

Economic Update, September 10, 2021
Submitted by Michael Mount

Summary: Initial claims for unemployment insurance decreased sharply, but that was just about the only good news this week. The Federal Reserve reported that economic growth slowed in early July through August, reflecting safety concerns due to the rise of the Delta variant. The latest COVID wave is pushing back the jobs recovery, and labor shortages remain. Supply disruptions are also constraining economic growth. In particular, auto sales were weak because of a microchip shortage. Consumers' earlier optimism about the economy collapsed into pessimism this month, according to the latest poll by Investor's Business Daily, which attributed the decline to the stalled jobs recovery and ebbing federal income supports.

Federal Government Indicators and Reports

U.S. Census

Tuesday, [Retail Trade](#): "After-tax profits of U.S. retail corporations with assets of \$50 million and over totaled \$71.4 billion, up \$23.3 billion from the \$48.1 billion recorded in the first quarter of 2021, and up \$32.8 billion from the \$38.6 billion recorded in the second quarter of 2020."

Tuesday, [Manufacturing](#): "U.S. manufacturing corporations' seasonally adjusted after-tax profits in the second quarter of 2021 totaled \$255.2 billion, up \$26.9 billion from the after-tax profits of \$228.4 billion recorded in the first quarter of 2021, and up \$222.3 billion from the after-tax profits of \$32.9 billion recorded in the second quarter of 2020."

Friday, [Wholesale Inventories](#): "Total inventories of merchant wholesalers, except manufacturers' sales branches and offices . . . were \$722.4 billion at the end of July, up 0.6 percent from the revised June level. Total inventories were up 11.5 percent from the revised July 2020 level."

Bureau of Economic Analysis

Tuesday, [Total Vehicle Sales](#) (link contains data; following commentary is from [Forbes](#)): "With chip supplies still scarce, the industry will likely continue to face production problems through the rest of the year. . . . Auto sales fell 14% in August compared to year-earlier numbers already constrained by pandemic lockdowns."

Bureau of Labor Statistics

Wednesday, [Job Openings and Labor Turnover](#): "On the last business day of July, the number and rate of job openings increased to series highs of 10.9 million (+749,000) and 6.9 percent, respectively. Job openings increased in several industries, with the largest increases in health care and social assistance (+294,000); finance and insurance (+116,000); and accommodation and food services (+115,000)."

Wednesday, [Employment Projections](#): "Total employment is projected to grow from 153.5 million to 165.4 million over the 2020–30 decade, an increase of 11.9 million jobs. . . . This increase reflects an annual growth rate of 0.7 percent, which is higher than recent projections cycles and accounts for recovery from low base-year employment for 2020 due to the COVID-19 pandemic and its associated recession."

Thursday, [Consumer Expenditures](#): "Average annual expenditures for all consumer units in 2020 were \$61,334, a 2.7-percent decrease from 2019. . . . During the same period, the Consumer Price Index (CPI-U) rose 1.2 percent, and average income before taxes increased 1.8 percent."

Friday, [Producer Price Index](#): “The Producer Price Index for final demand increased 0.7 percent in August. . . . For the 12 months ended in August, the index for final demand less foods, energy, and trade services rose 6.3 percent, the largest advance since 12-month data were first calculated in August 2014.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending September 4, the advance figure for seasonally adjusted initial claims was 310,000, a decrease of 35,000 from the previous week’s revised level. This is the lowest level for initial claims since March 14, 2020 when it was 256,000.” For the week ending September 4, there were 4,830 initial claims filed in Tennessee, a decrease of 2,428 claims from the previous week.



