

Economic Update, March 2, 2018
Submitted by Michael Mount

Summary: Real GDP grew faster in 2017 than it did in 2016, and economic indicators still point to above-average growth in 2018. But this could be affected by reported proposals to [increase US tariffs on steel and aluminum](#), which if enacted, might lead to retaliation from our trade partners.

Census

Monday, [New Residential Sales](#): The annual rate of new homes sold decreased 7.8 percent from 643,000 in December 2017 to 593,000 in January 2018. New homes for sale increased from 294,000 in December to 301,000 in January, and the median sales price decreased from \$336,700 to \$323,000.

Tuesday, [Durable Goods](#): New orders for durable goods decreased 3.7 percent from December 2017 to January 2018. This follows increases in the previous two months and in four out of the last five months. Shipments increased 0.2 percent, and unfilled orders decreased 0.3 percent.

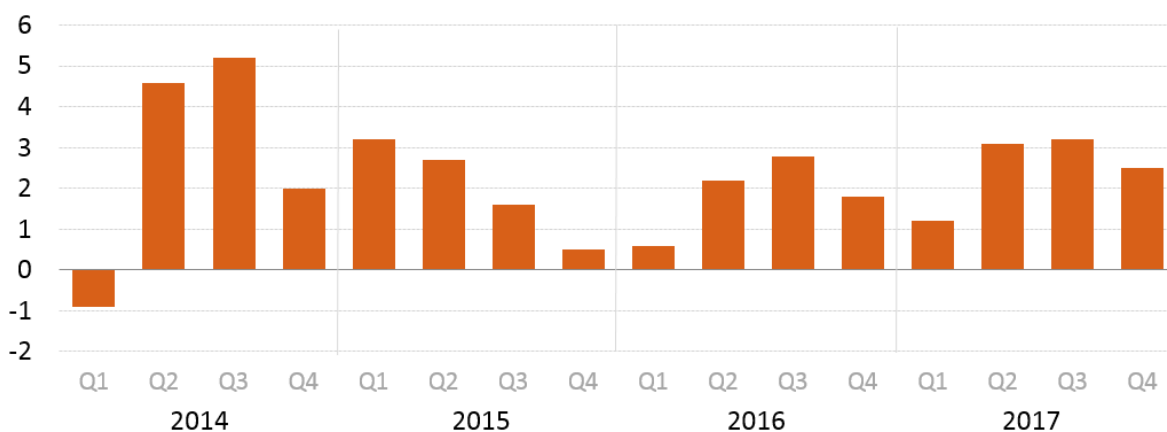
Tuesday, [Economic Indicators](#): From December 2017 to January 2018, the international trade deficit in goods increased 3.0 percent, wholesale inventories increased 0.7 percent, and retail inventories increased 0.8 percent.

Thursday, [Construction Spending](#): Total construction spending didn't change from December 2017 to January 2018. Residential construction increased 0.2 percent to \$529.9 billion. Of non-residential construction, spending on power had the greatest percentage decrease, declining 6.7 percent to \$93.6 billion.

Bureau of Economic Analysis

Wednesday, [Gross Domestic Product](#): "Real gross domestic product (GDP) increased at an annual rate of 2.5 percent in the fourth quarter of 2017. . . . In the third quarter, real GDP increased 3.2 percent. . . . Excluding food and energy prices, the PCE price index increased 1.9 percent."

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Thursday, [Personal Income and Outlays](#): "Personal income increased \$64.7 billion (0.4 percent) in January. . . . Disposable personal income (DPI) increased \$134.8 billion (0.9 percent) and personal consumption expenditures (PCE) increased \$31.2 billion (0.2 percent). . . . Personal outlays increased \$33.7 billion in January. Personal saving was \$464.4 billion in January and the personal saving rate, personal saving as a percentage of disposable personal income, was 3.2 percent."

Bureau of Labor Statistics

Tuesday, [Regional and State Unemployment](#): “The U.S. jobless rate declined by 0.5 percentage point from the prior year to 4.4 percent, and the national employment-population ratio rose by 0.4 point to 60.1 percent. . . . The largest decline occurred in Alabama (-1.5 percentage points), followed by Wyoming (-1.1 points) and Tennessee (-1.0 point). . . . Seven states recorded the lowest unemployment rates in their series in 2017: Arkansas (3.7 percent), California (4.8 percent), Hawaii (2.4 percent), Maine (3.3 percent), North Dakota (2.6 percent), Oregon (4.1 percent), and Tennessee (3.7 percent).”

Thursday, [Initial Claims](#): “In the week ending February 24, the advance figure for seasonally adjusted initial claims was 210,000, a decrease of 10,000 from the previous week's revised level. This is the lowest level for initial claims since December 6, 1969 when it was 202,000.”

Federal Reserve

Monday, [National Activity Index](#): “The Chicago Fed National Activity Index (CFNAI) ticked down to +0.12 in January from +0.14 in December.” However, anything above zero is associated with above-average growth.

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 2.7 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$453,100 or less) remained unchanged from last week at 4.64 percent.”

Institute for Supply Management

Thursday, [Purchase Managers' Index](#): “Economic activity in the manufacturing sector expanded in February, and the overall economy grew for the 106th consecutive month.”

Bloomberg Consumer Comfort

Thursday, [Consumer Comfort](#): The index decreased from 56.6 to 56.2. “Americans' sentiment remained close to a 17-year high on rosier views of personal finances and the buying climate. . . . Robust sentiment last week was driven by a pickup in optimism among middle- and upper-income Americans. . . . At the same time, confidence declined among people earning less than \$50,000.”

Motor Intelligence

Thursday, [New Vehicle Sales](#): Total light vehicles sales decreased 2.4 percent in February 2018 compared to February 2017. Passenger cars were down 12.6 percent, while light trucks were up 3.8 percent.

University of Michigan

Friday, [Consumer Sentiment](#): The index increased from 95.7 in January to 99.7 in February. “Consumer sentiment remained quite favorable in February, at its second highest level since 2004. . . . The highest proportion of households since 1998 reported that their finances had improved compared with a year ago and anticipated continued gains during the year ahead. . . . Although rising interest rates was seen as a reason to temper their longer term outlook for the overall economy, only a modest moderation in the pace of economic growth was anticipated.”