

Economic Update, September 21, 2018
Submitted by Michael Mount

Summary: Keep in mind that some of the indicators may have been influenced by Hurricane Florence. The leading economic indicators (see chart below) show that the expansion is likely to continue, although private sector growth slowed some (according to PMI). Initial claims for unemployment insurance in the US hit another low, but Tennessee's unemployment rate ticked up from 3.5 percent to 3.6 percent.

Census

Wednesday, [New Residential Construction](#): "Privately-owned housing units authorized by building permits in August were at a seasonally adjusted annual rate of 1,229,000," a 5.7 percent decrease from July. "Privately-owned housing starts in August were at a seasonally adjusted annual rate of 1,282,000," a 9.2 percent increase from July. "Privately-owned housing completions in August were at a seasonally adjusted annual rate of 1,213,000," a 2.5 percent increase from July 2018.

Bureau of Economic Analysis

Tuesday, [GDP by Metropolitan Area](#): "Real gross domestic product (GDP) increased in 312 out of 383 metropolitan areas in 2017." From 2016 to 2017, real GDP increased in each of Tennessee's metropolitan areas: 4.1 percent in Nashville-Davidson-Murfreesboro-Franklin, 3.0 percent in Chattanooga, 2.8 percent in Morristown, 1.8 percent in Clarksville, 1.8 percent in Johnson City, 1.7 percent in Knoxville, 1.1 percent in Jackson, 1.0 percent in Cleveland, 0.8 percent in Kingsport-Bristol, and 0.4 percent in Memphis.

Wednesday, [US International Transactions](#): "The U.S. current-account deficit decreased to \$101.5 billion (preliminary) in the second quarter of 2018 from \$121.7 billion (revised) in the first quarter of 2018. . . . The deficit was 2.0 percent of current-dollar gross domestic product (GDP) in the second quarter, down from 2.4 percent in the first quarter."

Department of Labor

Thursday, [Initial Claims](#): "In the week ending September 15, the advance figure for seasonally adjusted initial claims was 201,000, a decrease of 3,000 from the previous week's unrevised level of 204,000. This is the lowest level for initial claims since November 15, 1969 when it was 197,000." Initial claims in Tennessee were 1,878, representing an increase of 18 from the previous week.

Bureau of Labor Statistics

Tuesday, [Employer Costs for Employee Compensation](#): "Employer costs for employee compensation averaged \$36.22 per hour worked in June 2018. . . . Wages and salaries averaged \$24.72 per hour worked and accounted for 68.3 percent of these costs, while benefit costs averaged \$11.50 and accounted for the remaining 31.7 percent."

Thursday, [Employee Tenure](#): "The median number of years that wage and salary workers had been with their current employer was 4.2 years in January 2018, unchanged from the median in January 2016."

Friday, [State Employment and Unemployment](#): "Unemployment rates were lower in August in 13 states, higher in 3 states, and stable in 34 states and the District of Columbia." Preliminary numbers for August 2018 show Tennessee's unemployment rate increasing to 3.6 percent from 3.5 percent in July. Hawaii's unemployment rate is the lowest at 2.1 percent, and Alaska's is the highest at 6.7 percent.

National Association of Home Builders

Tuesday, [Housing Market Index](#): September's index was 67, unchanged from August. Seasonally adjusted, the South decreased from 72 to 69.

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): "Mortgage applications increased 1.6 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages . . . increased to its highest level since April 2011, 4.88 percent, from 4.84 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 4.30 percent from 4.28 percent."

National Association of Realtors

Thursday, [Existing Home Sales](#): "Total existing-home sales . . . did not change from July and remained at a seasonally adjusted rate of 5.34 million in August. Sales are now down 1.5 percent from a year ago (5.42 million in August 2017). . . . Existing-home sales in the South decreased 0.4 percent to an annual rate of 2.23 million in August, up from 2.19 million a year ago. The median price in the South was \$227,900, up 3.2 percent from a year ago."

