EconUpdate

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Daily Updates for Thursday, December 10

A reminder to subscribers: What makes EconUpdate unique?

- *Each headline is usually also a link to the **original data source**, not to a newspaper or other online media publisher, most of which also do not include links when covering economic updates.*
- *If you click on the headlines, you'll typically find a lot more context, history, charts and graphs. Try it out!*

General Economics

Hotel occupancy improved after Thanksgiving but still down 38% year-on-year

With slightly higher demand after Thanksgiving, **hotel occupancy improved after several weeks of lowering levels**. With a tougher year-over-year comparable, however, the country's RevPAR decline was its **worst since late June.**

- Year-on-year, occupancy is down 37.9% to 37.4 percent, the Average daily rate (ADR) fell 33.1% to $86.21 and Revenue per available room (RevPAR) has fallen 58.4% to $32.23 per night.

Source: STR

Inflation and Monetary Policy

CPI up 0.2 percent in November and 1.2 percent year-on-year

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent in November after being unchanged in October, and was up 1.2 percent year-on-year.

- The index for all items **less food and energy** increased 0.2 percent in November after being unchanged the prior month, and rose 1.6 percent year-on-year.

Source: Bureau of Labor Statistics

Job Market

Initial unemployment claims rebound 19.1 percent to 853,000

In the week ending December 5, initial unemployment claims were 853,000, **an increase of 137,000, or 19.1 percent**, from the previous week's revised level.

- Continued unemployment claims during the week ending November 28 were 5,757,000, **an increase of 230,000, or 4.2 percent**, from the previous week's revised level.
- The total number of continued weeks claimed for benefits in all programs for the week ending November 21 was 19,043,429, **a decrease of 1,120,049, or 5.5 percent**, from the previous week.

Source: Dept. of Labor

Consumer Surveys

Economic Sentiment Index recovers slightly after six weeks of decline

Overall economic sentiment recovered slightly after six consecutive weeks of decline. During the past two-week stretch marked by optimism about a COVID-19 vaccine, the HPS-CivicScience Economic Sentiment Index (ESI) inched upwards 1.3 points to 45.7.

- Making the biggest gain **was confidence in making a major purchase**, which rose 4.5 points to 44.9 — **the second-largest increase over the past year**.
- Also rising were **confidence in the overall U.S. economy** (up 1.6 points to 46.9) and **confidence in finding a new job** (up 1.2 points to 36.0).
- Weighing these improvements down were decreases in the ESI's other two indicators: **confidence in personal finances** dropped 0.9 points to 52.8, while **confidence in the housing market** declined 0.4 points to 47.6.

Source: Civic Science

Housing Market

More pending home sales in listings in counties with low concentrations of Covid-19 cases

Pending home sales rose 54.1% year over year in U.S. counties with low concentrations of Covid-19 cases during the four-week period ending Dec. 1, **outpacing the 45.1% growth in counties with high concentrations of Covid-19 cases.**

- New listings climbed 20.6% year over year in counties with low concentrations of Covid-19 cases during the four-week period ending Dec. 1, **compared with 12.8% growth in counties with high concentrations of Covid-19 cases.**
- This is according to an analysis of counties across 116 U.S. metropolitan areas. Redfin defines a high Covid-19 intensity county as a county where cumulative coronavirus cases per capita are at least 80% higher than the other counties in this analysis, while a low Covid-19 intensity county is one that ranks in the bottom 20% by cumulative cases per capita.

Source: Redfin

Pandemic-fueled housing market helps average equity gain of $17,000 year-over-year in 3Q20, largest since 1Q2014

Despite the economic impact of the pandemic, home prices soared throughout the summer and fall. Appreciation reached its highest level since 2014 in the third quarter of 2020 as prospective homebuyers continued to compete for the low supply of homes on the market, pushing home equity to record levels.

- U.S. homeowners with mortgages (which account for roughly 63% of all properties) have seen equity increase by 10.8% year over year, representing a collective equity gain of $1 trillion, **and an average gain of $17,000 per homeowner,** since the third quarter of 2019. This marks **the largest average equity gain since the first quarter of 2014.**
- In the third quarter of 2019, 2 million homes, or 3.7% of all mortgaged properties, were in negative equity. This number **decreased by 18.3%**, or 370,000 properties, in the third quarter of 2020 to 1.6 million mortgaged properties in negative equity.

Source: CoreLogic

Commercial Real Estate

Share of delinquent commercial and multi-family mortgages rebounds slightly in November, especially for lodging and retail

The balance of commercial and multifamily mortgages that are not current **increased for the first time in three months in November**, driven by more loans becoming newly delinquent.

- 94.3% of outstanding loan balances were current, **down from 94.6% in October.**
- 22.1% of the balance of lodging loans and 12.9% of the balance of retail loans were non-current in November, up from 21.0% and 12.0%, respectively, in October.
- Non-current rates **for other property types were more mixed.**
- 2.5% of the balances of industrial property loans were non-current, down from 2.6% in October.
- 2.4% of the balances of office property loans were non-current, up from 2.0% last month.
- 1.6% of multifamily balances were non-current, unchanged from a month earlier.

Source: MBA