

Economic Update, April 19, 2024
Submitted by Bob Moreo

Summary: Remarks made by Federal Reserve Chair Jerome Powell this week suggest the central bank is unlikely to begin cutting rates any time soon. According to CNBC, "[Powell said that while inflation continues to make its way lower, it hasn't moved quickly enough, and the current state of policy should remain intact.](#)" At least, according to federal data released Tuesday, median wages grew a little faster than prices in the first quarter of 2024. Other data this week showed residential construction slowed considerably in the month of March, though U.S. News and World Report commented that [weather may have played a part in the monthly decline](#). Despite the slowdown in activity and no signs that interest rates will come down—topping 7 percent for the first time this year—homebuilder confidence held steady from March to April.

Last week, TACIR's partners at the MTSU Business and Economic Research Center (BERC) updated our [Tracking Tennessee's Economy dashboard](#) with data from February 2024. According to BERC, the state's primary economic indicators and sector data showed "predominantly positive trends" in February. The main exception was a 1.5 percent decrease in the Transportation and Utilities sector.

Federal Government Indicators and Reports:

Bureau of Labor Statistics

Tuesday, [Usual Weekly Earnings of Wage and Salary Workers](#): "Median weekly earnings of the nation's 119.2 million full-time wage and salary workers were \$1,139 in the first quarter of 2024. . . . This was 3.5 percent higher than a year earlier, compared with a gain of 3.2 percent in the Consumer Price Index for All Urban Consumers (CPI-U) over the same period."

Wednesday, [State Job Openings and Labor Turnover](#): "Job openings rates decreased in 4 states and the District of Columbia and increased in 3 states on the last business day of February. . . . Hires rates increased in 5 states and decreased in 2 states. Total separations rates increased in 5 states and decreased in 2 states. Nationally, the job openings, hires, and total separations rates showed little or no change in February." At +1.0 percentage point, Tennessee showed the greatest increase in its hires rate among all states in February. The number of hires increased by 35,000 in Tennessee, second-most of all states. Layoffs and discharges increased by 22,000, third-most among states, raising Tennessee's rate by 0.7 percentage points.

Friday, [State Employment and Unemployment](#): "Unemployment rates were lower in March in 6 states, higher in 1 state, and stable in 43 states and the District of Columbia. . . . The national unemployment rate changed little at 3.8 percent but was 0.3 percentage point higher than in March 2023. Nonfarm payroll employment increased in 5 states and was essentially unchanged in 45 states and the District of Columbia in March 2024. Over the year, nonfarm payroll employment increased in 31 states and was essentially unchanged in 19 states and the District." Tennessee's unemployment rate was little changed at 3.2 percent.

Census Bureau

Monday, [Advance Monthly Sales for Retail and Food Services](#): "Advance estimates of U.S. retail and food services sales for March 2024, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$709.6 billion, up 0.7 percent from the previous month, and up 4.0 percent above March 2023."

Monday, [Manufacturing and Trade Inventories and Sales](#): “The combined value of distributive trade sales and manufacturers’ shipments for February, adjusted for seasonal and trading day differences but not for price changes, was estimated at \$1,866.5 billion, up 1.6 percent from January 2024 and was up 1.0 percent from February 2023. . . . [Inventories] were estimated at an end-of-month level of \$2,567.5 billion, up 0.4 percent from January 2024 and were up 1.0 percent from February 2023.”

Tuesday, [New Residential Construction](#): “Privately-owned housing units authorized by building permits in March were at a seasonally adjusted annual rate of 1,458,000. This is 4.3 percent below the revised February rate of 1,523,000 but is 1.5 percent above the March 2023 rate of 1,437,000. . . . Housing starts in March were at a seasonally adjusted annual rate of 1,321,000. This is 14.7 percent below the revised February estimate of 1,549,000 and is 4.3 percent below the March 2023 rate of 1,380,000. . . . Completions in March were at a seasonally adjusted annual rate of 1,469,000. This is 13.5 percent below the revised February estimate of 1,698,000 and is 3.9 percent below the March 2023 rate of 1,528,000.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending April 13, the advance figure for seasonally adjusted initial claims was 212,000, unchanged from the previous week’s revised level. . . . The 4-week moving average was 214,500, unchanged from the previous week’s revised average.” In Tennessee, there were 3,603 initial claims for the week ending April 13, an increase of 441 from the week prior.

