

Economic Update, December 3, 2021
Submitted by Michael Mount

Summary: Although the unemployment rate decreased from 4.6 percent to 4.2 percent, the jobs report was weaker than expected—just 210,000 jobs were added in November. GDP growth in the third quarter was slower than in the first half of 2021, with the slowing pace of the continued economic recovery “reflecting the effects of the surge in COVID-19 cases over the summer,” according to the Federal Reserve. The Omicron variant of COVID-19 was detected in the U.S. this week. Manufacturing in the U.S. softened, while the services sector remained solid.

Federal Government Indicators and Reports

U.S. Census

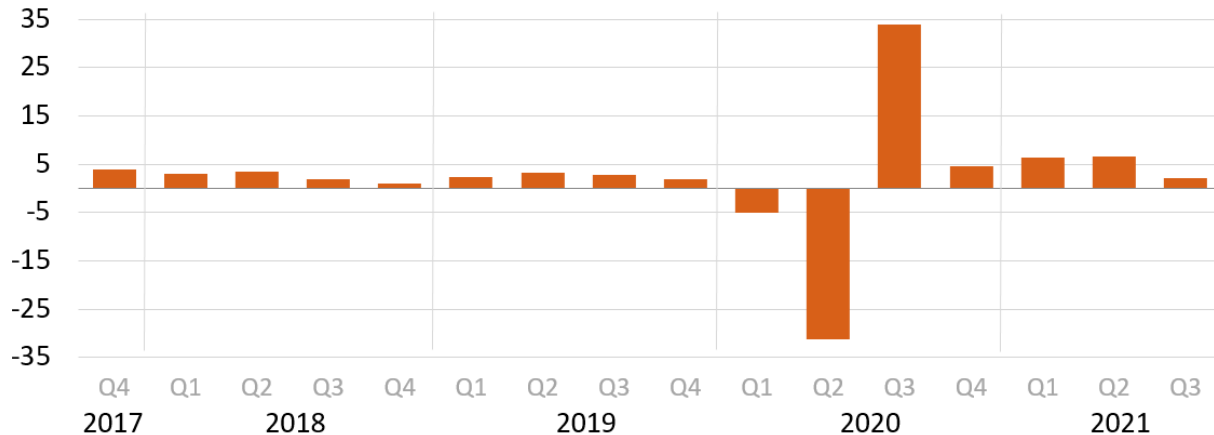
Last Wednesday, [International Trade](#): “The international trade deficit was \$82.9 billion in October, down \$14.1 billion from \$97.0 billion in September. Exports of goods for October were \$157.4 billion, \$15.3 billion more than September exports. Imports of goods for October were \$240.3 billion, \$1.1 billion more than September imports.”

Last Wednesday, [Durable Goods](#): “New orders for manufactured durable goods in October decreased \$1.2 billion or 0.5 percent to \$260.1 billion.” New orders of nondefense capital goods, excluding aircraft, increased 0.6 percent to \$78.6 billion in October.

Bureau of Economic Analysis

Last Wednesday, [Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 2.1% in the third quarter of 2021. . . . In the second quarter, real GDP increased 6.7%.”

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Last Wednesday, [Personal Income and Outlays](#): “Personal income increased \$93.4 billion (0.5 percent) in October. . . . Personal consumption expenditures increased \$214.3 billion (1.3 percent).”

Bureau of Labor Statistics

Last Tuesday, [County Employment and Wages](#): “From June 2020 to June 2021, employment increased in 339 of the 343 largest U.S. counties.” Employment growth in Tennessee’s six largest counties ranged from 2.4 percent (Hamilton) to 8.7 percent (Davidson and Williamson).

Friday, [Employment Situation](#): “Total nonfarm payroll employment rose by 210,000 in November, and the unemployment rate fell by 0.4 percentage point to 4.2 percent.”

