

Economic Update, January 26, 2018  
Submitted by Michael Mount

Summary: Most reports continue to be positive, with Gallup reporting record confidence and the leading economic index indicating strong growth for the first half of 2018. At 3.2 percent, the unemployment rate for Tennessee remains below the national rate of 4.1 percent. The federal shutdown delayed some reports by a day or so, but all were released in time to be included here.

Census Bureau

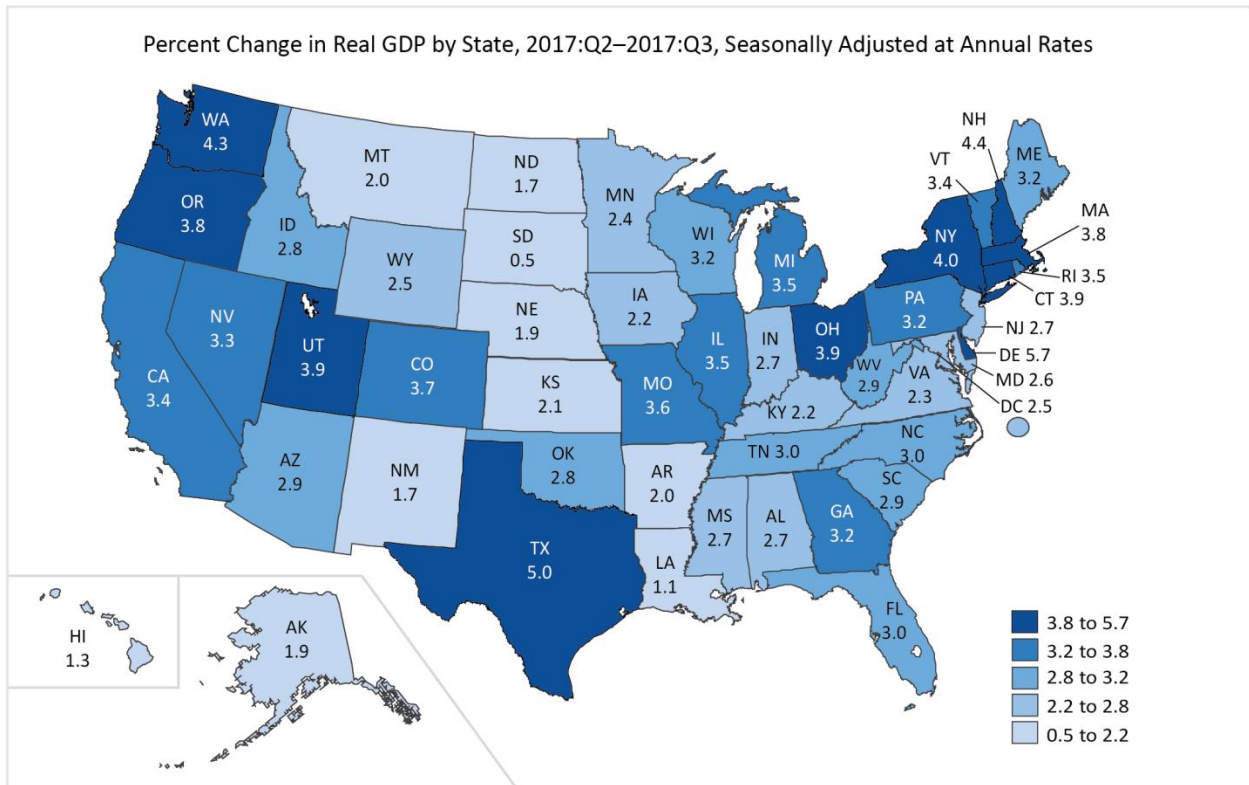
Thursday, [New Residential Sales](#): For December 2017, there were 625,000 new single-family houses sold, down from 689,000 in November 2017 but up from 548,000 in December 2016. “The median sales price of new houses sold in December 2017 was \$335,400. The average sales price was \$398,900.” New houses for sale at the end of December were 295,000.

Friday, [Manufacturers’ Shipments, Inventories, and Orders](#): “New orders for manufactured durable goods in December increased \$7.0 billion or 2.9 percent to \$249.4 billion. . . . Shipments of manufactured durable goods in December, up seven of the last eight months, increased \$1.5 billion or 0.6 percent to \$246.8 billion. . . . Unfilled orders for manufactured durable goods in December, up four consecutive months, increased \$6.9 billion or 0.6 percent to \$1,144.1 billion.”