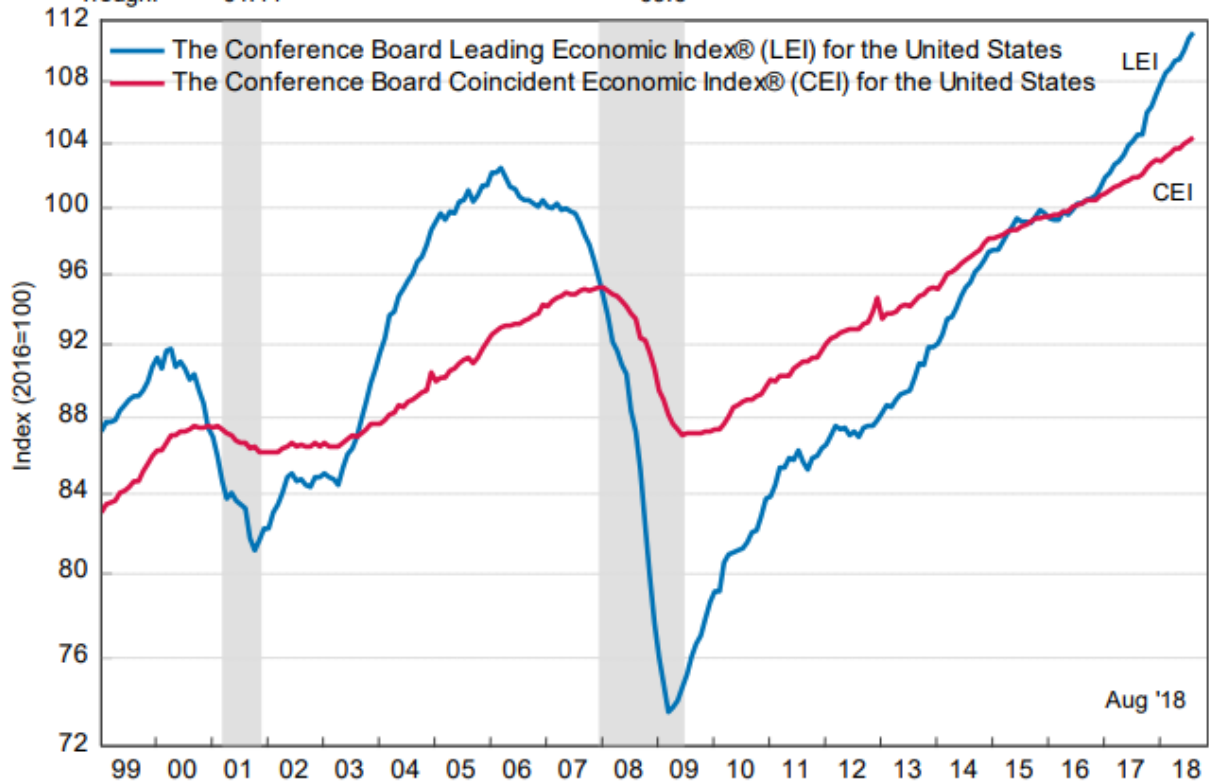
The Conference Board

Thursday, [Leading Economic Index](#): The index "for the U.S. increased 0.4 percent in August to 111.2, following a 0.7 percent increase in July, and a 0.5 percent increase in June. The leading economic index is now well above its previous peak (March 2006, 102.4)."

The Conference Board Leading Economic Index® (LEI) for the U.S. Increased in August

Peak: 01:3 07:12

Trough: 01:11 09:6



Latest LEI Trough March 2009, Latest CEI Trough June 2009

Shaded areas represent recessions as determined by the NBER Business Cycle Dating Committee.

Source: The Conference Board

IHS Markit

Friday, [Purchasing Managers' Index](#): "September data indicated another slowdown in U.S. private sector output growth. At 53.4, down from 54.7 in August, the [index] pointed to the weakest upturn in business activity since April 2017."

University of Michigan

Friday, [Consumer Sentiment](#): "Consumer sentiment posted a robust rise in early September, reaching 100.8, the second highest level since 2004—only behind the March 2018 reading of 101.4. Importantly, the gains were widespread across all major socioeconomic subgroups. The Expectations Index reached its highest level since July 2004, largely due to more favorable prospects for jobs and incomes. Despite a lessening of expected gains in nominal incomes in September, inflation expectations also declined, acting to offset concerns about declining living standards."