Federal Reserve Board

Wednesday, [The Beige Book](#): “Economic activity in the Sixth District [Federal Reserve Bank of Atlanta, which includes Middle and East Tennessee] grew modestly. Labor markets eased further, and wage pressures moderated. Many nonlabor cost increases stabilized, while the cost of others, like food and insurance, continued to rise. Consumer spending was steady, but sales of discretionary items slowed. Leisure and business travel remained healthy.”

“Economic activity across the Eighth District [Federal Reserve Bank of St. Louis, including West Tennessee] has continued to increase slightly since our previous report. Labor market conditions were generally unchanged. Inflation pressures increased modestly, although firms continue to note higher costs are compressing profit margins as they are unable or unwilling to increase prices to customers. Reports on consumer spending indicate a modest uptick, with some contacts attributing stronger-than-expected activity to an earlier Easter holiday. The outlook among contacts was neutral to slightly optimistic, which is generally unchanged from our previous report, but better than one year ago.”

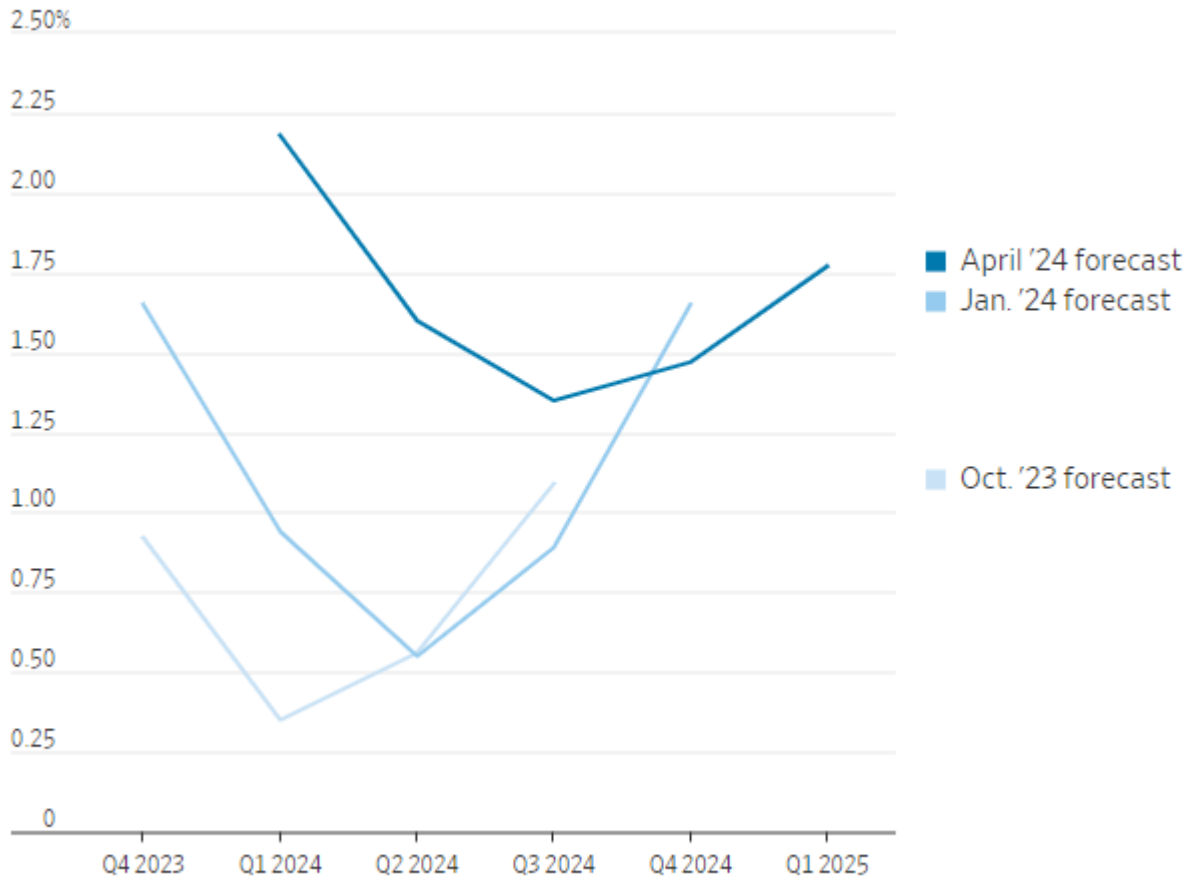
Tuesday, [Industrial Production and Capacity Utilization](#): “Industrial production rose 0.4 percent in March but declined at an annual rate of 1.8 percent in the first quarter. Manufacturing output increased 0.5 percent in March, boosted in part by a gain of 3.1 percent in motor vehicles and parts; factory output excluding motor vehicles and parts moved up 0.3 percent. . . . At 102.7 percent of its 2017 average, total industrial production in March was unchanged compared with its year-earlier level. Capacity utilization moved up to 78.4 percent in March, a rate that is 1.2 percentage points below its long-run (1972–2023) average.”

