
Iran & the Economy in 10 Charts

Sage Economics <basu@substack.com>

Wed, Apr 1, 2026

Iran & the Economy in 10 Charts

What we know, what we don't, & what's next

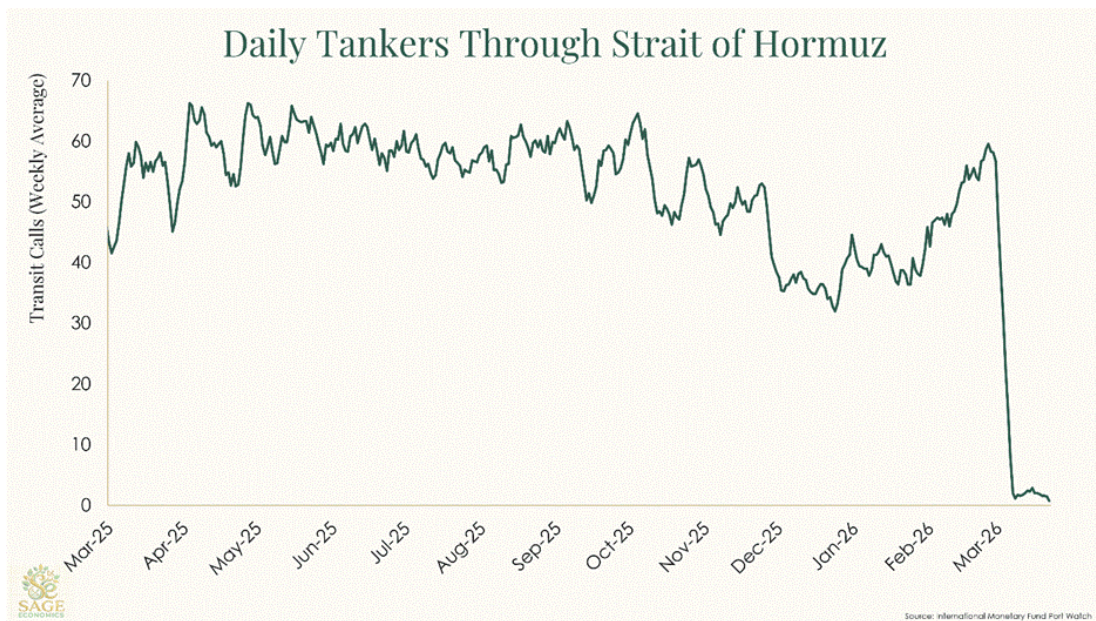
ZACK FRITZ



Tomorrow is the one year anniversary of Liberation Day. To commemorate one of the most impactful economic policy announcements of the past century, here's a post on...the economy-rattling effects of the ongoing conflict in Iran.

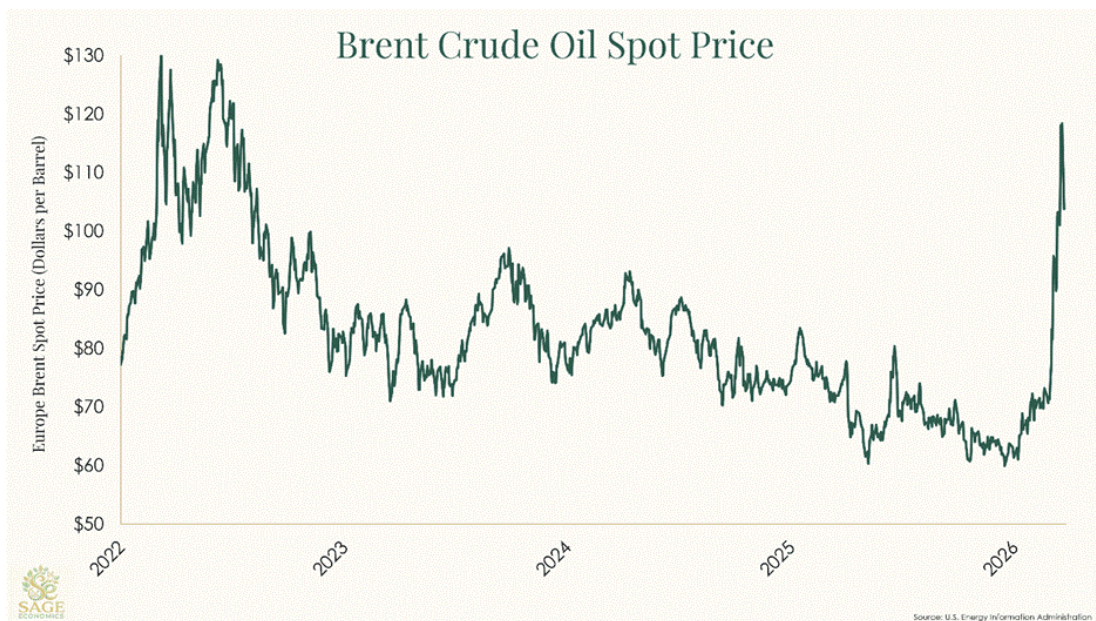
Where We've Seen Fallout

Iran effectively closed the Strait of Hormuz on March 2nd. The number of tankers passing through went from about 95 per day in February to less than 5 per day since the closure.



About a quarter of all seaborne oil passes through the Strait. Or it did, anyway.

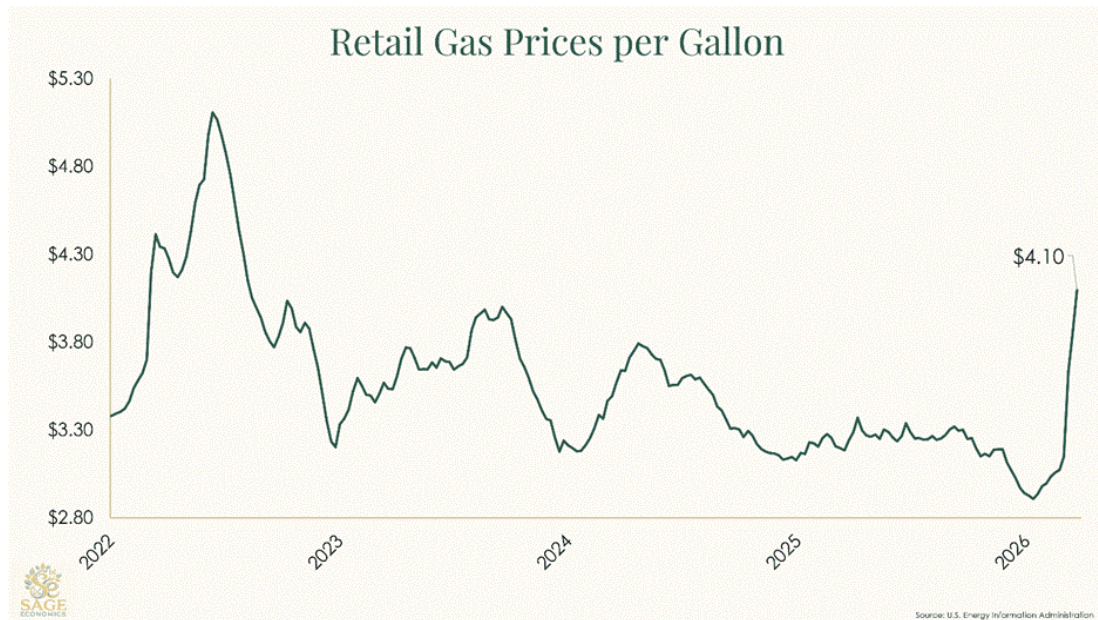
This massive supply shock caused oil prices to blast off, returning to levels not seen since 2022.¹



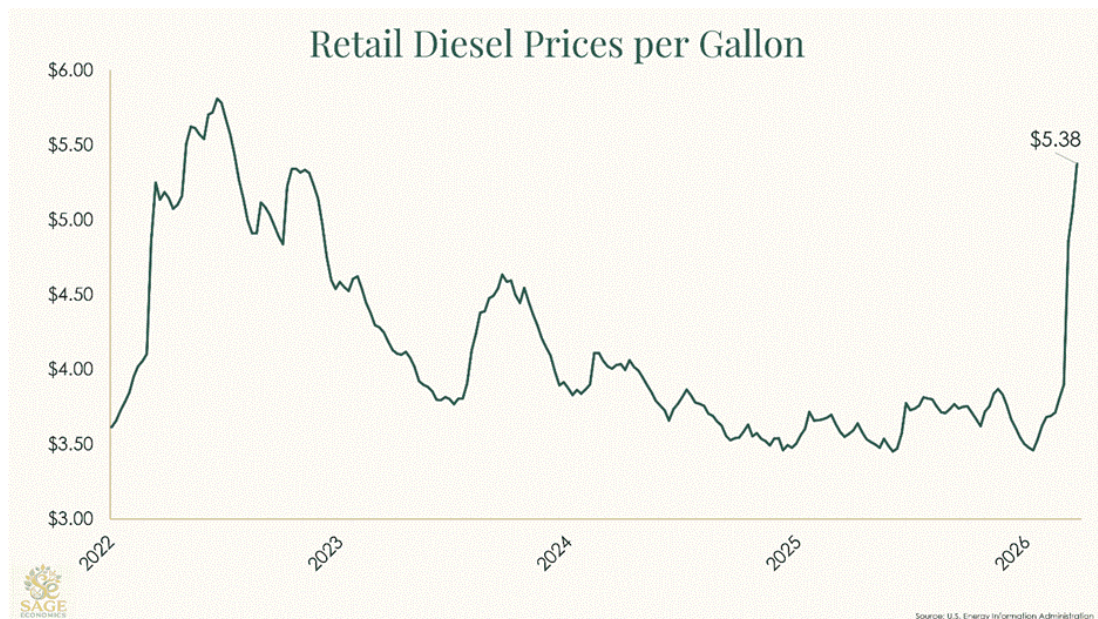
U.S. gas prices surged and are up more than \$1 per gallon since the start of the conflict.

