

Economic Update, November 9, 2023
Submitted by Michael Mount

Summary: Experts told Tennessee's state funding board [this week](#) that "the state and national economy will grow at a much slower pace over the next couple of years," leading to a slowdown in tax collections. For the US economy, lending to businesses tightened, and household debt increased 1.3 percent from the second to third quarter of 2023. Sales of wholesale goods increased, especially nondurable goods, and indicators for the logistics industry improved. Used car prices continued to fall back to Earth, decreasing 2.3 percent in October from September.

Federal Government Indicators and Reports

Bureau of Economic Analysis

Tuesday, [International Trade](#): "The goods and services deficit was \$61.5 billion in September, up \$2.9 billion from \$58.7 billion in August, revised. . . . September exports were \$261.1 billion, \$5.7 billion more than August exports. September imports were \$322.7 billion, \$8.6 billion more than August imports."

US Census

Wednesday, [Wholesale Trade](#): "September 2023 sales of merchant wholesalers . . . were \$678.1 billion, up 2.2 percent from the revised August level and were up 0.9 percent from the revised September 2022 level." Sales of wholesale nondurable goods were up 3.4 percent.

Thursday, [Initial Claims](#): "In the week ending November 4, the advance figure for seasonally adjusted initial claims was 217,000, a decrease of 3,000 from the previous week's revised level."

Economic Indicators and Confidence

Federal Reserve

Monday, [Board of Governors Presentation by Lisa Cook](#): "In my view, our financial system is substantially more resilient than it was in the mid-2000s, reflecting progress by regulators and the private sector in boosting resilience."

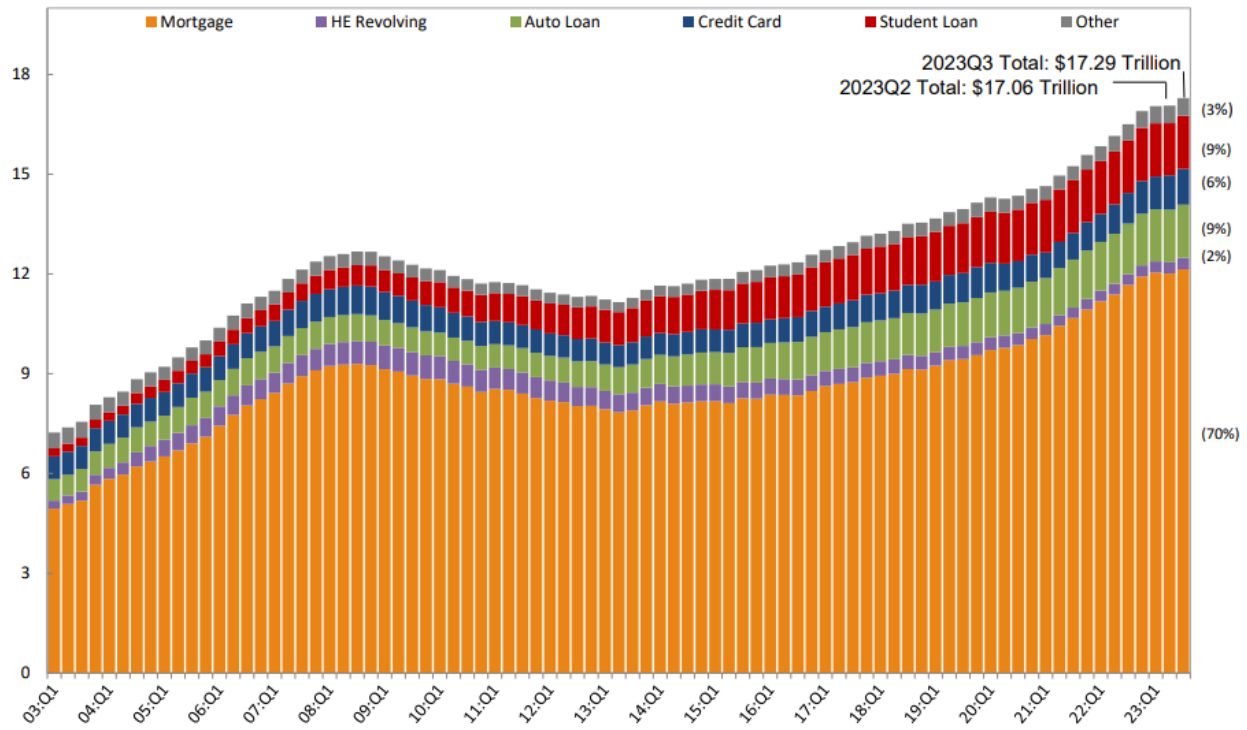
Monday, [Loan Officer Opinion Survey](#): "Regarding loans to businesses, survey respondents, on balance, reported tighter standards and weaker demand for commercial and industrial (C&I) loans to firms of all sizes over the third quarter."

Tuesday, [Board of Governors Presentation by Michelle Bowman](#): "We have seen considerable progress on lowering inflation, but inflation remains high and recent readings have been uneven. . . . The economy has remained strong as the [Federal Open Market Committee] raised the federal funds rate, and recent data indicate that economic activity has accelerated with real gross domestic product (GDP) growing at a 4.9 percent annual rate in the third quarter. Consumer spending has also accelerated, and the housing sector appears to be continuing to rebound. The latest employment report showed a labor market with healthy job gains. Over the past year, labor force participation has improved with the average pace of job gains slowing somewhat, a sign that labor market supply and demand may be coming into better balance."

Tuesday, [Household Debt and Credit](#): "Total household debt rose by 1.3 percent to reach \$17.29 trillion in the third quarter of 2023," led by mortgage, credit card, and student loan balances.

Total Debt Balance and its Composition

Trillions of Dollars



Source: New York Fed Consumer Credit Panel/Equifax

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Logistics Managers' Index

Tuesday, [Logistic Managers' Index](#): "The overall LMI is up (+4.1) to 56.5, which represents the strongest rate of expansion for the logistics industry since January. An overall reading of 56.5 represents slow but unspectacular growth that is above the doldrums we had been seeing throughout much of this year, but still below the highs of the previous few years and slower than the all-time average expansion rate of 62.8."

Manheim

Tuesday, [Used Vehicle Prices](#): "Wholesale used-vehicle prices (on a mix, mileage, and seasonally adjusted basis) decreased 2.3 percent in October from September. The Manheim Used Vehicle Value Index (MUVVI) dropped to 209.4, down 4.0 percent from a year ago."

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): "Mortgage applications increased 2.5 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$726,200 or less) decreased to 7.61 percent from 7.86 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 6.98 percent from 7.14 percent."