

Economic Update, June 27, 2024
Submitted by Michael Mount

Summary: Although real gross domestic product growth continued to slow in the first quarter of 2024, national economic activity was above trend in May, and inflation in personal consumption expenditures decreased slightly. Consumer confidence dipped despite “an uptick in sentiment about the current labor market,” while Federal Reserve Governor Cook said growth is being “boosted by the increase in the size of the labor force.” Home prices were up, but sales volumes decreased. This week’s update includes a U.S. Census report on poverty of older adults (first link below).

Federal Government Indicators and Reports

U.S. Census

Tuesday, [Poverty of Older Adults](#): In 2021 “8.3 percent of adults aged 65 and over lived in a household that experienced poverty. . . . [This was] lower compared to poverty among children or working-age adults, in part due to Old-Age, Survivors, and Disability Insurance (OASDI) (commonly known as Social Security).”

Thursday, [Durable Goods](#): “New orders for manufactured durable goods in May, up four consecutive months, increased \$0.3 billion or 0.1 percent to \$283.1 billion. . . . This followed a 0.2 percent April increase.” New orders for nondefense capital goods, excluding aircraft, [decreased 0.6 percent](#).

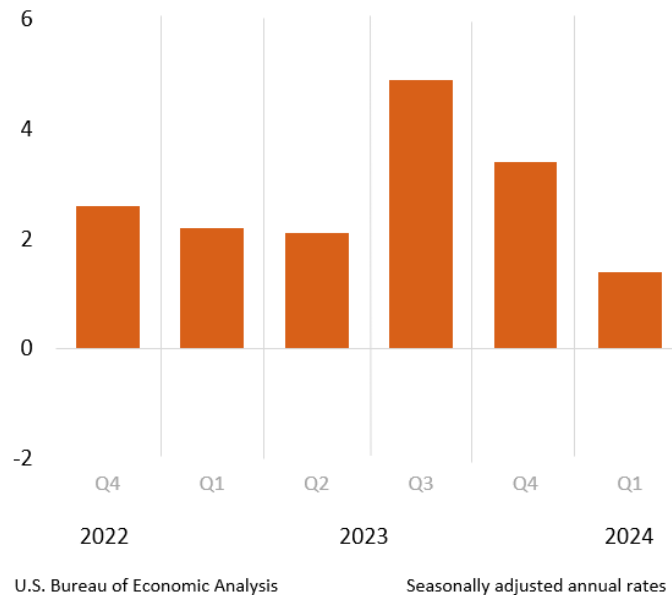
Thursday, [International Trade](#): “The international trade deficit was \$100.6 billion in May, up \$2.7 billion from \$98.0 billion in April. Exports of goods for May were \$166.7 billion, \$4.6 billion less than April exports. Imports of goods for May were \$267.3 billion, \$2.0 billion less than April imports.”

Bureau of Economic Analysis

Wednesday, [International Investment Position](#): “The U.S. net international investment position, the difference between U.S. residents’ foreign financial assets and liabilities, was –\$21.28 trillion at the end of the first quarter of 2024.”

Thursday, [Real Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 1.4 percent in the first quarter of 2024. . . . In the fourth quarter of 2023, real GDP increased 3.4 percent.”

Real GDP: Percent change from preceding quarter



Friday, [Personal Income and Inflation](#): “Personal income increased \$114.1 billion (0.5 percent at a monthly rate) in May. . . . Disposable personal income (DPI), personal income less personal current taxes, increased \$94.0 billion (0.5 percent) and personal consumption expenditures (PCE) increased \$47.8 billion (0.2 percent).” Additionally, “the PCE price index decreased less than 0.1 percent. Excluding food and energy, the PCE price index increased 0.1 percent. Real DPI increased 0.5 percent in May and real PCE increased 0.3 percent; goods increased 0.6 percent and services increased 0.1 percent.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending June 22, the advance figure for seasonally adjusted initial claims was 233,000, a decrease of 6,000 from the previous week's revised level.”

