

Economic Update, July 15, 2022
Submitted by Michael Mount

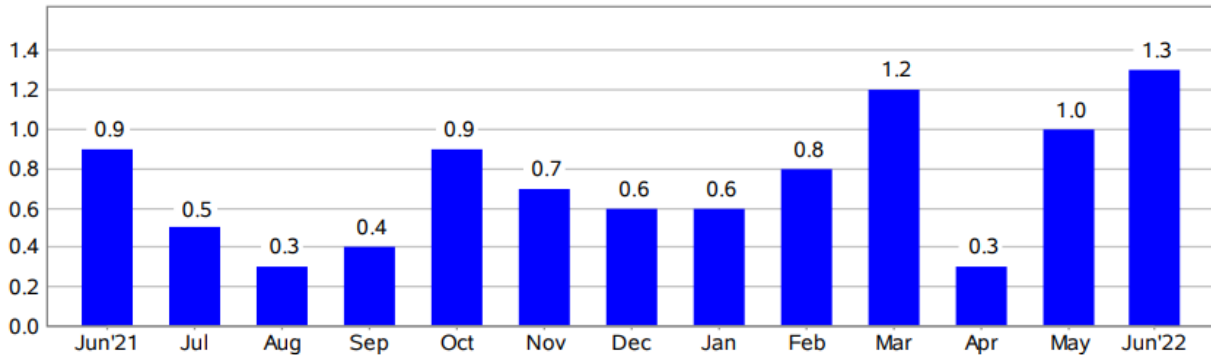
Summary: Although [most Americans believe the U.S. is already in a recession](#), the economists at [NBER](#) have not yet made that determination, and they may not. The unemployment rate is one of their considerations, and that remains low at 3.6 percent. The big news this week was [inflation](#), which increased from 1.0 percent in May to 1.3 percent in June. Although the increase was broad-based, gasoline, shelter, and food were the largest contributors. But [gasoline prices have decreased](#) more recently, from an average of \$4.872 a gallon on June 27 to \$4.646 a gallon as of July 11. [Retail sales increased](#) 1 percent (not adjusted for inflation) from May to June 2022, better than expected.

Federal Government Indicators and Reports

Bureau of Labor Statistics

Wednesday, [Consumer Price Index](#): The index “increased 1.3 percent in June on a seasonally adjusted basis after rising 1.0 percent in May. . . . Over the last 12 months, the all items index increased 9.1 percent before seasonal adjustment. . . . The gasoline index rose 11.2 percent in June after increasing 4.1 percent in May.”

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, June 2021 - June 2022
Percent change



Wednesday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 1.0 percent from May to June.”

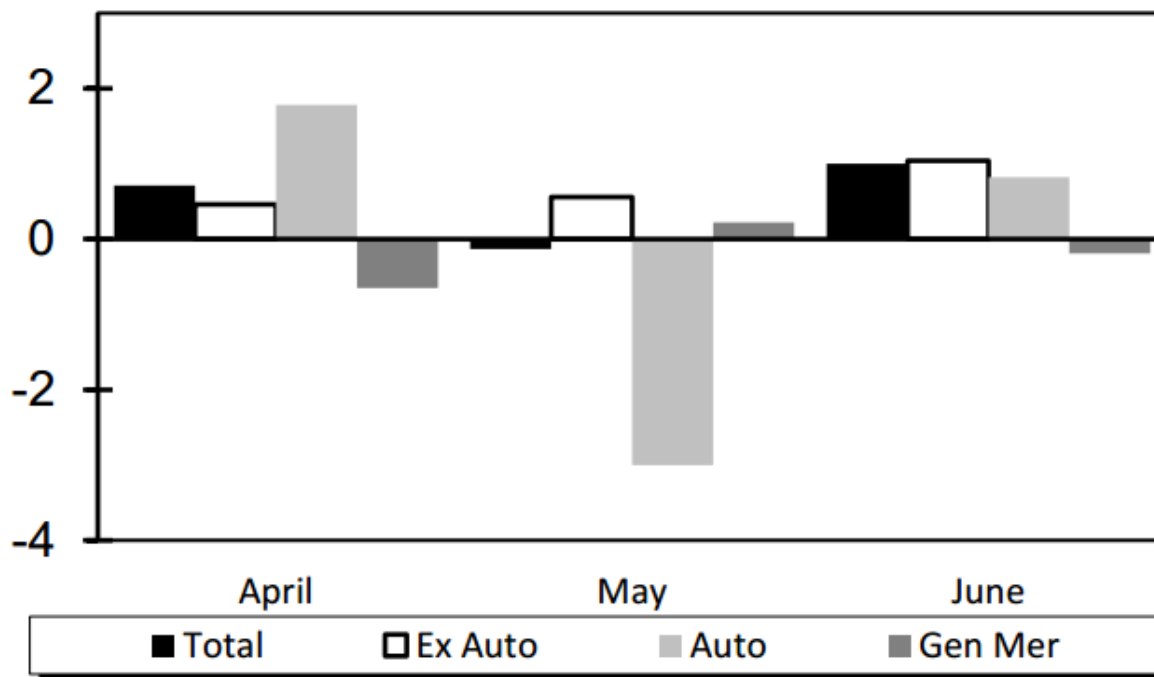
Thursday, [Producer Price Index](#): The index “increased 1.1 percent in June. . . . Final demand prices moved up 11.3 percent for the 12 months ended in June.”

U.S. Census

Friday, [Retail Sales](#): “Retail trade sales were up 1.0 percent from May 2022, and up 7.7 percent above last year.” General Merchandise sales decreased 0.2 percent.

Percent Change in Retail and Food Services Sales from Previous Month

Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes.



Source: U.S. Census Bureau, Advanced Monthly Retail Trade Survey, July 15, 2022

Economic Indicators and Confidence

National Federation of Independent Businesses

Tuesday, [Small Business Optimism](#): The index “fell 3.6 points in June to 89.5. This is the sixth consecutive month below the 48-year average of 98. The Index has declined every month this year through June.”

Investor’s Business Daily

Tuesday, [Economic Optimism](#): “A clear majority of Americans—58 percent—think the U.S. economy is in a recession, up from 53 percent a month ago and 48 percent in May.” The index “edged up fourth-tenths of a point to 38.5, a meager bounce from its lowest reading since August 2011.”

Federal Reserve

Tuesday, [Consumer Expectations](#): The survey “shows an increase in short-term inflation expectations,” from 6.6 percent in May to 6.8 percent in June. “Mean unemployment expectations—or the mean probability that the U.S. unemployment rate will be higher one year from now—increased by 1.8 percentage points to 40.4 percent, its highest level since April 2020.”

Wednesday, [Beige Book](#): “Economic activity expanded at a modest pace, on balance, since mid-May; however, several Districts reported growing signs of a slowdown in demand, and contacts in five

Districts noted concerns over an increased risk of a recession. Most Districts reported that consumer spending moderated as higher food and gas prices diminished households' discretionary income.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment was relatively unchanged, remaining near all-time lows. Current assessments of personal finances continued to deteriorate, reaching its lowest point since 2011.”

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 1.7 percent from one week earlier.” MBA’s Associate Vice President of Economic and Industry Forecasting Joel Kan noted: “Purchase applications for both conventional and government loans continue to be weaker due to the combination of much higher mortgage rates and the worsening economic outlook.”