Americans buy 375 million gallons of gas per day, so that's an additional daily cost of \$375 million. Per person, that amounts to about \$50 per month or an

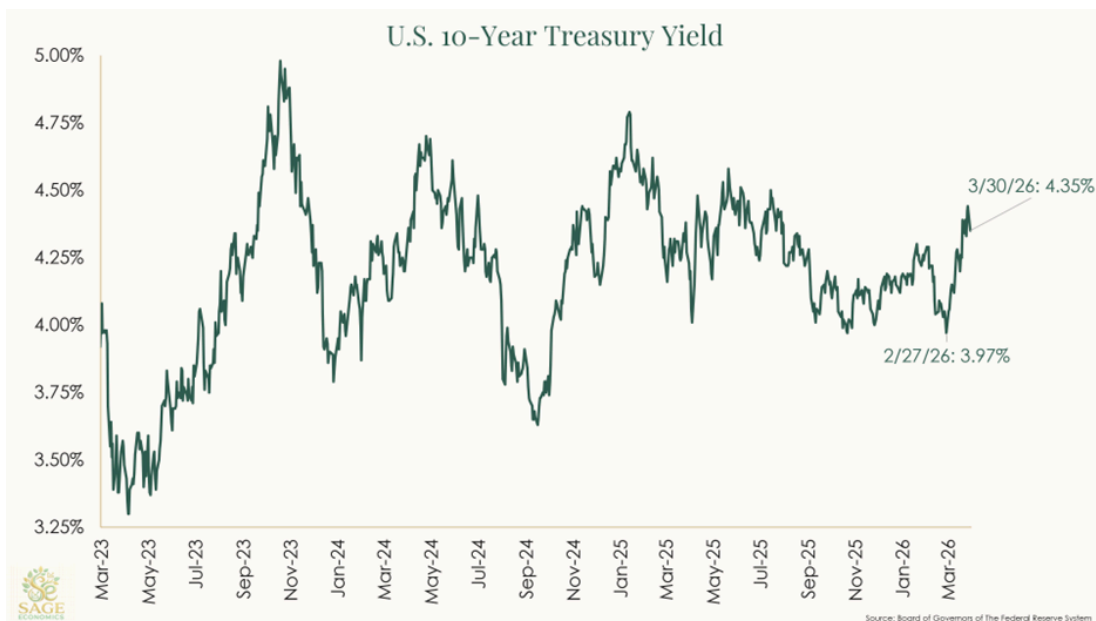
additional \$600 per year.



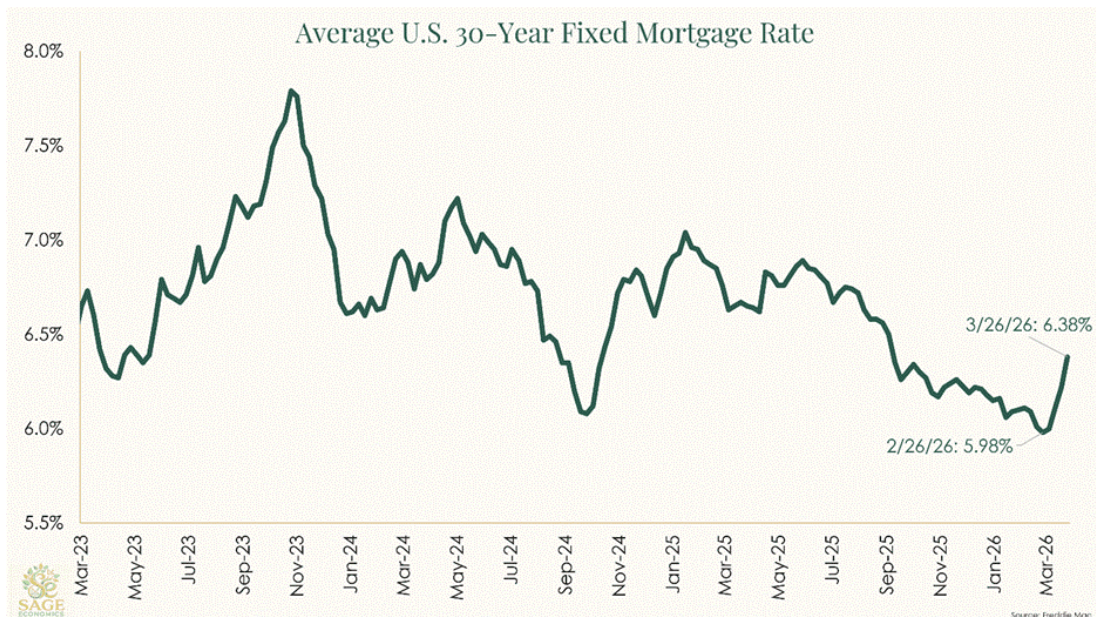
The type of oil moved through the Strait of Hormuz is heavily weighted toward the kind used for diesel and jet fuel, causing even sharper prices increases for these products.



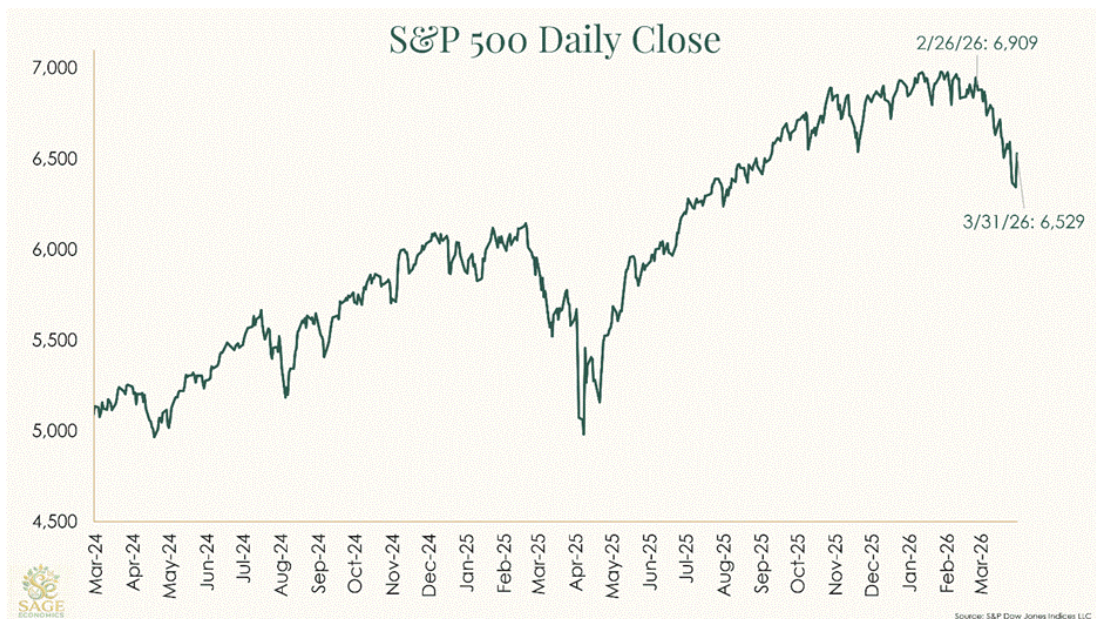
Greater uncertainty and higher inflation expectations pushed 10-year treasury yields about 0.4 percentage points higher.



That caused mortgage rates, which had finally slipped below 6.0% for the first time since 2022, to spike. More increases are likely over the next few weeks.



Stocks mounted a shockingly orderly retreat, falling steadily throughout March without dropping more than 2% on any single day. They rebounded yesterday (March 31st), rising nearly 3%, and are up again this morning.



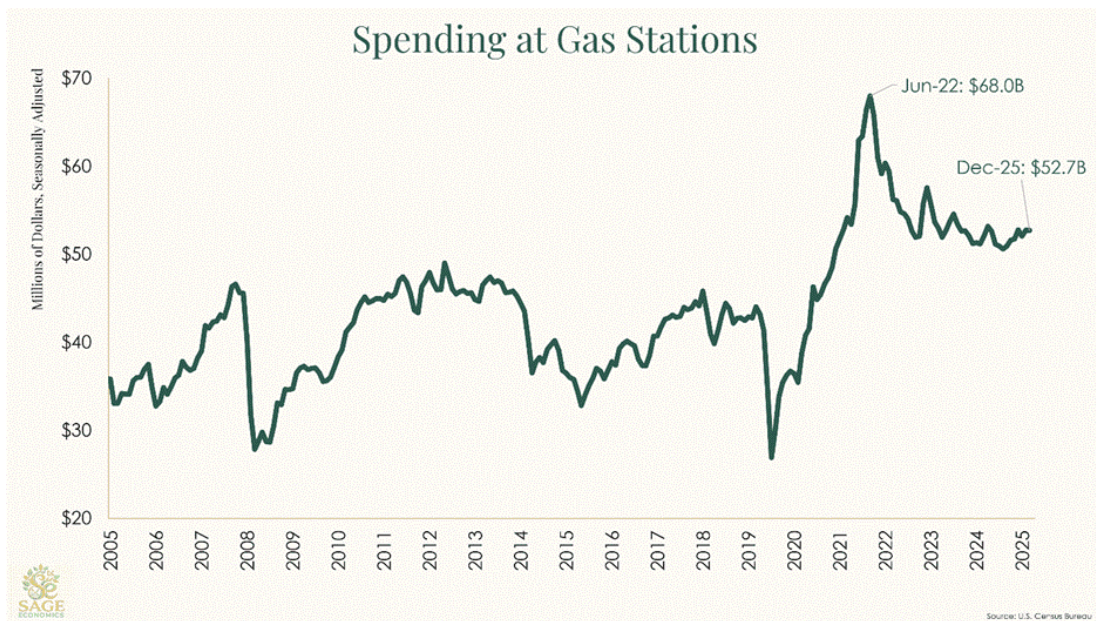
Where We Have *Not* Seen Fallout

Most U.S. economic data. Not because there won't be fallout. Data for March just hasn't been released yet. Notably, there are early indications that inflation will come in scorching hot for the month.

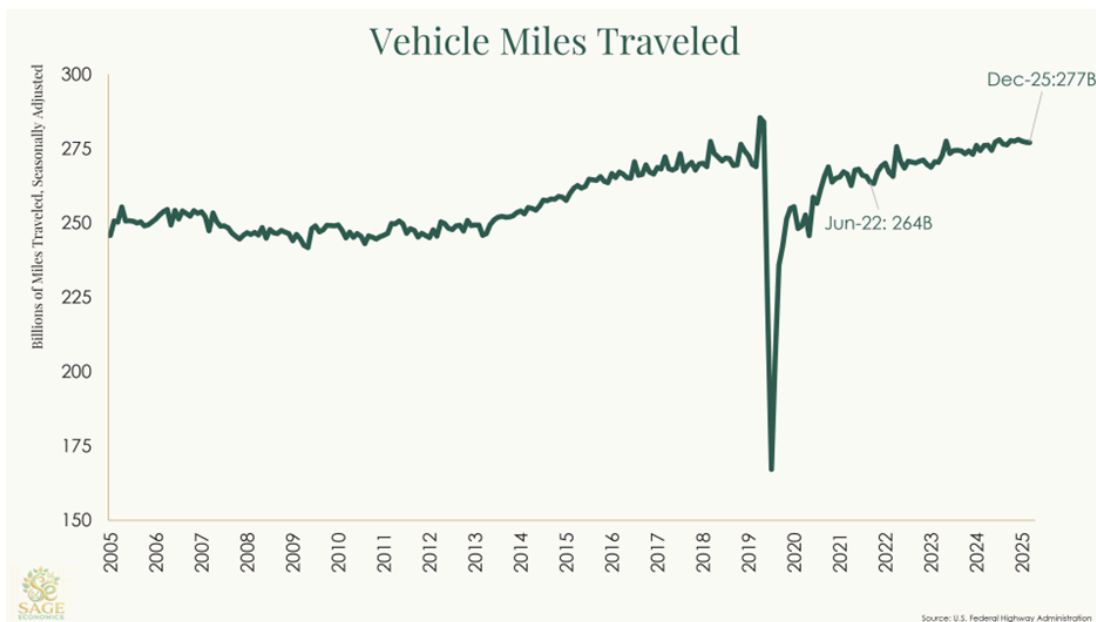
So that's something to look forward to.