Economic Indicators and Confidence

Council of Supply Chain Management Professionals

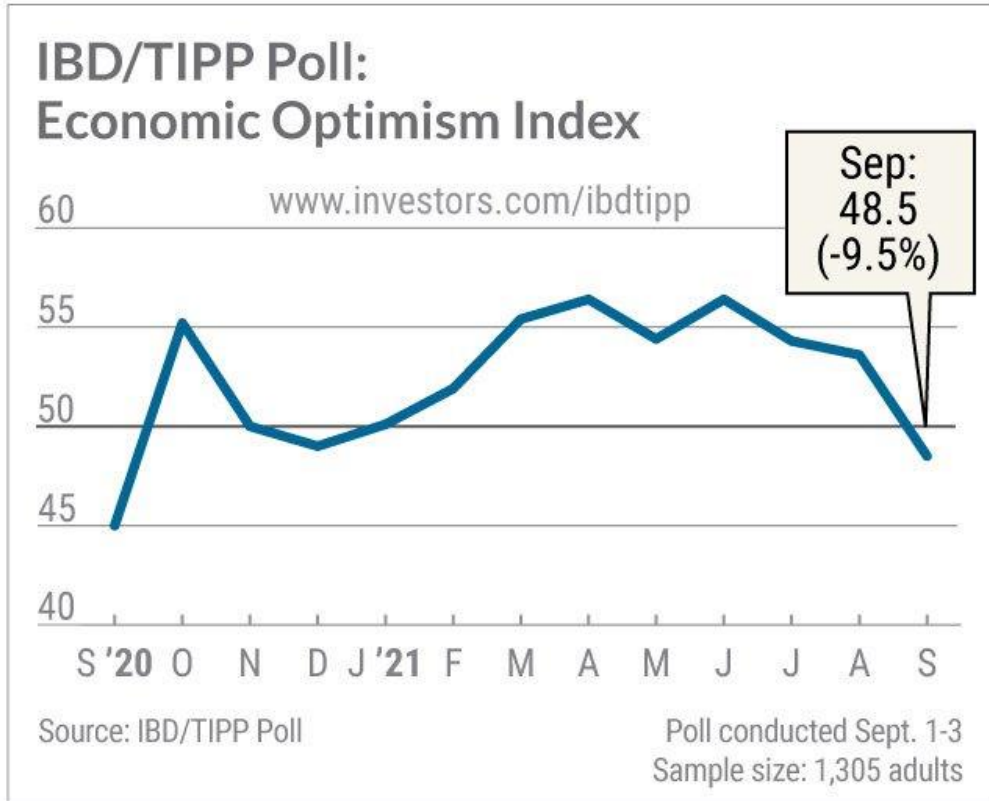
Tuesday, [Logistics Managers’ Index](#): The August 2021 index “comes in at 73.8, down slightly (-0.7) from July but still the fifth highest in the history of the index. . . . By any measure, this Summer has seen unparalleled rates of expansion in the logistics industry—largely driven by rapid price growth and significant tightening of capacity.”

Federal Reserve

Wednesday, [Beige Book](#): “Economic growth downshifted slightly to a moderate pace in early July through August. . . . The deceleration in economic activity was largely attributable to a pullback in dining out, travel, and tourism in most Districts, reflecting safety concerns due to the rise of the Delta variant. . . . The other sectors of the economy where growth slowed or activity declined were those constrained by supply disruptions and labor shortages, as opposed to softening demand. In particular, weakness in auto sales was widely ascribed to low inventories amidst the ongoing microchip shortage, and restrained home sales activity was attributed to low supply.”

Investor’s Business Daily

Wednesday, [Economic Optimism](#): “Optimism over the U.S. economy has collapsed as the latest Covid wave pushes back the jobs recovery amid ebbing federal income supports.” The index, “an early monthly read on consumer confidence, fell into pessimistic territory for the first time since December, sliding 5.1 points to a 12-month-low 48.5.”



Separate source for figure: <https://www.investors.com/news/economy/ibdtipp-poll-economic-optimism-index/>

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): "Mortgage applications decreased 1.9 percent from one week earlier. . . . 'Mortgage application volume fell last week to its lowest level since mid-July, as mortgage rates have stayed just above 3 percent for several weeks. Refinance volume has been moderating, while purchase volume continues to be lower than expected given the lack of homes on the market,' said Mike Fratantoni, MBA's Senior Vice President and Chief Economist."