

Economic Update, July 19, 2024
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Summary: Federal government indicators displayed increased total sales and business inventories from the previous year. Initial unemployment claims increased this week at the national level but decreased at the state level in Tennessee. In the housing market, mortgage rates decreased from the previous week as mortgage applications increased. The Housing Market Index from the National Association of Home Builders showed a one-point decrease in builder confidence in the market for newly built single-family homes from June to July. Privately-owned housing unit authorizations, housing starts, and housing completions for June all moved in contrasting directions against both last month's levels and 2023 levels.

Federal Government Indicators and Reports:

U.S. Census Bureau

Tuesday, [Advance Monthly Retail](#): "Advance estimates of U.S. retail and food services sales for June 2024, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$704.3 billion, virtually unchanged from the previous month, but up 2.3 percent above June 2023. Total sales for the April 2024 through June 2024 period were up 2.5 percent from the same period a year ago. . . . Retail trade sales were down 0.1 percent from May 2024, but up 2.0 percent above last year. Nonstore retailers were up 8.9 percent from last year, while food services and drinking places were up 4.4 percent from June 2023."

Tuesday, [Business Inventories](#): The combined value of distributive trade sales and manufacturers' shipments for May, adjusted for seasonal and trading day differences but not for price changes, was estimated at \$1,861.4 billion, virtually unchanged from April 2024, but was up 2.0 percent from May 2023. . . . Manufacturers' and trade inventories for May, adjusted for seasonal and trading day differences but not for price changes, were estimated at an end-of-month level of \$2,558.5 billion, up 0.5 percent from April 2024 and were up 1.6 percent from May 2023."

Wednesday, [New Residential Construction](#): "Privately-owned housing units authorized by building permits in June were at a seasonally adjusted annual rate of 1,446,000. This is 3.4 percent above the revised May rate of 1,399,000, but is 3.1 percent below the June 2023 rate of 1,493,000. . . . Privately-owned housing starts in June were at a seasonally adjusted annual rate of 1,353,000. This is 3.0 percent above the revised May estimate of 1,314,000, but is 4.4 percent below the June 2023 rate of 1,415,000. . . . Privately-owned housing completions in June were at a seasonally adjusted annual rate of 1,710,000. This is 10.1 percent above the revised May estimate of 1,553,000 and is 15.5 percent above the June 2023 rate of 1,480,000."

Department of Labor

Thursday, [Initial Claims](#): "In the week ending July 13, the advance figure for seasonally adjusted initial claims was 243,000, an increase of 20,000 from the previous week's revised level." In Tennessee, the advance figure for initial claims the week ending July 13 was 3,484, a decrease of 936 from the previous week's level.

Bureau of Labor Statistics

Wednesday, [Weekly Earnings](#): “Median weekly earnings of the nation's 119.9 million full-time wage and salary workers were \$1,143 in the second quarter of 2024 (not seasonally adjusted), the U.S. Bureau of Labor Statistics reported today. This was 3.9 percent higher than a year earlier, compared with a gain of 3.2 percent in the Consumer Price Index for All Urban Consumers (CPI-U) over the same period.”

U.S. Treasury

Thursday, [International Capital](#): “The U.S. Department of the Treasury today released Treasury International Capital (TIC) data for May 2024. . . . The sum total in May of all net foreign acquisitions of long-term securities, short-term U.S. securities, and banking flows was a net TIC inflow of \$15.8 billion. Of this, net foreign private inflows were \$7.3 billion, and net foreign official inflows were \$8.6 billion. . . . Foreign residents decreased their holdings of long-term U.S. securities in May; their net sales were \$16.7 billion. Net sales by private foreign investors were \$17.7 billion, while net purchases by foreign official institutions were \$1.0 billion. . . . U.S. residents increased their holdings of long-term foreign securities, with net purchases of \$37.8 billion.”

Economic Indicators and Surveys:

Federal Reserve Bank

Wednesday, [Beige Book](#): For the Sixth District, of which Middle and East Tennessee are a part, economic activity “was fairly flat, on balance, over the reporting period. Labor markets and wage pressures eased further, and worker availability and turnover improved. Cost growth moderated overall, but some construction and freight costs increased. Firms’ pricing power weakened. Consumer spending was flat. Leisure travel softened, but group and business travel strengthened. Home sales slowed and existing home inventories grew. Commercial real estate conditions varied. Transportation activity was mixed. Loan growth was flat, and delinquencies rose. Energy activity varied by sector. Manufacturing declined somewhat. Agriculture conditions improved slightly.” For the Eight District, which includes West Tennessee, economic activity “has increased slightly since our previous report, a continuation of trends reported over the past few months. Employment was unchanged and wage growth continued to moderate back to longer-run trends. Inflation pressures increased modestly, with slower price growth than in previous reports. Reports on consumer spending were mixed. Real estate activity was generally unchanged. District crop conditions remained stable, with high rainfall mitigating excessive heat. Banking conditions remained stable while manufacturing activity increased moderately.”

Mortgages and Housing Markets:

National Association of Home Builders

Tuesday, [Housing Market Index](#): “Builder confidence in the market for newly built single-family homes was 42 in July, down one point from June, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released today. This is the lowest reading since December 2023. . . . The July HMI survey also revealed that 31 percent of builders cut home prices to bolster sales in July, above the June rate of 29 percent. However, the average price reduction in July held steady at 6 percent for the 13th straight month. . . . The HMI index charting current sales conditions in July fell one point to 47 and the gauge charting traffic of prospective buyers also declined by a single-

point to 27. The component measuring sales expectations in the next six months increased one point to 48.”

FreddieMac

Thursday, [Mortgage Rates](#): “The 30-year fixed-rate mortgage (FRM) averaged 6.77 percent as of July 18, 2024, down from last week when it averaged 6.89 percent. A year ago at this time, the 30-year FRM averaged 6.78 percent. . . . The 15-year FRM averaged 6.05 percent, down from last week when it averaged 6.17 percent. A year ago at this time, the 15-year FRM averaged 6.06 percent.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, increased 3.9 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 30 percent compared with the previous week. The Refinance Index increased 15 percent from the previous week and was 37 percent higher than the same week one year ago. The seasonally adjusted Purchase Index decreased 3 percent from one week earlier. The unadjusted Purchase Index increased 22 percent compared with the previous week and was 14 percent lower than the same week one year ago.”

Thursday, [New Home Purchase Mortgage Applications](#): “The Mortgage Bankers Association (MBA) Builder Application Survey (BAS) data for June 2024 shows mortgage applications for new home purchases increased 0.7 percent compared from a year ago. Compared to May 2024, applications decreased by 16 percent. This change does not include any adjustment for typical seasonal patterns.”