What We Know From 2022

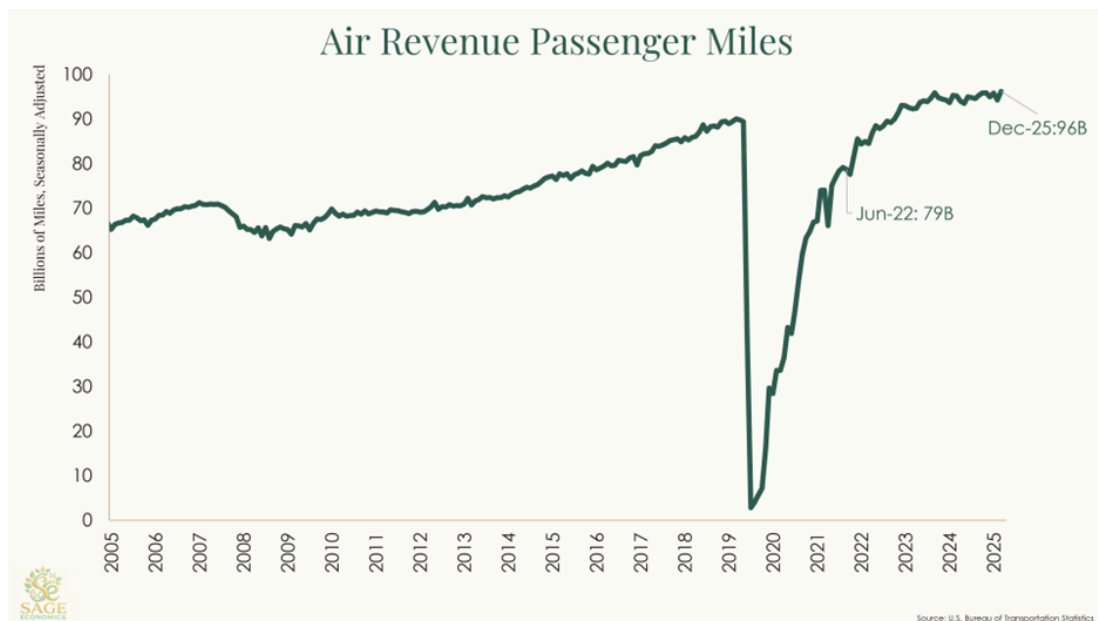
Inflation was already boiling to a 40-year high in when Russia invaded Ukraine in early 2022, so it's hard to tease out the specific impacts of the supply shock. That said, spending at gas stations is going to rise sharply.



That massive increase in gas station spending during the Summer of 2022, when gas spiked to more than \$5.00/gallon, came at a time when the economy was still partially shut down. We drove 127 billion fewer miles in 2022 than we did in 2025.



The increase in air passenger miles has been even sharper since 2022.



Critically, oil prices quickly moderated during the second half of 2022.

What's Happens Next?

Asia is already experiencing acute fuel shortages. Europe is next. The U.S. is probably still a few weeks from feeling the full force of the supply shock.

The severity of the economic fallout hinges on how long the Strait remains closed. When will it reopen?

I don't know. Nobody knows. Read some tea leaves. Slaughter a goat and search the entrails. Scroll through President Trump's Truth Social feed.

Better yet, watch his address tonight at 9PM ET for "an important update on Iran."

This announcement could be the boots on the ground scenario President Trump hinted at on Sunday. Or it could be a unilateral deescalation that leaves Iran with control of the Strait, as he suggested to his aids on Monday.

Or it could be something else entirely.

Who's Right?

Markets have remained, all things considered, exceedingly calm. Energy industry executives and analysts have not. Hopefully markets are right.

A Miraculous March Jobs Report

Sage Economics

Fri, Apr 3, 2026

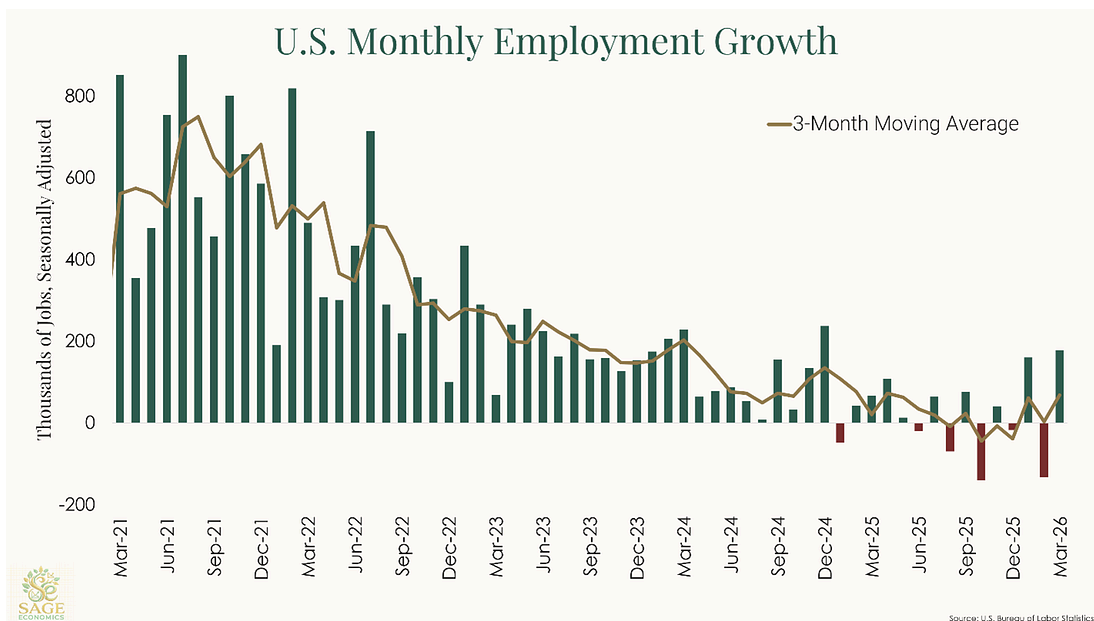
A Miraculous March Jobs Report

178,000 new jobs, unemployment down to 4.3%

ZACK FRITZ

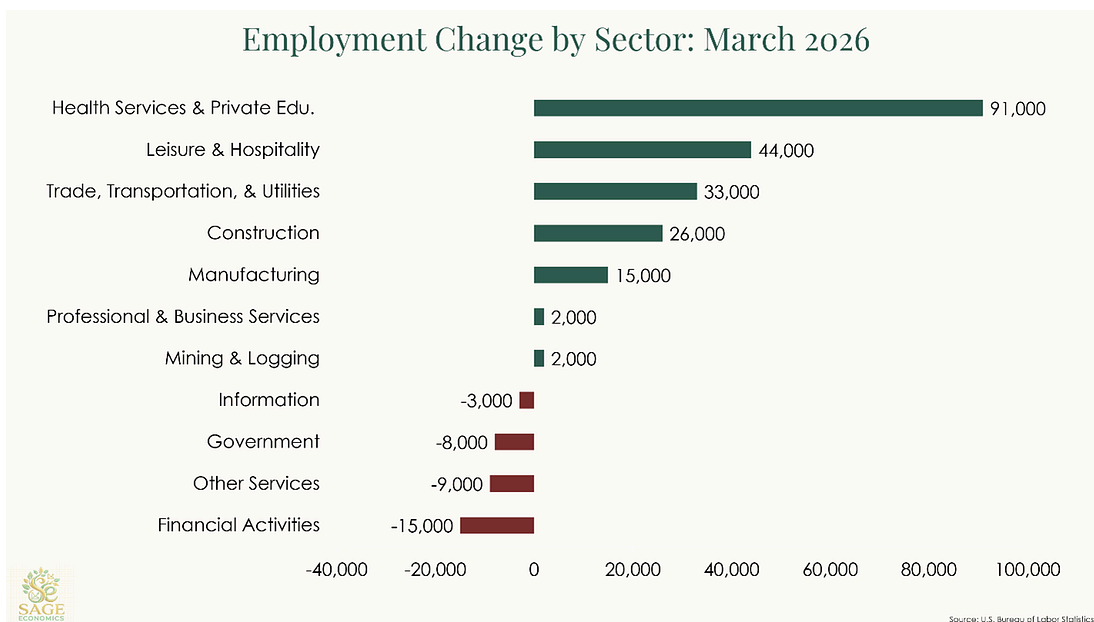


The labor market bounced back big time in March. U.S. employment grew by 178,000 jobs, the most in any month since December 2024, while the unemployment rate ticked down to 4.3%.



We averaged 68,000 jobs per month through the first quarter of 2026, the most of any three-month period since February to April of 2025.

Yes, job growth remains heavily concentrated in just two segments, healthcare and leisure and hospitality, but that's been the case. Don't expect the composition of job growth to change anytime soon.



For an economy with an aging labor force, subdued levels of immigration, and extraordinary policy uncertainty, March's jobs report was about as good as it gets.

But that was March.

Is Time a Flat Circle?

364 days ago, I opened my post on the March 2025 jobs report with: “Writing about March’s labor market data after Wednesday’s [Liberation Day] tariff announcements is like reviewing a patient’s routine blood work from a month ago while they’re in shock trauma with a stab wound to the neck.”

Yes, that was a bit dramatic, but it was also right. We’ve averaged just 22,000 jobs per month since Liberation Day, fewer than a third of the 76,000 jobs averaged during the 12 months before it.

It’s tempting to make a similar comparison with today’s jobs report, which gives us our last glimpse employment dynamics prior to the economic fallout from the conflict in Iran.

I’ll resist that temptation. Today’s jobs report, unlike the March 2025 one, provides a valuable signal about the state of the labor market even with the conflict in Iran weighing on growth in the coming months.

The Upshot

First, you should feel better about the economic outlook than you did yesterday.

Second, the conflict in Iran is still deeply concerning. If the Strait of Hormuz remains closed too much longer, it’s going to cause real and lasting economic damage (more than it already has, anyway).

Third, this looks a lot like full employment. The Fed won’t be in a rush to cut rates.



