

Economic Update, December 10, 2021
Submitted by Michael Mount and Bob Moreo

Summary: Initial unemployment claims last week were at their lowest since 1969, while data from October show there were 11 million job openings reported available at the end of that month. “Although the availability of jobs is leading to greater bargaining power for job seekers,” [writes Brian Cheung for Yahoo! Finance](#), “economists worry that an inability to staff up firms could drag on economic growth.” Reuters reported “[consumers’ moods brightened unexpectedly](#),” as lower-income households in particular expect to see their wages increase in the year ahead, according to preliminary December survey results from the University of Michigan.

TACIR’s partners at Middle Tennessee State University have updated the “[Tracking Tennessee’s Economy](#)” dashboard. Dr. Arik says that “economic data for October was generally positive,” with most metrics showing gains on an annual basis, while “monthly data were generally positive but less so compared to yearly changes.”

Federal Government Indicators and Reports

U.S. Census

Tuesday, [International Trade](#): “The goods and services deficit was \$67.1 billion in October, down \$14.3 billion from \$81.4 billion in September.”

Tuesday, [Manufacturing Profits](#): “U.S. manufacturing corporations’ . . . profits in the third quarter of 2021 totaled \$254.6 billion, up \$5.2 billion from . . . the second quarter of 2021, and up \$118.4 billion from . . . the third quarter of 2020.”

Tuesday, [Retail Trade Profits](#): “Profits of U.S. retail corporations with assets of \$50 million and over totaled \$47.1 billion, down \$23.9 billion from . . . the second quarter of 2021, but up \$3.2 billion from . . . the third quarter of 2020.”

Thursday, [Monthly Wholesale Trade](#): “October 2021 sales of merchant wholesalers . . . were \$620.5 billion, up 2.2 percent from the revised September level and were up 22.2 percent from the revised October 2020 level. . . . Total inventories . . . were \$759.4 billion at the end of October, up 2.3 percent from the revised September level. Total inventories were up 14.4 percent from the revised October 2020 level.”

Friday, [Quarterly Selected Services Revenue](#): “U.S. selected services total revenue for the third quarter of 2021 . . . was \$4,520.8 billion, an increase of 3.6 percent from the second quarter of 2021 and up 15.1 percent from the third quarter of 2020.”

Bureau of Economic Analysis

Tuesday, [GDP by County \(2020\)](#): “Real gross domestic product (GDP) increased in 864 counties, decreased in 2,234 counties, and was unchanged in 14 counties in 2020.” For Tennessee counties, changes in real GDP ranged from a 13.3 percent decrease (Rhea) to a 1.9 percent (Bledsoe) increase.

Bureau of Labor Statistics

Tuesday, [Productivity and Costs](#): “Nonfarm business sector labor productivity decreased 5.2 percent in the third quarter of 2021. . . . This is the largest decline in quarterly productivity since the second quarter of 1960. . . . Unit labor costs in the nonfarm business sector increased at an annual rate of 9.6 percent.”

Wednesday, [Job Openings and Labor Turnover](#): “The number of job openings increased to 11.0 million on the last business day of October. . . . The job openings rate was little changed at 6.9 percent.”

