percent of current-dollar gross domestic product, up from 3.7 percent in the fourth quarter. . . . The \$66.6 billion widening of the current-account deficit in the first quarter mostly reflected an increased deficit on goods.”

### **Economic Indicators and Confidence:**

Federal Reserve Bank of Chicago

Tuesday, [National Activity Index](#): “The Chicago Fed National Activity Index (CFNAI) fell to +0.01 in May from +0.40 in April. . . . Production-related indicators contributed –0.01 to the CFNAI in May, down from +0.29 in April. . . . The contribution of the sales, orders, and inventories category to the CFNAI moved up to +0.05 in May from –0.07 in the previous month. . . . Employment-related indicators contributed +0.08 to the CFNAI in May, up slightly from +0.07 in April. . . . The contribution of the personal consumption and housing category to the CFNAI decreased to –0.11 in May from +0.10 in April.”

IHS Markit

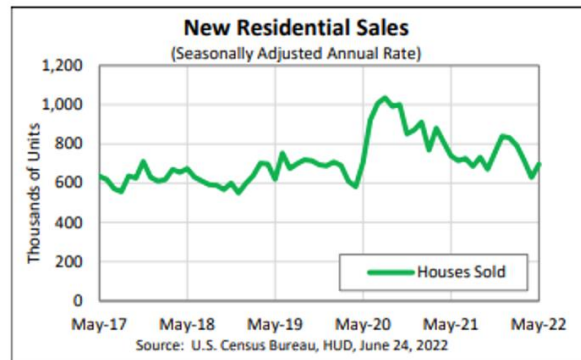
Thursday, [U.S. Manufacturing Purchasing Managers’ Index](#): “The headline Flash U.S. PMI Composite Output Index registered 51.2 in June, down from 53.6 in May. The decline in the index reading signaled further easing in the rate of expansion in business activity to a pace notably slower than March’s recent peak. Although service providers continued to indicate a rise in output, it was the weakest increase for five months.”

### **Mortgages and Housing Markets:**

Census Bureau

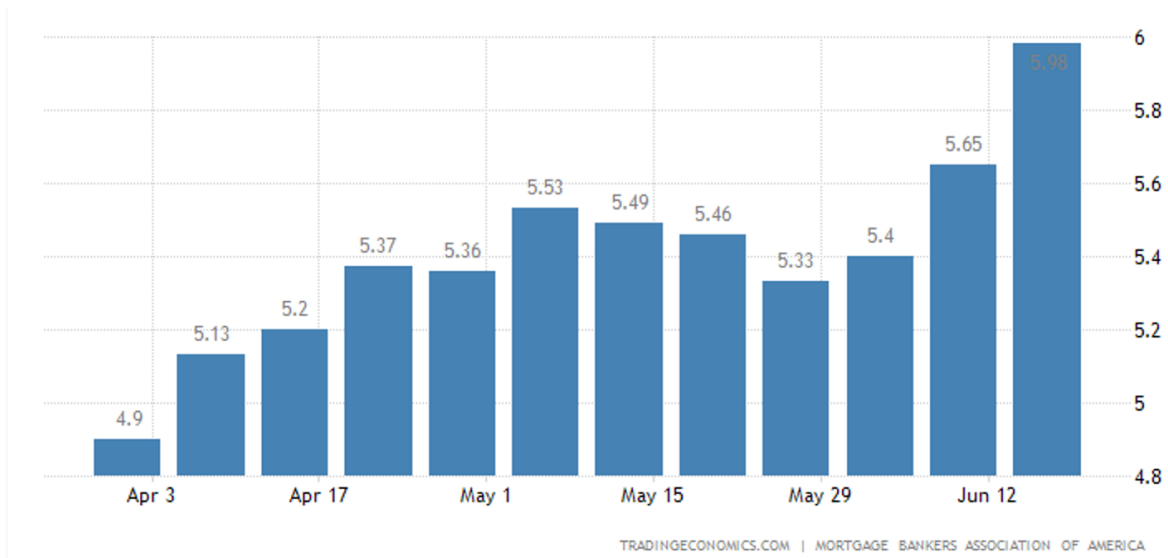
Friday, [New Residential Sales](#): “Sales of new single-family houses in May 2022 were at a seasonally adjusted annual rate of 696,000. . . . This is 10.7 percent above the revised April rate of 629,000, but is 5.9 percent below the May 2021 estimate of 740,000. . . . The median sales price of new houses

sold in May 2022 was \$449,000. The average sales price was \$511,400. . . . The seasonally-adjusted estimate of new houses for sale at the end of May was 444,000. This represents a supply of 7.7 months at the current sales rate.”



### Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 4.2 percent from one week earlier . . . for the week ending June 17, 2022.” According to MBA Associate Vice Present Joel Kan: “Mortgage rates continued to surge last week, with the 30-year fixed mortgage rate jumping 33 basis points to 5.98 percent—the highest since November 2008 and the largest single-week increase since 2009. All other loan types also increased by at least 20 basis points, influenced by the Federal Reserve’s 75-basis-point rate hike and commentary that more are coming to slow inflation.”



### National Association of Realtors

Tuesday, [Existing Home Sales](#): “Existing-home sales declined for the fourth straight month to a seasonally adjusted annual rate of 5.41 million. Sales were down 3.4 percent from April and 8.6 percent from one year ago. . . . At \$407,600, the median existing-home sales price exceeded \$400,000 for the first time and represents a 14.8 percent increase from one year ago. . . . The inventory of unsold existing homes rose to 1.16 million by the end of May, or the equivalent of 2.6 months at the current monthly sales pace.”