Mad Week in Review

Sage Economics <basu@substack.com>

Fri, Apr 3, 2026

Mad Week in Review

Oil, jobs, & a lot more

ANIRBAN BASU



March Madness is now April Madness as conflict rages in the Middle East—America remains the number 1 seed, right?—and oil/gasoline/diesel prices remain sky-high. But this week's attention was captured by a blockbuster Friday jobs report, though how good that report actually is depends on the eyes of the beholder ([Zack, fwiw, found it “miraculous”](#)).

Monday

Texas Manufacturing Survey

Manufacturing activity expanded in March, according to this [Dallas Fed Survey](#), albeit at a slower pace than in February. That's not particularly interesting—it's the [comments from respondents](#) are the juicy part of these surveys, and the comments did not disappoint.

Three examples that really cover the full range of business conditions:

1. From a computer and electronic product manufacturing respondent: “I am thinking about recommending to our board to close the company.”
2. From a machinery manufacturing respondent: “Spring has sprung. It’s truly like the balm of Gilead. After an extended period of ailment and woe, the healing has occurred and we are on our way to greater things. Our business growth thus far in 2026 is like a sweet fragrance that is healing our loss and hardship from prior years.”
3. From a food manufacturing respondent: “High density Hispanic channels are down. Costs are up, and freight is increasing fast. Tariff chaos has wreaked havoc with all of our export customers and seasoning suppliers.”

Yes, the comments are interesting, but in the aggregate, don’t provide too much insight regarding how the overall economy is performing, or even insight into that state’s manufacturing segment. The point is that this is an economy with big winners and losers. It’s all or nothing for many.

Oil Stuff

Gas prices continued their rapid climb, rising to a nationwide average of \$4.13/gallon during the week ending March 30th. Diesel prices also kept soaring, up to \$5.40/gallon. That’s a staggering \$1.92/gallon higher than at the start of 2026.

Those prices are going to keep rising, as of this morning (Friday), U.S. oil prices are trading above \$112/barrel.

Put simply, the Strait of Hormuz needs to open, and it needs to open soon. Can’t we all just get along?

Tuesday

Job Opening & Labor Turnover Survey (JOLTS)

The U.S. hiring rate (employees hired/all jobs) fell to 3.1% in February. That’s the lowest level since April 2020, when the economy lost 20 million jobs and the unemployment rate surged to 15%.

Of course, just 1.1% of workers were fired or laid off in February. That’s exceptionally low, especially compared to the historically high 8.6% layoff rate

in April 2020.

Employees were also reluctant to leave their jobs in February, with the 1.9% quit rate matching the lowest level since—you guessed it—April 2020.

The takeaway here is that it remains a great time to have a job and an extraordinarily bad time to need one. We'll get to the blockbuster jobs report in a minute or two but let me foreshadow this by telling you that I am skeptical about the headline number in the context of other readings.

Conference Board Consumer Confidence Index

Consumer sentiment improved slightly in March, but I don't think that captures some of the pump-price-related pessimism that probably didn't surface until the end of the month. Despite the modest increase, confidence still appears to be trending downward since its 2021 peak.

Perhaps most importantly, consumer inflation expectations surged in March. That can serve as a self-fulfilling prophecy. If firms know that consumers expect higher prices, they'll meet those expectations.

TSA Checkpoint Travel Numbers

Air travel survived the TSA line craziness and remains above year-ago levels, jumping out of the frying pan only to land in the surging-jet-fuel-price fire. Airfares have already increased sharply, and this is nothing compared to what will happen if the Strait of Hormuz remains closed for another month or two. Let's be friends.

Wednesday

President Trump's Address

President Trump gave an update on the state of the conflict in Iran. There were not any definitive updates (like boots on the ground, for instance), though the President did vow to hit Iran "extremely hard" over the coming weeks and something else about "back to the stone age."

Markets did not like what they heard, with stocks tumbling after the address and U.S. oil prices rising to a new cyclical high.

Retail Sales

Retail spending rebounded in February (tax refunds anyone?). Total sales were 3.7% higher than in February 2025. While this is encouraging, I'm more worried about how consumers will hold up with high and rising gas prices and after having received those post-winter heating bills.

ADP Employment Report

Private employers added 62,000 jobs in March, according to this estimate from payroll processing firm ADP. The gains were concentrated in healthcare and private education (+58,000) and construction (+30,000). Manufacturing continued to lose jobs (-11,000).

Of note, this is a far less important estimate than the Friday one from the Bureau of Labor Statistics. You'll be there in one more minute – promise.

ISM Manufacturing PMI

Manufacturing activity expanded for a third consecutive month in March, according to this survey of industry managers. That's the good news. The bad news is that the prices component of the index absolutely blasted off. All signs point toward higher inflation in the months ahead.

Mortgage Applications

Mortgage applications continue to plunge. That's not surprising given the recent and sharp rise in mortgage rates, but it is disappointing.

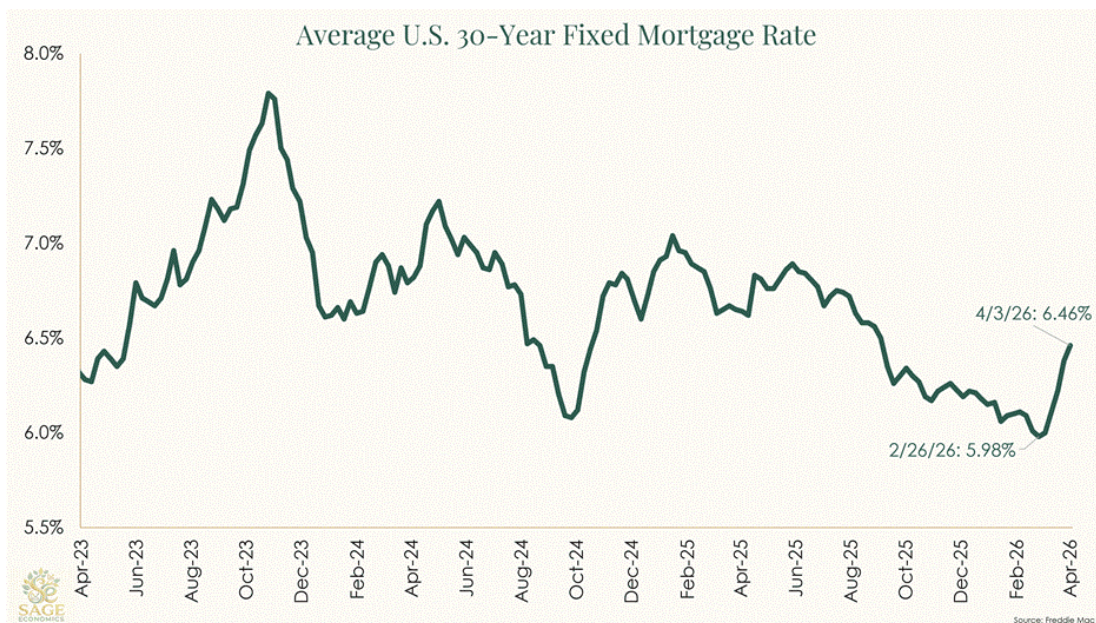
Thursday

U.S. Trade Deficit

The U.S. trade deficit expanded 4.9% in February. The increase was largely driven by a widening goods deficit. This data series remains unusually volatile, unsurprising given jarring and shifting tariff policymaking.

Mortgage Rates

Mortgage rates rose for a fifth straight week, with the 30-year fixed now up to 6.46%. That's a dizzying rise since late February, when rates were under 6.0%. Not a great time for home sellers. By the way, is anyone looking for a condo in Western Maryland?



Jobless Claims

Initial jobless claims fell to an even lower 202,000 this past week. The economy has 99 problems, but layoffs aren't one of them.

Friday

BLS Jobs Report

You made it! The labor market defied expectations in March. Employers added 178,000 new jobs, and the unemployment rate fell to 4.3%. Again, you can read Zack's full post on that here.

Links of the Week

Our radical plan to replace the NBA draft (Silver Bulletin)

Plentiful, high-paying jobs in the age of AI (Noahpinion)

It's hard to measure the cost of the housing shortage. (Erdmann Housing Tracker)

Final Thoughts

After this week, my outlook for the economy is: *Worse*

I know, I know, the headline jobs added number for March was fabulous and blew through consensus expectations. And we also have received decent news recently on retail sales, initial claims for unemployment insurance, the Institute for Supply Management's index, etc. I've said it to many audiences now: the US economy will expand in '26.

But look at other data. Friday's household survey (the source of the unemployment rate, not the jobs numbers) release indicates that the size of the U.S. labor force shrunk in March, that fewer Americans are employed than a year ago, and that the employment-to-population ratio is falling. Other data indicate slower wage growth, which fell to a 3.5% year-over-year increase in March, the lowest in years.

Given high fuel prices and slowing wage growth, consumer spending simply can't be expected to hold up the way it has. And yes, with inflation picking up, those hoping for a Federal Reserve rate cut in the near-term might as well be rooting for the Duke men's basketball team.

Construction's Scarce Momentum

Sage Economics

Tue, Apr 7, 2026

Construction's Scarce Momentum

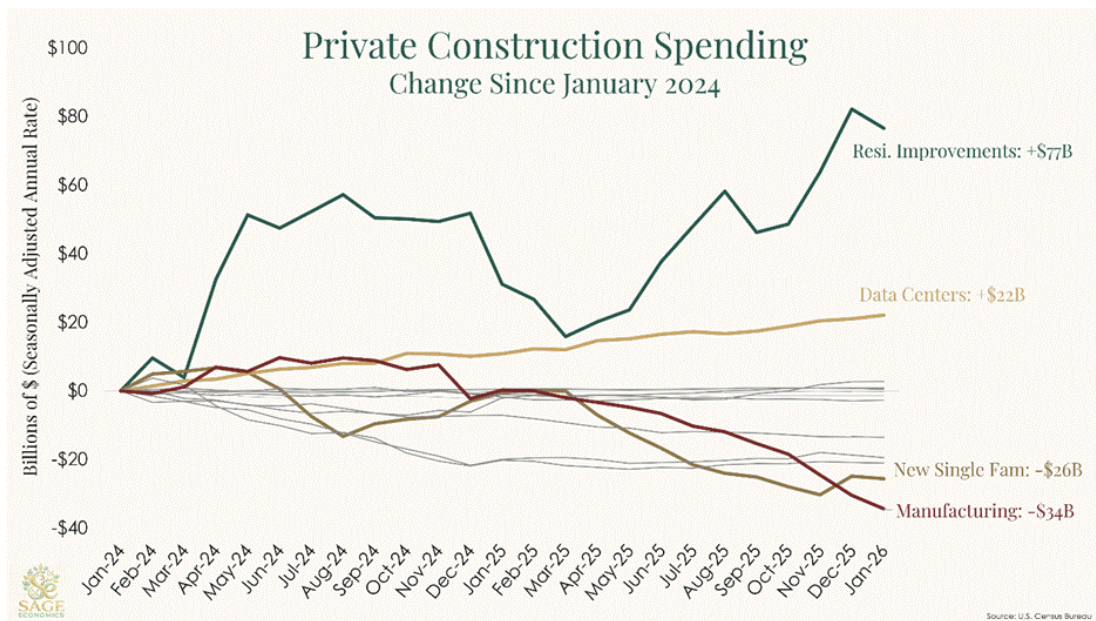
Renovations, data centers, & that's it

ZACK FRITZ & ANIRBAN BASU



Construction Trend Tuesday covers one (hopefully) interesting industry trend in a quick, two-minute read. You can access the archive of [CTT posts here](#).

