

Economic Update, October 25, 2024

Submitted by Bob Moreo

Summary: New claims for unemployment fell “unexpectedly”, [according to a Reuters report](#), but remain elevated since hurricanes Helene and Milton. However, the number of people on unemployment is at its highest level in nearly three years, “indicating it was becoming harder for those losing jobs to land new positions.” Consumer sentiment in October posted its “highest reading since April,” [MarketWatch reported](#). The University of Michigan survey showed lower interest rates “lifted the mood of consumers, especially those looking to buy big-ticket items such as cars and houses.” According to the [National Retail Federation](#), “Consumer spending on the winter holidays is expected to reach a record \$902 per person on average across gifts, food, decorations and other seasonal items.” Mortgage rates, however, have been rising in October after the Fed’s recent rate cut. [CNN Business reported](#) on “the fourth-straight weekly increase,” suggesting “lower rates came too late for the majority of home seekers [who] prefer to buy and sell homes in spring,” and that buyers “might also be waiting on rates to come even lower, since the Fed has made it clear it will continue to pare back borrowing costs through 2025.” Existing home sales “slowed in September to the weakest annual pace in nearly 14 years,” [according to AP News](#), while sales of new homes, however, “surged to the highest level in 17 months,” [MarketWatch reported](#).

Federal Government Indicators and Reports:

Bureau of Labor Statistics

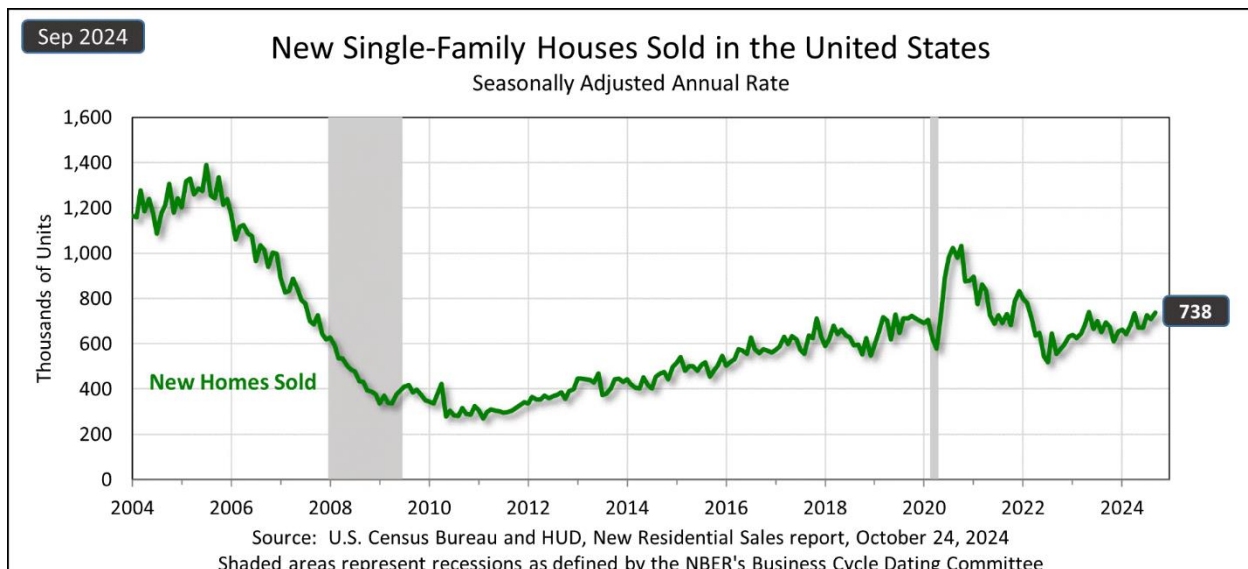
Tuesday, [State Employment and Unemployment](#): “Unemployment rates were higher in September in five states, lower in one state, and stable in 44 states and the District of Columbia. . . . Twenty-two states and the District had jobless rate increases from a year earlier, six states had decreases, and 22 states had little change. . . . Nonfarm payroll employment increased in five states and the District of Columbia and was essentially unchanged in 45 states in September 2024.” The unemployment rate for Tennessee in September was 3.2 percent, slightly higher than the rates from July (3.0 percent) and August (3.1 percent) but lower than the rate from a year prior (3.4 percent.)

Bureau of Transportation Statistics

Wednesday, [North American Transborder Freight](#): Total transborder freight moved by all modes of transportation between the U.S. and North American countries Canada and Mexico was valued at \$136.7 billion in August 2024, down 0.9 percent compared to August 2023. “Freight between the U.S. and Canada: \$ 63.0 billion, down 6.4 percent from August 2023. Freight between the U.S. and Mexico: \$73.8 billion, up 4.2 percent from August 2023.”

Census Bureau

Thursday, [New Residential Sales](#): “Sales of new single-family houses in September 2024 were at a seasonally adjusted annual rate of 738,000. . . . This is 4.1 percent above the revised August rate of 709,000 and is 6.3 percent above the September 2023 estimate of 694,000. The median sales price of new houses sold in September 2024 was \$426,300.”