Other Economic Surveys and Reports:

The Wall Street Journal

Sunday, [Economic Forecasting Survey \(paywall\)](#): “In the latest quarterly survey by The Wall Street Journal, business and academic economists lowered the chances of a recession within the next year to 29 percent from 39 percent in the January survey. . . . Economists, in fact, don’t think the economy will get even close to a recession. . . . They expect growth to bottom out this year at an inflation-adjusted 1.4 percent in the third quarter. . . . Economists, on average, believe that core PCE inflation will fall to 2.1 percent by the end of next year without a recession.”

Real GDP (quarterly, annualized growth rate)



Source: Wall Street Journal surveys of economists

Mortgages and Real Estate:

Fannie Mae

Wednesday, [Home Price Index](#): “Single-family home prices increased 7.4 percent from Q1 2023 to Q1 2024, up from the previous quarter’s revised annual growth rate of 6.6 percent. . . . On a quarterly basis, home prices rose a seasonally adjusted 1.7 percent in Q1 2024, essentially the same as the growth in Q4 2023.”

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “The 30-year fixed-rate mortgage surpassed 7 percent for the first time this year, jumping from 6.88 percent to 7.10 percent this week,” said Sam Khater, Freddie Mac’s Chief Economist. ‘As rates trend higher, potential homebuyers are deciding whether to buy before rates rise even more or hold off in hopes of decreases later in the year. Last week, purchase applications rose modestly, but it remains unclear how many homebuyers can withstand increasing rates in the future.’”

Mortgage Bankers Association

Tuesday, [Builder Application Survey](#): “Data for March 2024 shows mortgage applications for new home purchases increased 6.2 percent compared from a year ago. Compared to February 2024, applications increased by 1 percent.”

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications increased 3.3 percent from one week earlier, according to data . . . for the week ending April 12, 2024.”

Thursday, [Commercial Loan Performance](#): “Delinquency rates overall for mortgages backed by commercial properties were unchanged during the first quarter of 2024, but loans backed by office properties continued to see a rise in delinquencies.”

National Association of Home Builders

Monday, [Housing Market Index](#): “Builder sentiment was flat in April as mortgage rates remained close to 7 percent over the past month and the latest inflation data failed to show improvement during the first quarter of 2024. Builder confidence in the market for newly built single-family homes was 51 in April, unchanged from March.”

National Association of Realtors

Thursday, [Existing Home Sales](#): “Existing-home sales retreated 4.3 percent in March to a seasonally adjusted annual rate of 4.19 million. Sales fell 3.7 percent from the previous year. The median existing-home sales price rose 4.8 percent from March 2023 to \$393,500—the ninth consecutive month of year-over-year price gains and the highest price ever for the month of March. The inventory of unsold existing homes grew 4.7 percent from one month ago to 1.11 million at the end of March, or the equivalent of 3.2 months’ supply at the current monthly sales pace.”