

Economic Update, February 16, 2018
Submitted by Michael Mount

Summary: Residential housing construction resumed its upward trend in a strong way this month. To my surprise, measures of optimism improved despite the stock market decrease. I found a new chart from the Bureau of Economic Analysis on outdoor recreation (below).

Census Bureau

Wednesday, [Retail and Food Services](#): Sales decreased 0.3 percent from December 2017 to January 2018. "Total sales for the November 2017 through January 2018 period were up 4.9 percent from the same period a year ago."

Wednesday, [Manufacturing and Trade](#): Sales increased 0.4 percent from November to December 2017 and 6.7 percent from December 2016. Inventories increased 0.4 percent from November 2017 and 3.2 percent from December 2016. The inventory to sales ratio decreased to 1.33 from 1.37 in December 2016.

Friday, [New Residential Construction](#): Housing starts increased 9.7 percent from December 2017 to January 2018, while building permits increased 7.4 percent. Although housing completions decreased 1.9 percent from the previous month, the number has increased 7.7 percent from January 2017.

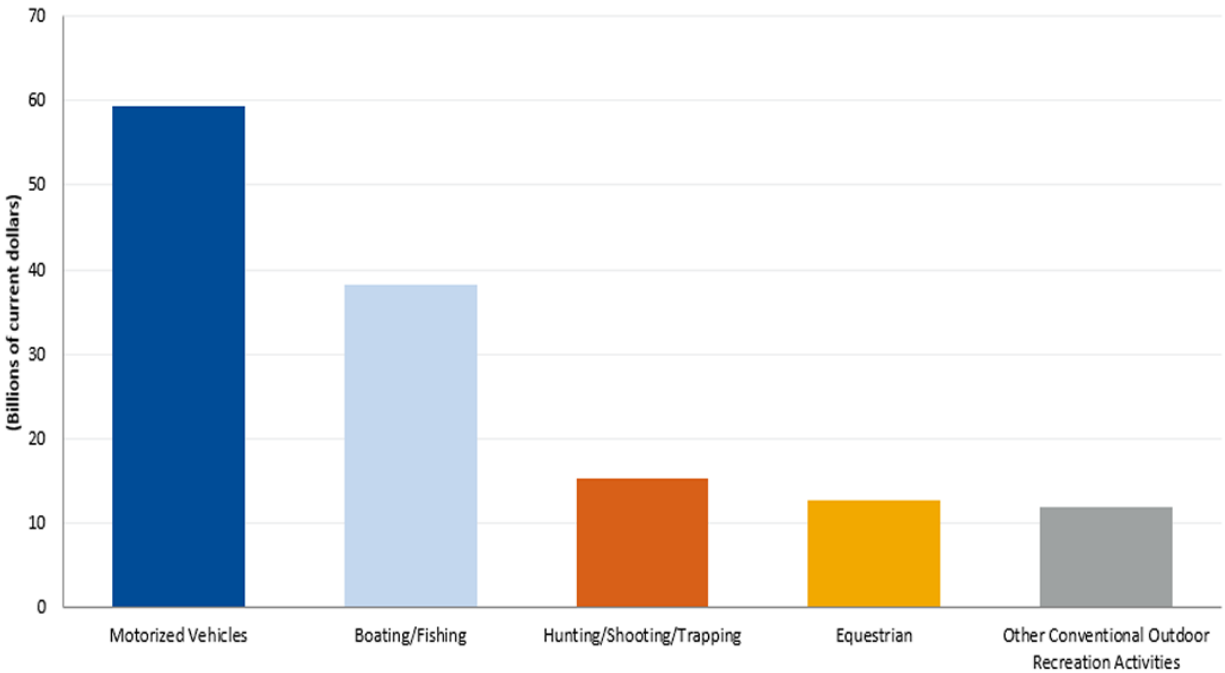
Friday, [Services](#): "Advance U.S. selected services total revenue for the fourth quarter of 2017, not adjusted for seasonal variation or price changes, was \$3,792.8 billion, an increase of 2.4 percent from the third quarter of 2017 and up 5.2 percent from the fourth quarter of 2016. The second quarter of 2017 to third quarter of 2017 percentage change was revised from the preliminary estimate of 1.1 percent to 1.0 percent."

Friday, [E-commerce Retail Sales](#): ". . . the estimate of U.S. retail e-commerce sales for the fourth quarter of 2017 . . . was \$119.0 billion, an increase of 3.2 percent from the third quarter of 2017. . . . E-commerce sales in 2017 accounted for 8.9 percent of total sales. E-commerce sales in 2016 accounted for 8.0 percent of total sales."

Bureau of Economic Analysis

Wednesday, [Outdoor Recreation](#): This new report shows that "the outdoor recreation economy accounted for 2.0 percent (\$373.7 billion) of current-dollar GDP in 2016. In addition, the outdoor recreation economy grew 3.8 percent in 2016, compared to growth of 2.8 percent in the overall economy."

Gross Output for Selected Conventional Outdoor Recreation Activities (2016)



Bureau of Labor Statistics

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

Wednesday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.5 percent in January on a seasonally adjusted basis Over the last 12 months, the all items index rose 2.1 percent before seasonal adjustment.”

Thursday, [Producer Price Index](#): “The Producer Price Index for final demand increased 0.4 percent in January.” Prices for many types of services increased, led by hospital outpatient care at 1.0 percent. Most of the increased price of goods is attributed to energy, as gasoline prices increased 7.1 percent from a month earlier. Food prices fell, with prices for chicken eggs down 38.9 percent.

Friday, [Import and Export Prices](#): “U.S. import prices increased 1.0 percent in January . . . after rising 0.2 percent in December. Higher prices for both nonfuel imports and fuel imports contributed to the January advance. Prices for U.S. exports rose 0.8 percent in January following a 0.1-percent increase the previous month.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending February 10, the advance figure for seasonally adjusted initial claims was 230,000, an increase of 7,000 from the previous week’s revised level.” For Tennessee, initial claims increased to 2,850 from 2,393 the previous week.

NFIB

Tuesday, [Small Business Optimism Index](#): The index “gained 2.0 points in January, rising to 106.9, again one of the strongest readings in the 45-year history of the NFIB surveys. . . . The lack of “qualified” workers is impeding growth in employment. . . . Reports of higher worker compensation

rose 4 percentage points to a net 31 percent, the highest reading since 2000 and among the highest in survey history.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 4.1 percent from one week earlier . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$453,100 or less) increased to its highest rate since January 2014, 4.57 percent, from 4.50 percent . . .”

Bloomberg

Wednesday, [Consumer Comfort](#): “U.S. consumer sentiment jumped last week to the highest level since February 2001, indicating Americans were shaking off turbulence in the stock market . . .” The weekly index increased to 57 from 54.4, matching its biggest gain since 2009.

National Association of Home Builders

Thursday, [Housing Market Index](#): “Builder confidence in the market for newly-built single-family homes remained unchanged at a healthy 72 level in February on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI).” NAHB Chief Economist Robert Dietz predicts “the single-family housing sector should continue to strengthen at a gradual but consistent pace.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment rose in early February to its second highest level since 2004 despite lower and much more volatile stock prices. Even among households in the top third of the income distribution, the Sentiment Index rose to 112.8, the highest level since the prior peak of 114.2 was repeatedly recorded in 2007, 2004, and 2000. . . . In addition, the largest proportion of households reported an improved financial situation since 2000, and expected larger income gains during the year ahead.”