Private construction spending has fallen by nearly 1% since the start of 2024. To the extent the segment has any momentum, it's entirely confined to two categories: residential improvements and data centers. Without those two categories, private nonresidential spending would be down by a 9% over the past two years.



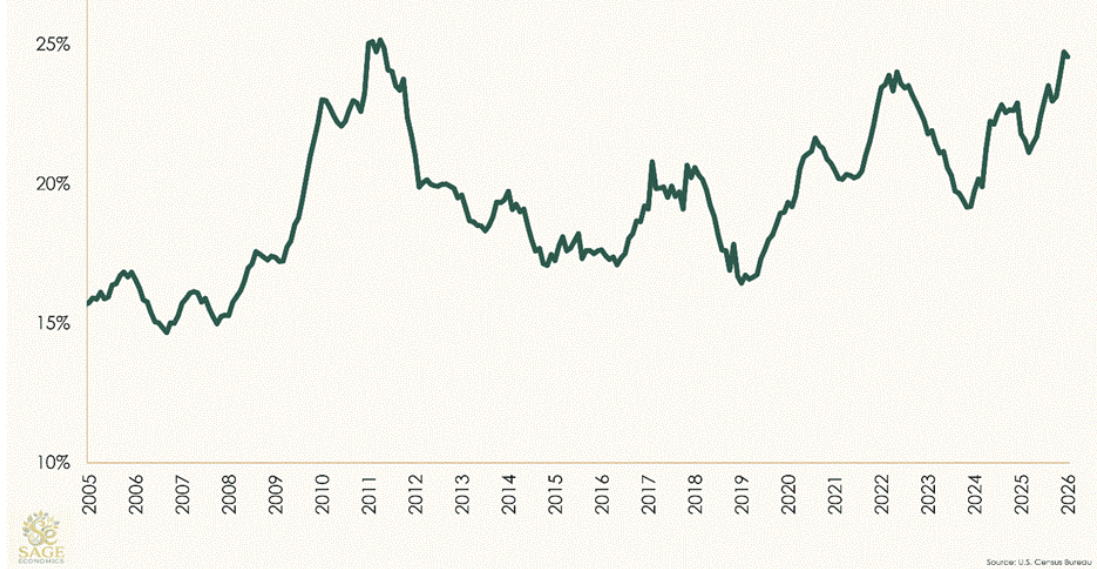
The data center boom has been much discussed, including in this newsletter, but the surge residential improvements has flown miles below the radar.

What's driving the increase? A few guesses:

1. High mortgage rates cause some would-be-movers to instead change their current home to suit their needs.
2. An expectation of falling mortgage rates makes some will-be-movers start preparing their homes for the market.
3. Aging-in-place Baby Boomers.
4. The housing stock isn't getting any younger.

This is pretty normal. Residential renovation work holds up better than other categories when activity contracts. About \$1 in every \$4 spent on private construction went to residential renovations in January 2026, just below the April 2011 all-time high.

Residential Renovations as Share of Private Construction Spending





Unpacking the Healthcare Hiring Boom

Sage Economics <basu@substack.com>

Thu, Apr 9, 2026

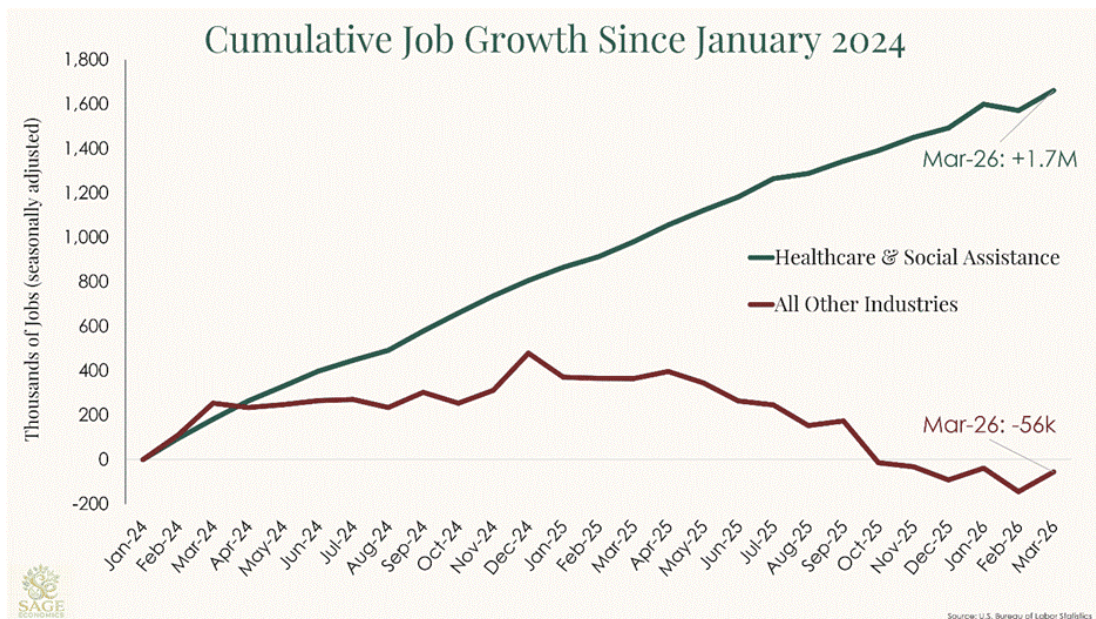
Unpacking the Healthcare Hiring Boom

Senior care & therapists drive the surge

ZACK FRITZ & ANIRBAN BASU



The healthcare and social assistance industry has dominated job growth over the past 2+ years, adding 1.7 million jobs since the start of 2024. All other industries have lost 56,000 jobs over that span.



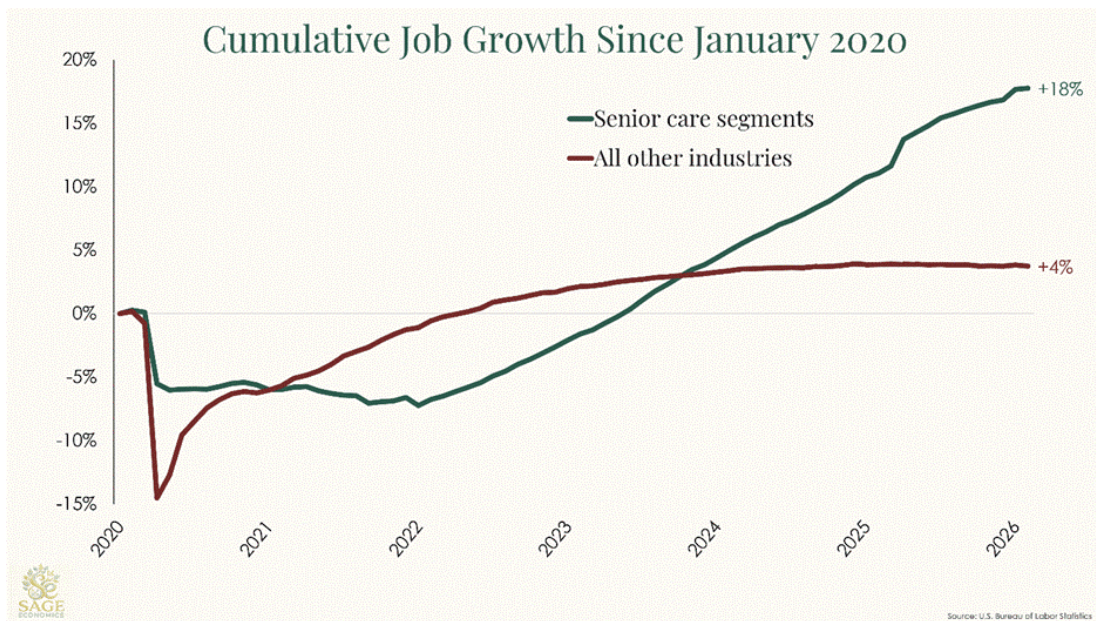
This is referred to as a *healthcare hiring boom*, but traditional healthcare employment has risen at just a modest (doctor and dentist offices) to healthy (hospitals) pace over the past few years.

No, it's the growing elderly population that's driving (hopefully not at night) this rapid job growth.

The Senior Care Surge

Nearly half of those 1.7 million new jobs are in just two industries: *nursing care facilities* and *services for the elderly and persons with disabilities*. Those segments now employ an incredible 6.4 million people, and since the start of the pandemic, they've accounted for about 1 in every 7 new jobs.

This isn't surprising. There are a lot of Baby Boomers. It will take a lot of labor to care for them.

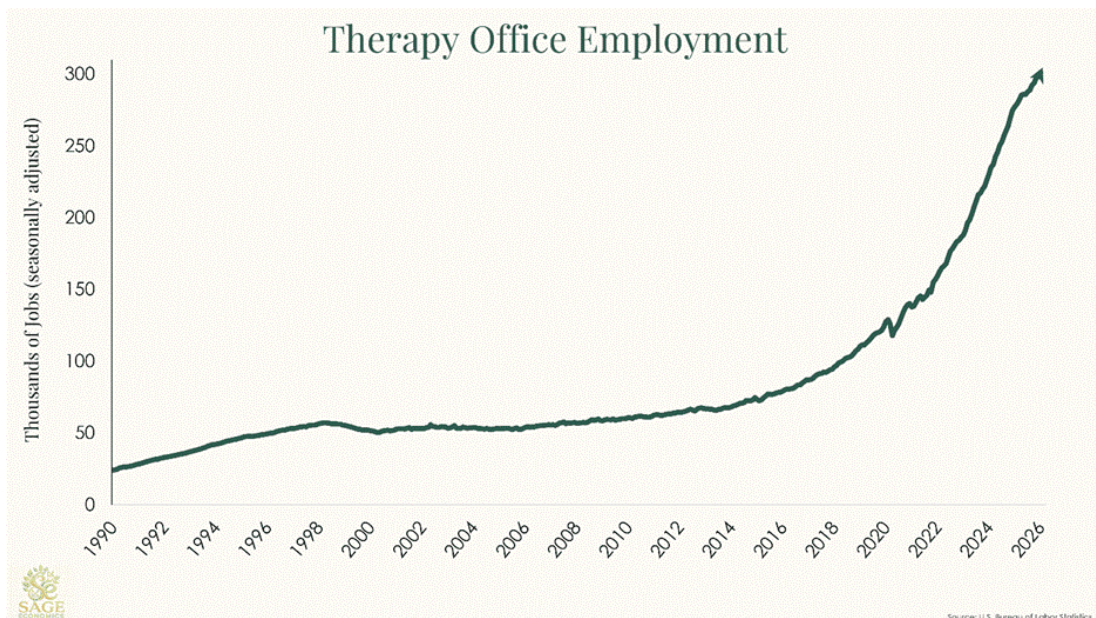


Funding also plays a role here. The federal government spends roughly a quadrillion dollars on seniors every year, and that's only a slight exaggeration. In 2025, federal outlays totaled \$43,700 per retiree (65+) and just \$4,300 per child/young adult.

