

Economic Update, June 7, 2024
Submitted by Carly Van Syckle

Summary: Federal Government indicators this week displayed an increase in new orders for manufactured goods, international exports, and international imports for the month of April. Nonfarm payroll enrollment increased in May while the month's unemployment rate changed little at 4.0 percent. Initial claims for the week ending June 1 increased at the national level but displayed a sizeable decrease at the state level in Tennessee. The RealClearMarkets (RCM)/TIPP Economic Optimism Index dropped sharply in June. In the housing market, mortgage applications dropped 5.2 percent from the previous week despite 30 and 15-year fixed-rate mortgages decreasing.

Federal Government Indicators and Reports

Census Bureau

Monday, [Construction Spending](#): "Construction spending during April 2024 was estimated at a seasonally adjusted annual rate of \$2,099.0 billion, 0.1 percent below the revised March estimate of \$2,101.5 billion. The April figure is 10.0 percent above the April 2023 estimate of \$1,907.8 billion."

Tuesday, [Manufacturers' Goods](#): "New orders for manufactured goods in April, up three consecutive months, increased \$4.3 billion or 0.7 percent to \$588.2 billion, the U.S. Census Bureau reported today. This followed a 0.7 percent March increase. Shipments, also up three consecutive months, increased \$5.9 billion or 1.0 percent to \$590.2 billion. This followed a 0.4 percent March increase."

Wednesday, [International Trade](#): "April exports were \$263.7 billion, \$2.1 billion more than March exports. April imports were \$338.2 billion, \$8.0 billion more than March imports. The April increase in the goods and services deficit reflected an increase in the goods deficit of \$5.9 billion to \$99.2 billion and a decrease in the services surplus of \$0.1 billion to \$24.7 billion."

Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): "The number of job openings changed little at 8.1 million on the last business day of April, the U.S. Bureau of Labor Statistics reported today. Over the month, both the number of hires and total separations were little changed at 5.6 million and 5.4 million, respectively. Within separations, quits (3.5 million) and layoffs and discharges (1.5 million) changed little."

Friday, The [Employment Situation](#): "Total nonfarm payroll employment increased by 272,000 in May, and the unemployment rate changed little at 4.0 percent, the U.S. Bureau of Labor Statistics reported today. Employment continued to trend up in several industries, led by health care; government; leisure and hospitality; and professional, scientific, and technical services."

Department of Labor

Thursday, [Initial Claims](#): "In the week ending June 1, the advance figure for seasonally adjusted initial claims was 229,000, an increase of 8,000 from the previous week's revised level. The previous week's level was revised up by 2,000 from 219,000 to 221,000." In Tennessee, the advance figure for

initial claims filed during the week ending June 1 was 3,765, a decrease of 1,233 from the previous week's level.

Economic Indicators and Confidence

RealClear Markets

Tuesday, [RCM/TIPP Economic Optimism Index](#): "The RealClearMarkets/TIPP Economic Optimism Index, a leading gauge of consumer sentiment, dropped sharply 3.1 percent in June to 40.5. Since September 2021, the index has remained in negative territory for 34 consecutive months. June's reading of 40.5 is 17.6 percent lower than the historic average of 49.2. Optimism among investors edged up 0.4 percent from 46.3 in May to 46.5 in June, while it slumped by 6.0 percent among non-investors, from 40.1 in May to 37.7 in June."

S&P Global

Thursday, [S&P Global Sector Purchasing Managers Index \(PMI\)](#): "The latest Global Sector PMI showed fairly consistent trends in May, signaling widespread growth midway through the second quarter. In general, Financials sectors registered the sharpest upticks in activity, while Basic Materials and Healthcare placed near the bottom of the rankings. . . . The rate of growth in business activity was substantial and the most pronounced in just shy of two years. Meanwhile, Banks and Insurance both ranked closely behind. Conversely, Real Estate was the only Financials sector to place inside contraction territory in May."

ADP

Wednesday, [National Employment Report](#): "Private sector employment increased by 152,000 jobs in May and annual pay was up 5.0 percent year-over-year. . . . Job gains were slower in May due to a steep decline in manufacturing. Leisure and hospitality also showed weaker hiring."

Mortgages and Housing Markets

Mortgage Bankers Association

Tuesday, [Commercial Mortgage Delinquency](#): According to Jamie Woodwell, Mortgage Bankers Association's head of commercial real estate research, "Commercial mortgage delinquency rates continued to increase during the first three months of 2024, the increase was seen across most capital sources, pointing to the challenges caused by loans that are maturing amid higher interest rates, uncertain property values, and questions about some properties' fundamentals."

Wednesday, [Mortgage Applications](#): "The Market Composite Index, a measure of mortgage loan application volume, decreased 5.2 percent on a seasonally adjusted basis from one week earlier. . . . Refinance Index decreased 7.0 percent from the previous week and was 5.0 percent higher than the same week one year ago. The seasonally adjusted Purchase Index decreased 4.0 percent from one week earlier."

Thursday, [Mortgage Credit Availability](#): "The Mortgage Credit Availability Index (MCAI) rose by 0.1 percent to 94.1 in May. A decline in the MCAI indicates that lending standards are tightening, while

increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012.”

FreddieMac

Thursday, [Mortgage Rates](#): The 30-year fixed-rate mortgage (FRM) averaged 6.99 percent as of June 6, 2024, down from last week when it averaged 7.03 percent. A year ago at this time, the 30-year FRM averaged 6.71 percent. The 15-year FRM averaged 6.29 percent, down from last week when it averaged 6.36 percent. A year ago at this time, the 15-year FRM averaged 6.07 percent.”