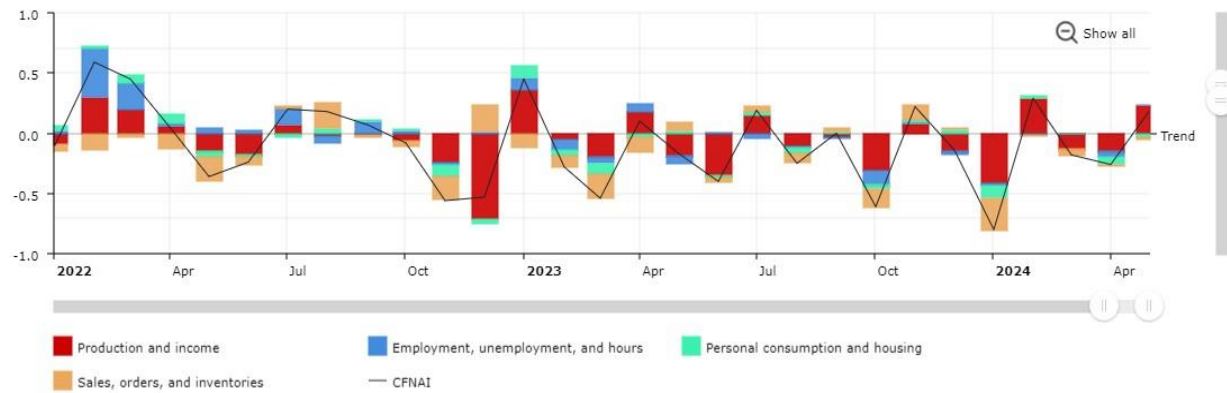
Economic Indicators and Confidence

Federal Reserve

Tuesday, [Cook Speech](#): “I expect 12-month inflation will roughly move sideways for the rest of this year. . . . Beyond that, I see inflation slowing more sharply next year. . . . Going forward, I expect economic growth to remain near the rate of potential growth, somewhat above 2 percent, which is boosted by the increase in the size of the labor force.”

Tuesday, [National Activity Index](#): The index “increased to +0.18 in May from -0.26 in April.”

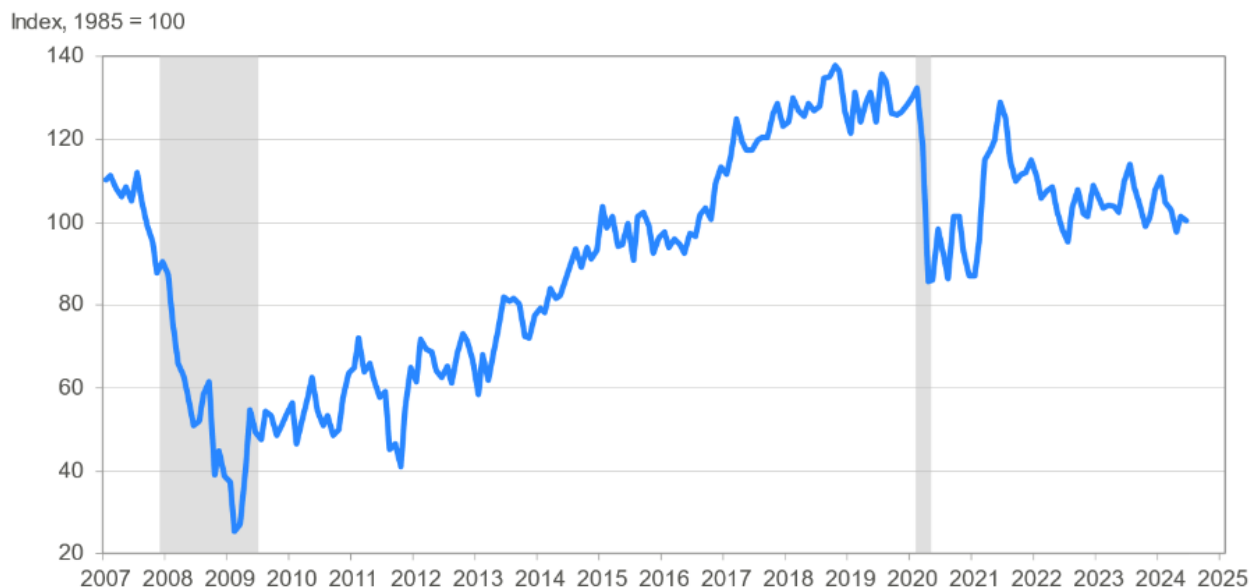
Chicago Fed National Activity Index (CFNAI)



The Conference Board

Tuesday, [Consumer Confidence](#): The index “dipped in June to 100.4 (1985=100), down from 101.3 in May.” Dana Peterson, chief economist for The Conference Board, added: “Confidence pulled back in June but remained within the same narrow range that’s held throughout the past two years, as strength in current labor market views continued to outweigh concerns about the future.”

Consumer Confidence Index®



University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment held steady in June. . . . While consumers exhibited confidence that inflation will continue to moderate, many expressed concerns about the effect of high prices and weakening incomes on their personal finances.”

Mortgages and Housing Markets

S&P Global

Tuesday, [Home Price Index](#): The index “reported a 6.3 percent annual gain for April, down from a 6.5 percent annual increase in the previous month. . . . Heading into summer, the market is at an all-time high, once again testing its resilience against the historically more active time of the year.”

Federal Housing Finance Agency

Tuesday, [House Price Index](#): “U.S. house prices rose in April, up 0.2 percent from March, according to the Federal Housing Finance Agency (FHFA) seasonally adjusted monthly House Price Index (HPI®). House prices rose 6.3 percent from April 2023 to April 2024.”

U.S. Census

Wednesday, [New Residential Sales](#): “Sales of new single-family houses in May 2024 were at a seasonally adjusted annual rate of 619,000. . . . This is 11.3 percent below the revised April rate of 698,000 and is 16.5 percent below the May 2023 estimate of 741,000. . . . The median sales price of new houses sold in May 2024 was \$417,400. The average sales price was \$520,000.”

National Association of Realtors

Thursday, [Pending Home Sales](#): “Pending home sales in May slipped 2.1 percent. . . . NAR predicts mortgage rates will remain above 6 percent in 2024 and 2025, even with the Federal Reserve cuts to the Fed Funds rate.”