Friday, [Economic Indicators](#): The international trade deficit for goods increased 2.3 percent from \$70.0 billion in November 2017 to \$71.6 billion in December 2017. Wholesale inventories increased 0.2 percent from \$610.2 billion to \$611.4 billion, and retail inventories increased 0.2 percent from \$619.0 billion to \$620.4 billion.

Bureau of Economic Analysis

Wednesday, [State Gross Domestic Product](#): Tennessee’s percent change in real GDP from the second to the third quarter of 2017 was 3.0 percent. Every state increased, ranging from 0.5 percent (South Dakota) to 5.7 percent (Delaware).



U.S. Bureau of Economic Analysis

Friday, [National Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 2.6 percent in the fourth quarter of 2017. . . . In the third quarter, real GDP increased 3.2 percent.”

Bureau of Labor Statistics

Tuesday, [State Employment and Unemployment](#): The US unemployment rate for December 2017 was 4.1 percent. For Tennessee, it was 3.2 percent. “Twenty-five states had unemployment rate decreases from December 2016. The largest declines occurred in Alabama and Tennessee (-2.8 percentage points and -1.9 points, respectively).” In Tennessee, employment increased from 2,994,100 in December 2016 to 3,022,800 in December 2017, an increase of 28,700 (1.0 percent).

Department of Labor

Thursday, [Initial Claims](#): “In the week ending January 20, the advance figure for seasonally adjusted initial claims was 233,000, an increase of 17,000 from the previous week’s revised level. The previous week’s level was revised down by 4,000 from 220,000 to 216,000. The 4-week moving average was 240,000, a decrease of 3,500 from the previous week’s revised average. The previous week’s average was revised down by 1,000 from 244,500 to 243,500.”

Federal Reserve

Wednesday, [National Financial Conditions Index](#): The index pointed to looser financial conditions. The index “ticked down to -0.94 in the week ending January 19. Risk indicators contributed -0.42, credit indicators contributed -0.33, and leverage indicators contributed -0.18 to the index in the latest week.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): The index “increased 4.5 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index decreased 4 percent compared with the previous week. The Refinance Index increased 1 percent from the previous week. The seasonally adjusted Purchase Index increased 6 percent from one week earlier to its highest level since April 2010. The unadjusted Purchase Index increased 2 percent compared with the previous week and was 7 percent higher than the same week one year ago.”

Federal Housing Finance Agency

Wednesday, [House Price Index](#): “U.S. house prices rose in November, up 0.4 percent from the previous month. . . . The previously reported 0.5 percent increase in October was revised upward to 0.6 percent.”

National Association of Realtors

Wednesday, [Existing Home Sales](#): Sales “increased 1.1 percent in 2017 to a 5.51 million sales pace and surpassed 2016 (5.45 million) as the highest since 2006 (6.48 million).” From November to December 2017, sales of existing homes decreased 3.6 percent. “Lawrence Yun, NAR chief economist, says the housing market performed remarkably well for the U.S. economy in 2017, with substantial wealth gains for homeowners and historically low distressed property sales.”

IHS Markit

Wednesday, [Purchasing Manager’s Index](#): “January data indicated another solid expansion of U.S. private sector business activity, underpinned by the fastest rise in new work for five months. Manufacturing production continued to increase at a much faster pace than service sector activity. At 53.8 in January, down from 54.1 in December, the seasonally adjusted IHS Markit Flash U.S. Composite PMI Output Index signaled the least marked rate of business activity expansion since May 2017.”

Conference Board

Thursday, [Leading Economic Index](#): The index “for the U.S. increased 0.6 percent in December to 107.0 (2016 = 100), following a 0.5 percent increase in November, and a 1.3 percent increase in October. ‘The U.S. LEI continued rising rapidly in December, pointing to a continuation of strong economic growth in the first half of 2018. . . .’ said Ataman Ozyildirim, Director of Business Cycles and Growth Research at The Conference Board. ‘The gains among the leading indicators have been widespread, with most of the strength concentrated in new orders in manufacturing, consumers’ outlook on the economy, improving stock markets and financial conditions.’”

Gallup

Wednesday, [Economic Confidence Index](#): “Americans’ confidence in the U.S. economy reached new heights last week. Gallup’s U.S. Economic Confidence Index inched past its prior high of +11 to +13 for the week ending Jan. 22.”