If that fact is giving you mental health problems, well, good news.

Unpacking the Therapy Data

Employment at nonphysician therapy offices is up a staggering 146% since the start of the pandemic. The industry now has over 300,000 employees, about 10,000 more than in the entire state of Wyoming.



Employment growth at psychiatry offices has been a little slower—med school takes time and limits graduates—but is still up more than 50% since the start of 2020.

The driving force here is pretty clear: therapy is in. 60 million American adults received mental health treatments in 2024, a 50% increase from 2019, while about a third of adolescents used therapists in 2023.

If you had to bet on which industry will grow the fastest over the next few years, this would be a fine choice. And if you actually find yourself betting on this, find a therapist to treat your compulsive gambling disorder.



Inflated Week in Review

Sage Economics <basu@substack.com>

Fri, Apr 10, 2026

Inflated Week in Review

High prices, bad sentiment, & more

ANIRBAN BASU & ZACK FRITZ



The good news: egg prices fell for the 12th straight month in March and are down to the lowest level since early 2022.

The bad news: your car can't run on eggs, and the gas component of the consumer price index posted its largest monthly increase since at least the start of the data series in 1967.

Monday

ISM Services PMI

The U.S. service sector expanded for the 21st straight month in March, according to this [survey of industry managers](#). The bad news is that prices increased sharply, providing yet another sign that inflation is picking up.

Oil Stuff

Oil prices fell sharply following reports of a “ceasefire” and “reopening of the Strait of Hormuz.” We use quotes there because at least two sides of the

conflict have yet to cease firing and, as of Friday, the number of ships passing through the Strait has actually decreased. The best thing we can say about the situation is that no civilizations have died.

Gas prices keep rising despite the two-week pause, with the average up to \$4.25/gallon during the week ending April 6th. Diesel prices have risen even faster, up to \$5.64/gallon, more than \$2.00/gallon more expensive than at the start of the year.

Tuesday

Durable Goods Orders

New orders for durable goods (things that last at least three years) fell for the third straight month, but that's mostly due to the volatile transportation equipment category (think airplanes). Even without excluding transportation, though, orders were 8.1% higher during the first two months of 2026 than during the same stretch of 2025. Not bad!

TSA Checkpoint Travel Numbers

The rising cost of jet fuel hasn't hurt U.S. air travel. Not yet, anyway. The number of people passing through TSA security remains up about 2.0% on a year-ago basis over the past week.

Wednesday

Fed Meeting Minutes

The Fed released the minutes from their March meeting. Nothing to see here—they didn't cut rates, and they won't for some time given the fallout from the conflict in Iran.

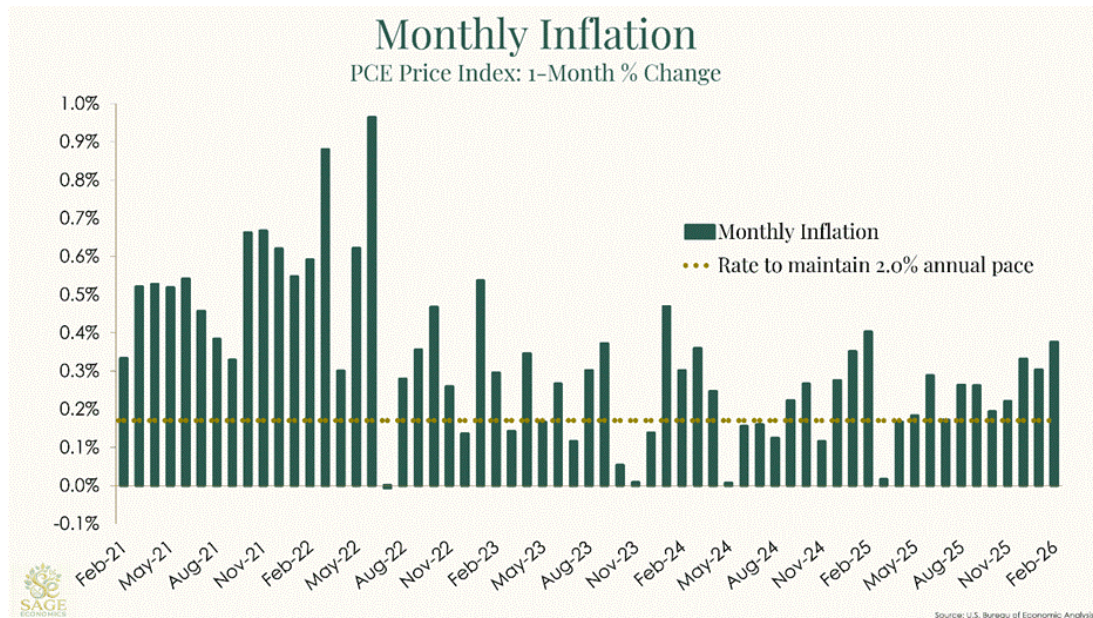
Mortgage Applications

Mortgage applications decreased again. No surprise given the rapid increase in lending rates.

Thursday

PCE Price Index

The Fed's favorite measure of inflation came in hot for February, with both overall and core (excludes food and energy) prices rising 0.4% for the month. As you can see below, price increases have picked up over the past few months.



Year-over-year inflation slowed slightly to 2.8%, but that's due to softer price increases in early 2025, and is still well above the Fed's 2.0% target.

Income, Spending, & Saving

Personal income fell 0.1% in February, while personal spending increased 0.5%. That sounds alarming, but the decrease in income was largely driven by an adjustment in transfer receipts (government payments) related to Affordable Care Act enrollments. Wages and salaries increased a healthier 0.2% for the month. That's still slower than spending, but all things considered, not terrible.

The average person saved 4.0% of their disposable income for the month, which is pretty low by historical standards.

Mortgage Rates

Mortgage rates fell slightly this week, with the 30-year fixed down to 6.37%. That's still about 0.4 percentage points higher than in late February.

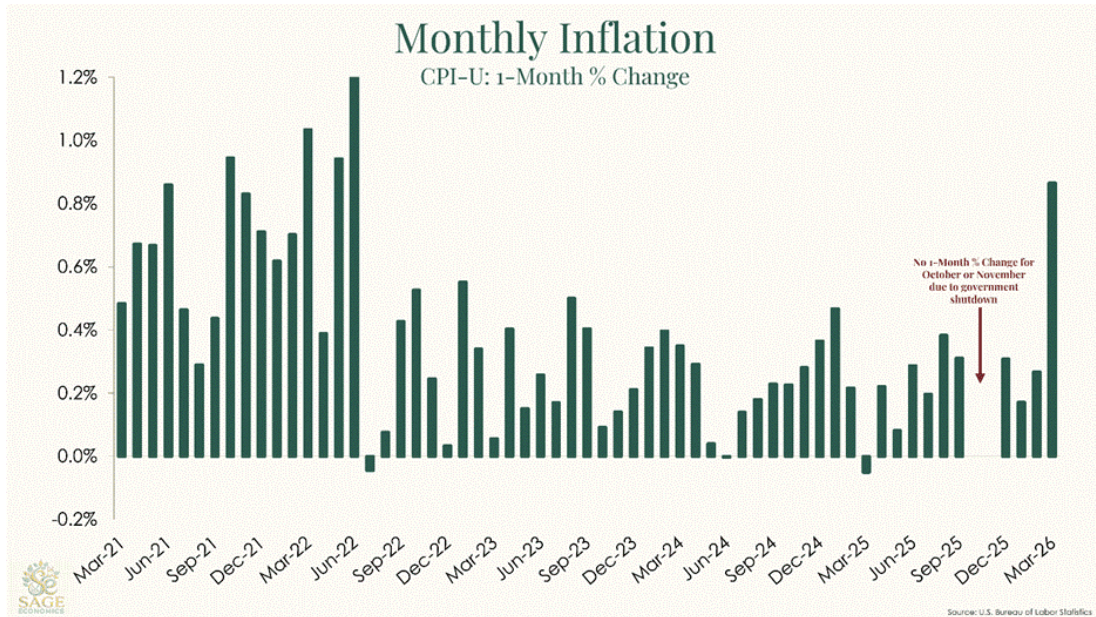
Jobless Claims

Initial jobless claims rose to 219,000, the highest level since the first week of February. Nothing to worry about though, these are still exceptionally low.

