

Economic Update, July 5, 2024

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Summary: Indicators from May displayed a decrease in construction spending, international trade, and metropolitan unemployment. While initial unemployment claims increased the week ending June 29, total nonfarm employment increased in June at the national level. Consumer sentiment levels rebounded in July and in the housing market, both 15-year and 30-year fixed-rate mortgages increased while mortgage applications decreased.

### **Federal Government Indicators and Reports**

U.S. Census Bureau

Monday, [Construction Spending](#): “Construction spending in May 2024 was estimated at a seasonally adjusted annual rate of \$2,139.8 billion, 0.1 percent below the revised April estimate of \$2,142.1 billion. The May figure is 6.4 percent above the May 2023 estimate of \$2,011.8 billion. During the first five months of this year, construction spending amounted to \$836.3 billion, 8.8 percent above the \$768.6 billion for the same period in 2023.”

Wednesday, [International Trade](#): “May exports were \$261.7 billion, \$1.8 billion less than April exports. May imports were \$336.7 billion, \$1.2 billion less than April imports.”

Bureau of Labor Statistics

Tuesday, [Job Openings and Turnovers](#): “The number of job openings changed little at 8.1 million on the last business day of May. . . . Over the month, both the number of hires and total separations were little changed at 5.8 million and 5.4 million, respectively. Within separations, quits (3.5 million) and layoffs and discharges (1.7 million) changed little.”

Wednesday, [Metropolitan Employment](#): “Unemployment rates were higher in May than a year earlier in 269 of the 389 metropolitan areas, lower in 83 areas, and unchanged in 37 areas. . . . A total of 91 areas had jobless rates of less than 3.0 percent and 5 areas had rates of at least 8.0 percent. Nonfarm payroll employment increased over the year in 44 metropolitan areas, decreased in 1 area, and was essentially unchanged in 344 areas.”

Friday, [The Employment Situation](#): “Total nonfarm payroll employment increased by 206,000 in June, and the unemployment rate changed little at 4.1 percent. . . . Job gains occurred in government, health care, social assistance, and construction.”

Department of Labor

Wednesday, [Initial Claims](#): “In the week ending June 29, the advance figure for seasonally adjusted initial claims was 238,000, an increase of 4,000 from the previous week’s revised level.” In Tennessee, the advance figure for initial claims during the week ending June 29 was 3,316, an increase of 678 from the previous week’s level.

### **Economic Indicators and Confidence**

## S&P Global

Monday, [Global U.S. Manufacturing PMI](#): “The U.S. manufacturing sector remained in growth territory at the end of the second quarter of the year. Although client demand remained muted and business confidence hit a 19-month low, new orders rose for a second month running. In turn, production continued to rise, albeit at a weaker rate. The most positive aspect of the latest survey was the fastest increase in employment since September 2022. . . . The seasonally adjusted S&P Global U.S. Manufacturing Purchasing Managers’ Index (PMI) ticked up to a three-month high of 51.6 in June from 51.3 in May.”

Wednesday, [Global U.S. Services PMI](#): “Growth momentum improved in the U.S. service sector in June, with firms seeing sharper increases in both business activity and new orders. . . . Rates of increase in both input costs and output prices eased in June, but in each case remained above pre-pandemic averages. Higher labor costs were central to price raises. The seasonally adjusted S&P Global U.S. Services PMI Business Activity Index increased for the second consecutive month in June, posting 55.3 following a reading of 54.8 in May.”

## RealClearMarkets

Tuesday, [Economic Optimism Index](#): “The RealClearMarkets/TIPP Economic Optimism Index, a leading gauge of consumer sentiment, rebounded sharply by 9.1 percent in July to 44.2. Since September 2021, the index has remained in negative territory for 35 consecutive months. July’s reading of 44.2 is 10.2 percent lower than the historical average of 49.2. Optimism among investors gained 15.3 percent from 46.5 in June to 53.6 in July, while it increased 4.5 percent among non-investors, from 37.7 in June to 39.4 in July.”

## ADP

Wednesday, [ADP Employment Change](#): “Private sector employment increased by 150,000 jobs in June and annual pay was up 4.9 percent year-over-year.”

## **Mortgages and Housing Markets**

### Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, decreased 2.6 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 8 percent compared with the previous week. The Refinance Index decreased 2 percent from the previous week and was 29 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 7 percent compared with the previous week and was 12 percent lower than the same week one year ago.”

## FreddieMac

Wednesday, [Mortgage Rates](#): “The 30-year fixed-rate mortgage (FRM) averaged 6.95 percent as of July 3, 2024, up from last week when it averaged 6.86 percent. A year ago at this time, the 30-year FRM averaged 6.81 percent. The 15-year FRM averaged 6.25 percent, up from last week when it averaged 6.16 percent. A year ago at this time, the 15-year FRM averaged 6.24 percent.”