Friday, [Advance Report on Durable Goods](#): “New orders for manufactured durable goods in September, down three of the last four months, decreased \$2.2 billion or 0.8 percent to \$284.8 billion. . . . This followed a 0.8 percent August decrease. Excluding transportation, new orders increased 0.4 percent.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending October 19, the advance figure for seasonally adjusted initial claims was 227,000, a decrease of 15,000 from the previous week’s revised level. . . . The 4-week moving average was 238,500, an increase of 2,000 from the previous week’s revised average. . . . The advance number for seasonally adjusted insured unemployment during the week ending October 12 was 1,897,000, an increase of 28,000 from the previous week’s revised level. This is the highest level for insured unemployment since November 13, 2021 when it was 1,974,000.”

Federal Reserve Board

Wednesday, [The Beige Book](#): “Economic activity in the Sixth District [which includes Middle and East Tennessee] declined slightly, on balance, over the reporting period. Labor markets were steady, and wages increased modestly. . . . Consumer spending fell. Tourism declined modestly, hampered by Hurricane Helene. Residential real estate activity was flat to slightly down. . . . Manufacturing output decreased. Loan growth was modest. Energy activity increased modestly. Agriculture conditions slowed.”

“Economic activity across the Eighth District [which includes West Tennessee] has remained unchanged since our previous report, although demand continues to show some signs of slowing. Prices continued to increase modestly, with some input costs remaining unchanged or decreasing. Consumer spending reports continued to indicate that higher prices for goods are weighing more heavily on spending than higher prices for services or experiences. Across the District, contacts expected they will maintain employment levels in the upcoming months. Manufacturing activity continued to decrease slightly with fewer new orders and lower production.”

Economic Indicators and Confidence:

The Conference Board

Wednesday, [Monthly Economic Forecast](#): “U.S. economic data continue to surprise to the upside, revealing ongoing resilience despite looming uncertainties and persistent shocks. We now expect real GDP to expand by 2.6 percent year-over-year in 2024, an upward revision from 2.4 percent. Some moderate growth at year-end and early next year may constrain annual 2025 growth to 1.7 percent despite expectations of stronger quarterly annualized growth over the course of that year. Slowing inflation and a healthy labor market should support measured interest rate cuts over the course of the next year, lowering the Fed Funds rate target range to 3.00-3.25 percent in 2025.

Thursday, [Quarterly CEO Confidence](#): CEO confidence “fell for a second consecutive quarter to 51 in Q4 2024, down from 52 in Q3. The Measure remained above 50, indicating that CEOs remain on balance optimistic. (A reading above 50 reflects more positive than negative responses.) However, optimism has weakened since Q2 2024, when the Measure hit a two-year high of 54.”

Federal Reserve Bank of Dallas

Thursday, [Weekly Economic Index](#): “The WEI is currently 1.69 percent, scaled to four-quarter GDP growth, for the week ended October 19 and 1.93 percent for October 12. The 13-week moving average is 2.01 percent. This is compared with 3.04 percent four-quarter GDP growth through the second quarter of 2024.”

University of Michigan

Friday, [Index of Consumer Sentiment](#): “Consumer sentiment lifted for the third consecutive month, inching up to its highest reading since April 2024. Sentiment is now more than 40 percent above the June 2022 trough. This month’s increase was primarily due to modest improvements in buying conditions for durables, in part due to easing interest rates. . . . Year-ahead inflation expectations were unchanged from last month at 2.7 percent.”

Final Results for October 2024

	Oct 2024	Sep 2024	Oct 2023	M-M Change	Y-Y Change
Index of Consumer Sentiment	70.5	70.1	63.8	+0.6%	+10.5%
Current Economic Conditions	64.9	63.3	70.6	+2.5%	-8.1%
Index of Consumer Expectations	74.1	74.4	59.3	-0.4%	+25.0%

Mortgages and Housing Markets:

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “The 30-year FRM averaged 6.54 percent as of October 24, 2024, up from last week when it averaged 6.44 percent. A year ago at this time, the 30-year FRM averaged 7.79 percent.”

Mortgage Bankers Association

Wednesday, [Weekly Applications Survey](#): “The Market Composite Index, a measure of mortgage loan application volume, decreased 6.7 percent on a seasonally adjusted basis from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$766,550 or less) remained unchanged at 6.52 percent.”

National Association of Realtors

Wednesday, [Existing Home Sales](#): “Total existing-home sales – completed transactions that include single-family homes, townhomes, condominiums and co-ops – receded 1.0 percent from August to a seasonally adjusted annual rate of 3.84 million in September. Year-over-year, sales waned 3.5 percent (down from 3.98 million in September 2023). . . . Total housing inventory registered at the end of September was 1.39 million units, up 1.5 percent from August and 23.0 percent from one year ago (1.13 million). Unsold inventory sits at a 4.3-month supply at the current sales pace, up from 4.2 months in August and 3.4 months in September 2023.”