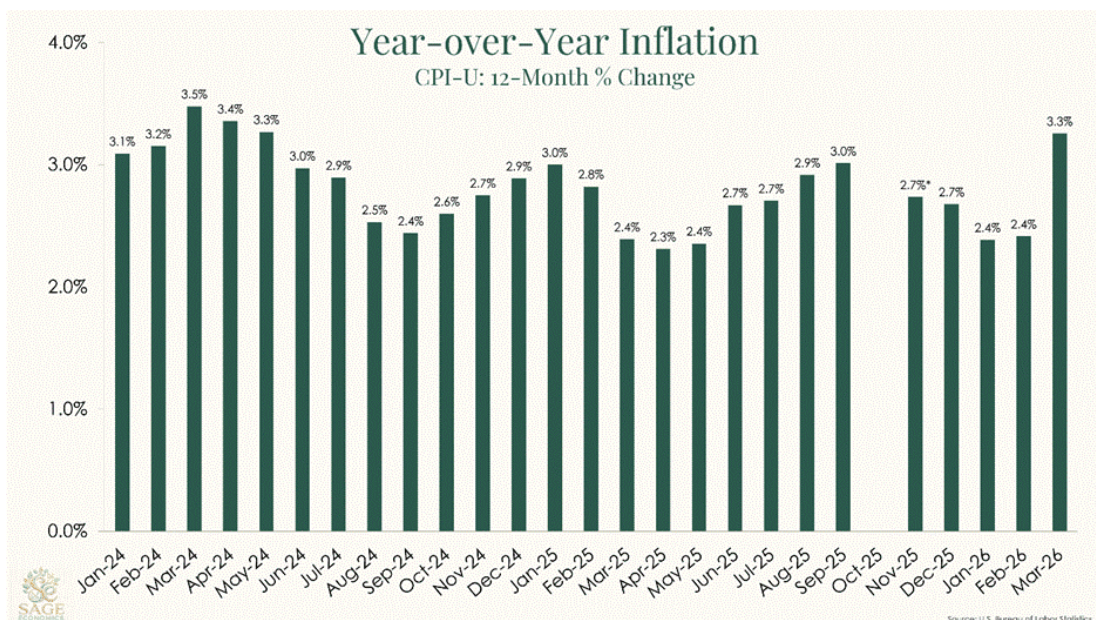
Friday

Consumer Price Index

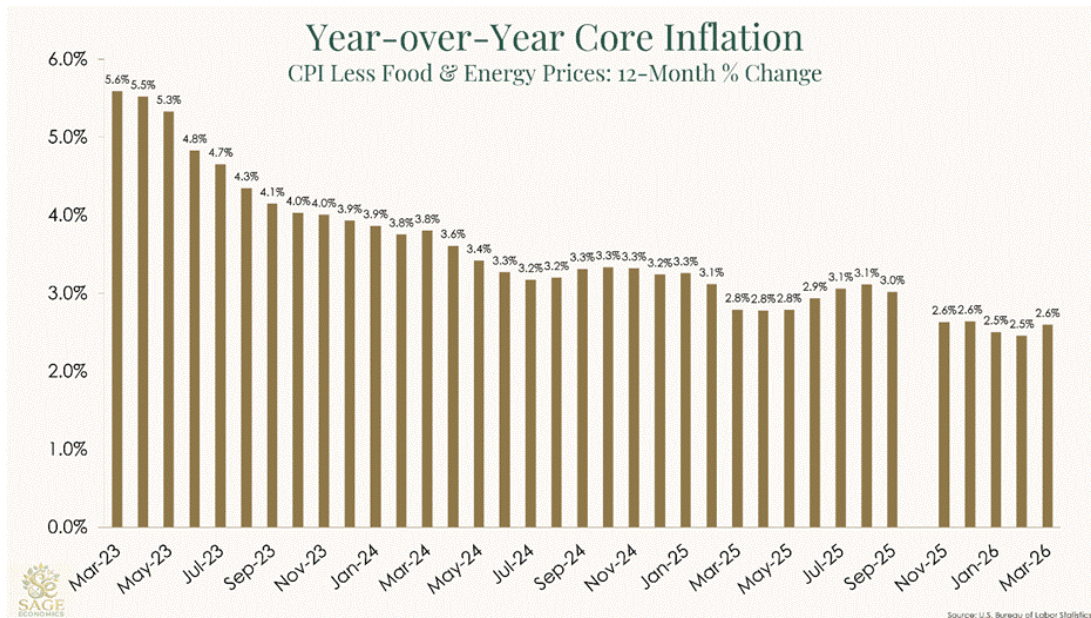
The most popular measure of inflation came in hot for March. Prices increased 0.9%, the largest monthly increase since June 2022.



Overall prices are now up 3.3% over the past year. That's the fastest year-over-year inflation since May 2024.



That increase was largely due to higher oil prices. Core prices, which exclude food and energy prices, increased just 0.2% for the month, with the year-over-year pace picking up to 2.6%. That's higher than in January or February but right in line with the end of 2025.



Big picture, this isn't as catastrophic as the headline numbers suggest. Energy prices surged, but they could also fall quickly. The real question is how higher fuel prices will affect other prices in the coming months.

Bigger picture, we're nowhere near the Fed's 2.0% target rate of inflation. Don't expect rate cuts anytime soon.

University of Michigan Consumer Sentiment Index

This measure of consumer confidence plunged to the lowest level ever recorded in early April, and this data series goes all the way back to 1952. That may have a little bit to do with recent methodological changes, but there's no way around it; people feel bad about the economy.

If you want a tiny silver lining, 98% of the interviews for the index came in prior to the "ceasefire", so there's a chance this improves when the final April reading comes out later this month.

Links of the Week

Helium Is Hard to Replace (Construction Physics)

The Substack-ification of American Religion (Derek Thompson)

Most recent manufacturing job gains are fading, but growth persists in dynamic places (Agglomerations)

Final Thoughts

After this week, Anirban's outlook for the economy is: *Worse*

The Strait of Hormuz is still closed amid a “ceasefire,” and inflationary pressures continue to proliferate, economywide. Consumer sentiment is still collapsing. Stagflation is here and will become more intense during the weeks ahead.

After this week, Zack's outlook for the economy is: *Worse*

What Anirban said. Also, I'm worried about how sky-high diesel prices will affect the rest of the economy.

Reopened Week in Review

Sage Economics <basu@substack.com>

Fri, Apr 17, 2026

Reopened Week in Review

Oil, Hormuz, housing stats, & more

ANIRBAN BASU & ZACK FRITZ



Iran's foreign minister declared the Strait of Hormuz "completely open" this morning, at least for the remainder of the ceasefire in Lebanon. Oil prices are plunging, stocks are roaring, and treasury yields are drifting lower.

Of course, the Strait was supposed to reopen following the previous ceasefire agreement and didn't, though markets certainly seem more optimistic this time around.

Monday

Existing Home Sales

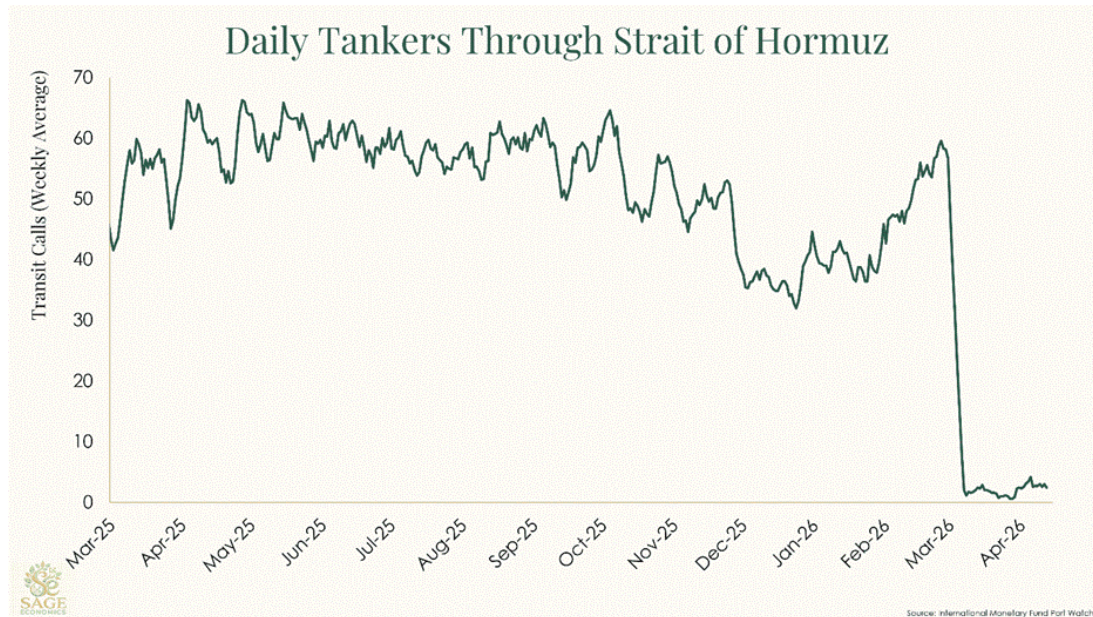
Sales of existing homes (i.e., not newly built) fell 3.6% in March and were 1.0% lower than in March 2025. Blame mortgage rates.

Oil Stuff

Oil prices are falling off a cliff due to the alleged reopening of the Strait of Hormuz. That's good news, because gas prices were unchanged during the

week ending April 13th, with the average at a still-punishingly-high \$4.25/gallon. Diesel prices fell slightly but at \$5.61/gallon are still up more than \$2.00/gallon since the start of the year.

Going forward, this is the critical chart to watch.



Even if the Strait reopens and traffic through the Strait rebounds as quickly as it fell, we've still lost hundreds of millions of barrels of oil production due to the closure. That's going to affect fuel prices for some time.

Tuesday

Producer Price Index

Prices received by U.S. producers rose sharply in March, but that had a lot to do with higher oil prices. Core prices (exclude food and energy) actually increased at a slower rate. While that's mildly encouraging, higher energy prices will eventually translate into higher other prices, and the inflation outlook is not great at the moment.

NFIB Small Business Optimism Index

This measure of small business owner confidence fell in March and is at its lowest level since April 2025. That's due to higher oil prices, which "spooked consumers and owners alike."

TSA Checkpoint Travel Numbers

Well, air travel volumes slipped back below year-ago levels as of the week ending April 15th. That could be because of the timing of Spring Break, or it could be because of the way higher jet fuel prices are pushing up airfares.

Wednesday

The Beige Book

This interview-based overview of economic conditions across the 12 Federal Reserve Districts showed “slight to modest” growth in most regions. The conflict in Iran was cited as a major source of uncertainty (no surprise there), and many districts reported signs of consumer strain.

NAHB Housing Market Index

Homebuilder confidence fell in April and is back to the lowest level since last September. That’s what happens when mortgage rates spike.

Mortgage Applications

Mortgage applications increased slightly, but that’s not saying much. Purchase applications are still lower than they were one year ago.

Thursday

Industrial Production

U.S. mining, manufacturing, and utilities production fell 0.5% in March, but that follows a strong 0.7% increase in February. Overall, industrial production is up a perfectly okay 0.7% year over year. While that’s not spectacular, industrial production is one of the indicators that the NBER uses to diagnose recession, so even modest growth is a good sign.

Mortgage Rates

Mortgage rates fell for the second straight week and are now down to 6.30% for a 30-year fixed. That’s still 0.32 percentage points higher than in late February.

Jobless Claims

Initial jobless claims fell back to 207,000 and remain in excellent shape. Despite everything else going on with the economy, there are still no signs of higher layoff activity.

Friday

Fed Manufacturing Surveys

Federal Reserve branches conduct monthly manufacturing surveys, and the two that came out this week were pretty upbeat. Activity continued to expand in the Third District (DE and parts of PA and NJ) and New York State, although both surveys suggest accelerating price increases.

Links of the Week

An Inside View of the Davis-Bacon Act (Factory Settings)

H-1B Workers are Critical for AI Dominance (Agglomerations)

Drugs of Choice: Doubling down on explaining drug use with price theory (Economic Forces)

Final Thoughts

After this week, Anirban's outlook for the economy is: *Much Better*

Markets have been anticipating good news on the Middle East conflict for about two weeks. Today, that good news arrived and triggered a rally in the stock market, deep declines in oil prices, and renewed optimism for the U.S. and global economies.