Chart 1. Unemployment rate, seasonally adjusted, November 2019 – November 2021

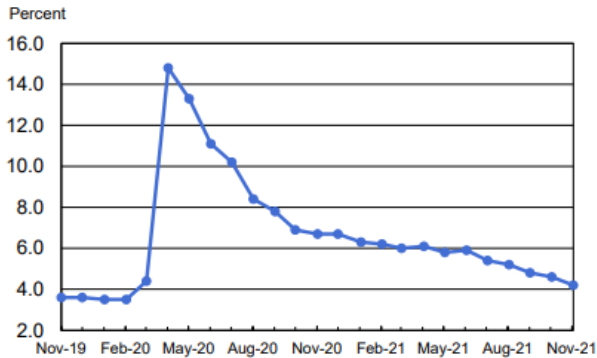
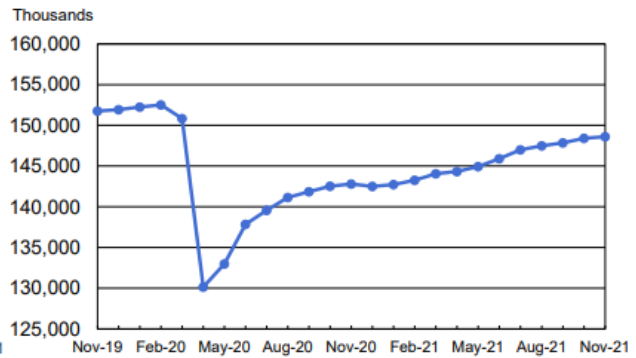


Chart 2. Nonfarm payroll employment, seasonally adjusted, November 2019 – November 2021



Department of Labor

Thursday, [Initial Claims](#): “In the week ending November 27, the advance figure for seasonally adjusted initial claims was 222,000, an increase of 28,000 from the previous week’s revised level.” In Tennessee, there were 3,967 initial claims for the week ending November 27, a decrease of 212 from the previous week.

Economic Indicators and Confidence

The Conference Board

Tuesday, [Consumer Confidence](#): “The Index now stands at 109.5 (1985=100), down from 111.6 in October.” According to Lynn Franco, Senior Director of Economic Indicators at The Conference Board, “Expectations about short-term growth prospects ticked up, but job and income prospects ticked down. Concerns about rising prices—and, to a lesser degree, the Delta variant—were the primary drivers of the slight decline in confidence.

ADP

Wednesday, [Employment](#): “Private-sector employment increased by 534,000 from October to November.”

Federal Reserve

Last Tuesday, [FOMC Minutes](#): “U.S. real GDP growth had slowed markedly in the third quarter after the first half’s rapid pace. Labor market conditions continued to improve in September, though employment growth was slower than in recent months. Consumer price inflation in September . . . was elevated.”

Tuesday, [FRB Minutes](#): “The economy continued to recover . . . although the pace of the recovery had slowed in recent months reflecting the effects of the surge in COVID-19 cases over the summer. Directors continued to highlight tight labor markets and supply chain disruptions, as well as associated wage and price pressures.”

IHS Markit

Wednesday, [Manufacturing PMI](#): The index “signaled the second-weakest rise in production recorded over the past 14 months as producers reported further near-record supply delays and a

slowing of new order inflows to the softest so far this year. Jobs growth also waned amid difficulties filling vacancies.”

Friday, [Services PMI](#): The index “signaled a further solid service sector performance across the U.S. . . . as business activity and new orders continued to rise at strong paces.”

Mortgages and Housing Markets

U.S. Census

Last Wednesday, [New Home Sales](#): “Sales of new single-family houses in October 2021 were . . . 745,000. . . . This is 0.4 percent above the revised September rate of 742,000 but is 23.1 percent below the October 2020 estimate of 969,000.”

S&P CoreLogic

Tuesday, [Home Price Index](#): The index “reported a 19.5% annual gain in September, down from 19.8% in the previous month.”

Federal Housing Finance Agency

Tuesday, [House Prices](#): “U.S. house prices rose 18.5 percent from the third quarter of 2020 to the third quarter of 2021.” Of the 50 states, Tennessee ranked 9th with an increase of 22.2 percent.

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 7.2 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages backed by the FHA increased to 3.42 percent from 3.27 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 2.63 percent from 2.59 percent.”