Chart 1. Job openings rate, seasonally adjusted, October 2018 - October 2021

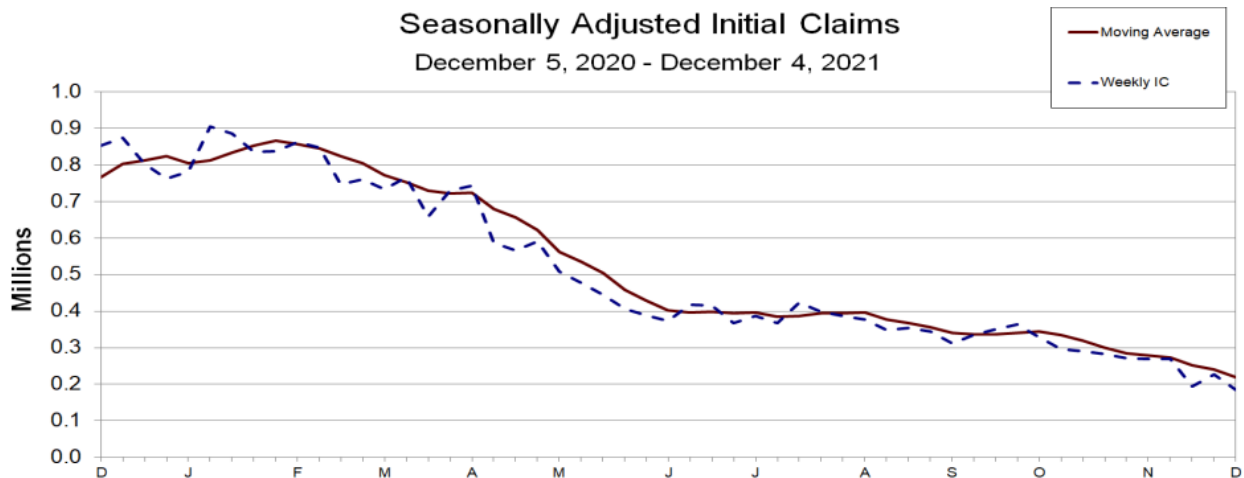


Friday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.8 percent in November on a seasonally adjusted basis after rising 0.9 percent in October. . . . Over the last 12 months, the all items index increased 6.8 percent before seasonal adjustment.”

Friday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 0.4 percent from October to November. . . . This result stems from an increase of 0.3 percent in average hourly earnings combined with an increase of 0.8 percent in the Consumer Price Index.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending December 4, the advance figure for seasonally adjusted initial claims was 184,000, a decrease of 43,000 from the previous week’s revised level. This is the lowest level for initial claims since September 6, 1969 when it was 182,000.”



Federal Reserve Board

Tuesday, [Consumer Credit](#): “In October, consumer credit increased at a seasonally adjusted annual rate of 4.6 percent. Revolving credit increased at an annual rate of 7.8 percent, while nonrevolving credit increased at an annual rate of 3.7 percent.”

Economic Indicators and Confidence

Colorado State University

Tuesday, [Logistics Managers Index](#): “November’s reading of 73.4 is up from October’s index score of 72.6. . . . The shortages of retail goods this holiday season have not been as severe as they were predicted to be. This seems to have been largely achieved by firms spending heavily on warehousing and transportation to get goods downstream.”

Investors Business Daily

Tuesday, [Economic Optimism](#): “Optimism about the U.S. economy registered its biggest bounce in more than a year in December, after sinking to Covid-era lows a month earlier.” The index “jumped 4.5 points to 48.4. Still, the index remained in modestly pessimistic territory.” Readings above 50 reflect optimism.

University of Michigan

Friday, [Consumer Sentiment](#): The preliminary index reading for December 2021 was 70.4, a 4.5% improvement from November’s final reading but 12.8% below December 2020. Surveys of Consumers chief economist Richard Curtin commented on an unusually “large disparity between monthly gain among households with incomes in the lowest third (+23.6%) of the income distribution compared with the modest losses among households in the middle (-3.8%) and top third (-4.3%),” adding that “the core of the renewed optimism among the bottom third was the expectation of income increases of 2.9% during the year ahead.”

Mortgages and Housing Markets

Fannie Mae

Tuesday, [Home Purchase Sentiment](#): “The Home Purchase Sentiment Index decreased 0.8 points to 74.7 in November, as consumers expressed not only disparate views of homebuying and home-selling conditions but also their greatest economic pessimism in 10 years.”

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “Mortgage rates have moved sideways over the last several weeks, fluctuating within a narrow range,” said Sam Khater, Freddie Mac’s Chief Economist. 30-year fixed-rate mortgages averaged 3.10 percent for the week ending December 9, 2021, down slightly from last week when they averaged 3.11 percent.

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 2.0 percent from one week earlier. . . . Purchase activity continues to be constrained by a lack of inventory, combined with rapid rates of home-price appreciation and mortgage rates higher than in 2020.”