After this week, Zack's outlook for the economy is: *Better**

My outlook improved this week based on the alleged reopening of the Strait of Hormuz, but it's important to keep things in context*: my outlook is a lot worse than it would have been had the Strait never closed in the first place.

Quiet Week in Review

Sage Economics <basu@substack.com>

Fri, Apr 24, 2026

Quiet Week in Review

The Strati of Hormuz, retail spending, & more

ANIRBAN BASU & ZACK FRITZ



Last Friday's "reopening" of the Strait of Hormuz proved the type that really does necessitate quotation marks; Iran said "no, never mind, it's actually still closed" on Saturday morning, less than 24 hours after the initial announcement. Oil prices yo-yoed, falling to \$90/barrel last Friday before zipping back above \$106/barrel as of this writing.

Geopolitical and oil market volatility aside, this was a quiet week for economic data releases.

Monday

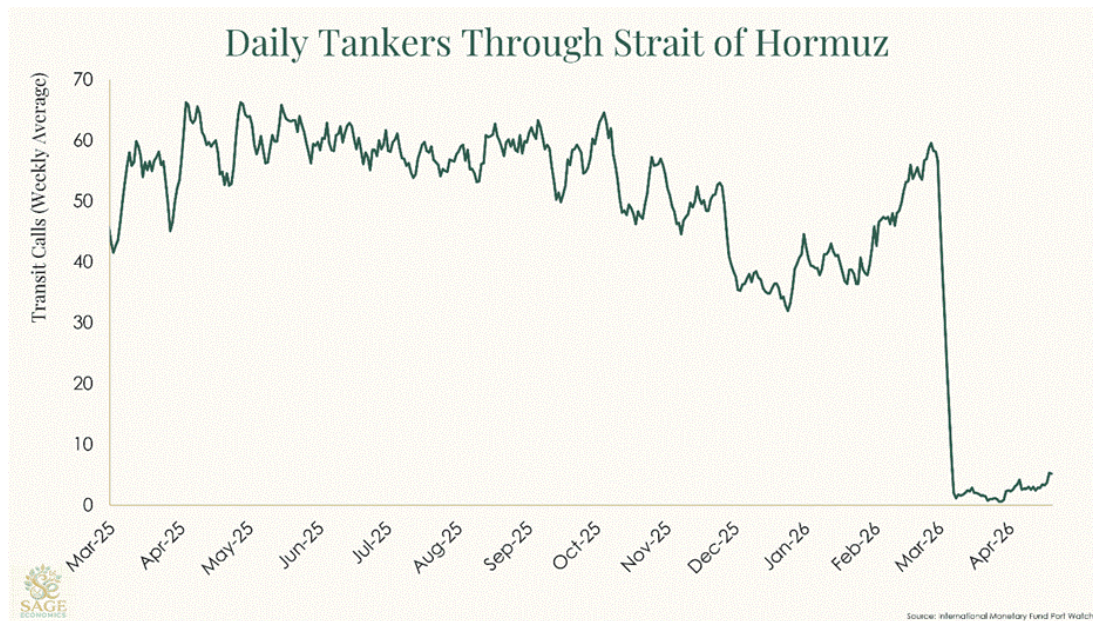
Oil Stuff

Oil prices, as mentioned above, have rebounded from last Friday's lows and are back above \$106/barrel as of this writing.

Gas prices fell to \$4.18/gallon during the week ending April 20th, though they appear to be rising again according to more real time data. Diesel prices also

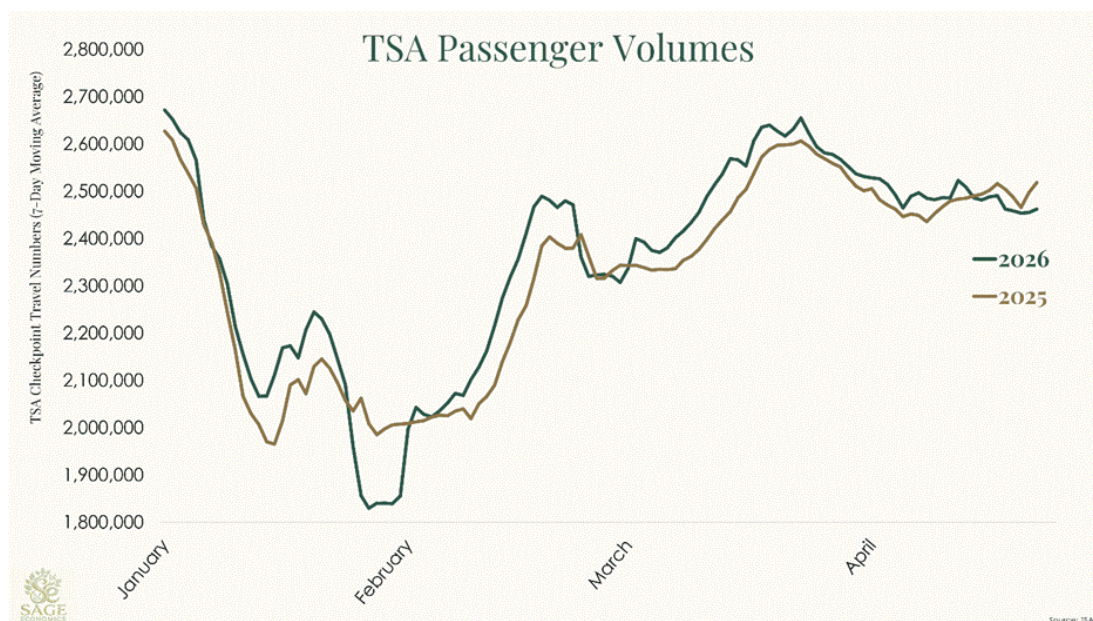
fell during the same week but at \$5.40/gallon are still punishingly high.

There's been a slight increase in traffic through the Strait of Hormuz, but nowhere near what needs to happen to alleviate pressure on oil markets.



TSA Checkpoint Travel Numbers

Air travel volumes have been below year-ago levels for more than a week. There's still a chance that this just has to do with the timing of spring break, but given rising air fares and broader uncertainty, it wouldn't be surprising if travel stays subdued over the next several weeks.



Tuesday

ADP Pulse Employment Data

Hiring picked up in late March and early April, according to this preliminary data from ADP. While this isn't the most authoritative data source, it's very plausible that job growth is accelerating.

Pending Home Sales

Pending home sales, which are supposed to give us an idea of what actual home sales will look like a month or two down the road, rose in February. That said, sales were down in January due to weather and likely fell again in March due to higher mortgage rates. Don't put too much weight on this.

Retail Sales

Retail spending increased sharply in March. The bad news is that the increase was largely due to higher gas prices; spending at gas stations surged 16% for the month.

The good news is that spending excluding gas stations still increased at a pretty healthy 0.6% pace in March, although at +2.9% year over year, spending is barely treading water with inflation.

What we really need to watch is how other retail categories fare in the coming months as high gas prices continue to gobble up disposable income.

Wednesday

Mortgage Applications

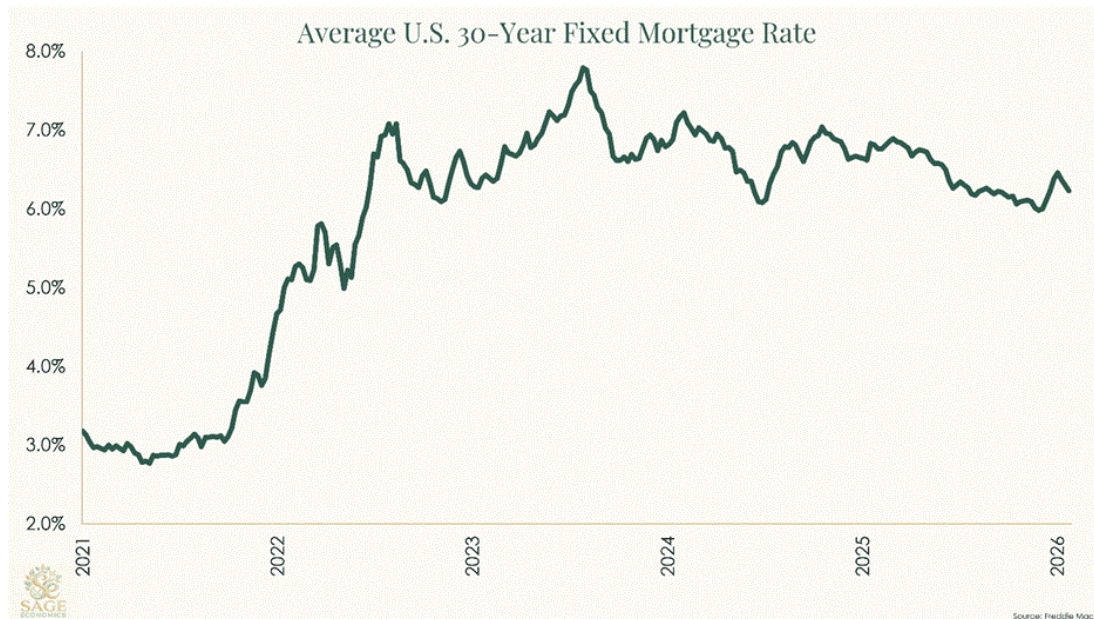
Mortgage applications increased at a healthy pace during the week ending April 17th. Lower mortgage rates and nice weather will do that.

Thursday

Mortgage Rates

Mortgage rates fell for the third straight week, with the 30-year fixed down to 6.23%. That's still a quarter percentage point above the late February cyclical

low (5.98%). Ongoing declines would be a big step toward salvaging the spring selling season.



Jobless Claims

Initial jobless claims increased to a still wonderfully low 214,000, well below year-ago levels. Still no signs of rising layoff activity.

Friday

University of Michigan Consumer Sentiment Index

Consumer sentiment fell sharply in April and is down to levels not seen since the middle of 2022. Not great, although it should be noted that sentiment seemed to be slightly better after the mid-April cease fire was announced.

Links of the Week

Construction Costs Rarely Fall ([Construction Physics](#))

The Problem of Population Loss ([Agglomerations](#))

If America's So Rich, How'd It Get So Sad? ([Derek Thompson](#))

Final Thoughts

After this week, Anirban's outlook for the economy is: *Improved*

Momentum seems to be returning to certain key segments, including consumer spending. Even the pace of hiring has improved. Whether this is merely a function of short-term stimulus or something larger isn't clear. I suspect that this new momentum may be short lived given the combination of geopolitics and still very uncertain domestic policymaking.

After this week, Zack's outlook for the economy is: *Slightly worse*

Every week that the Strait of Hormuz remains closed is another week of lost oil production. Absent any particularly upbeat data releases, that chips away at my outlook.
