

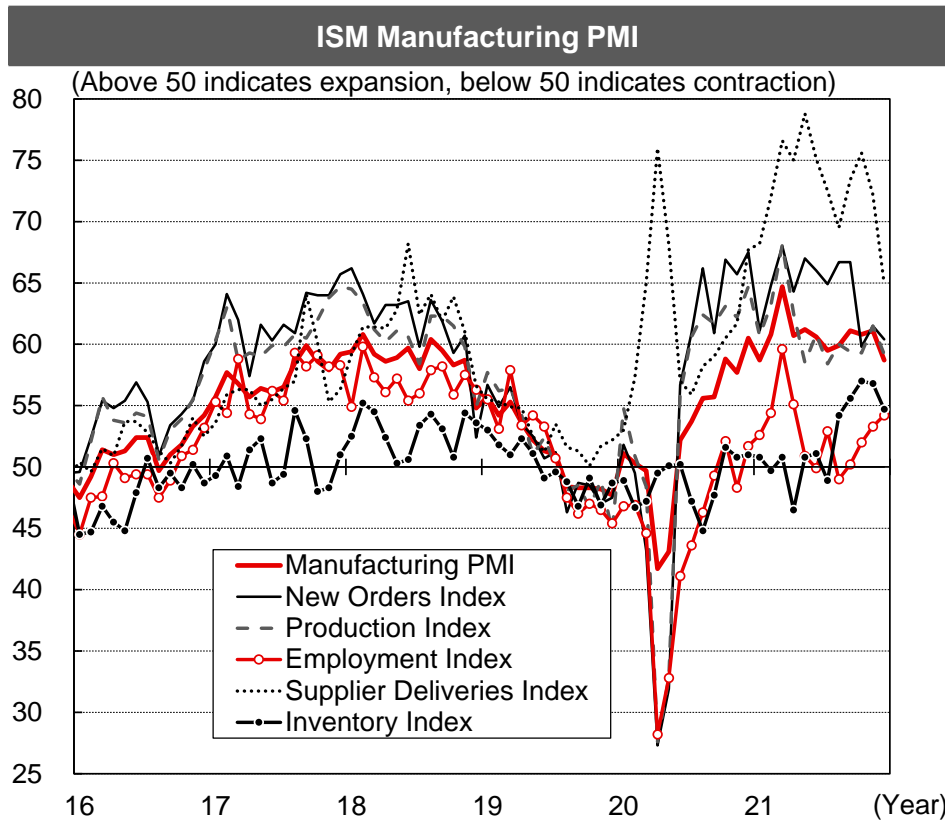
# US Economic Indicators Monthly Overview (January 2022)

ECONOMIC RESEARCH OFFICE (NEW YORK)

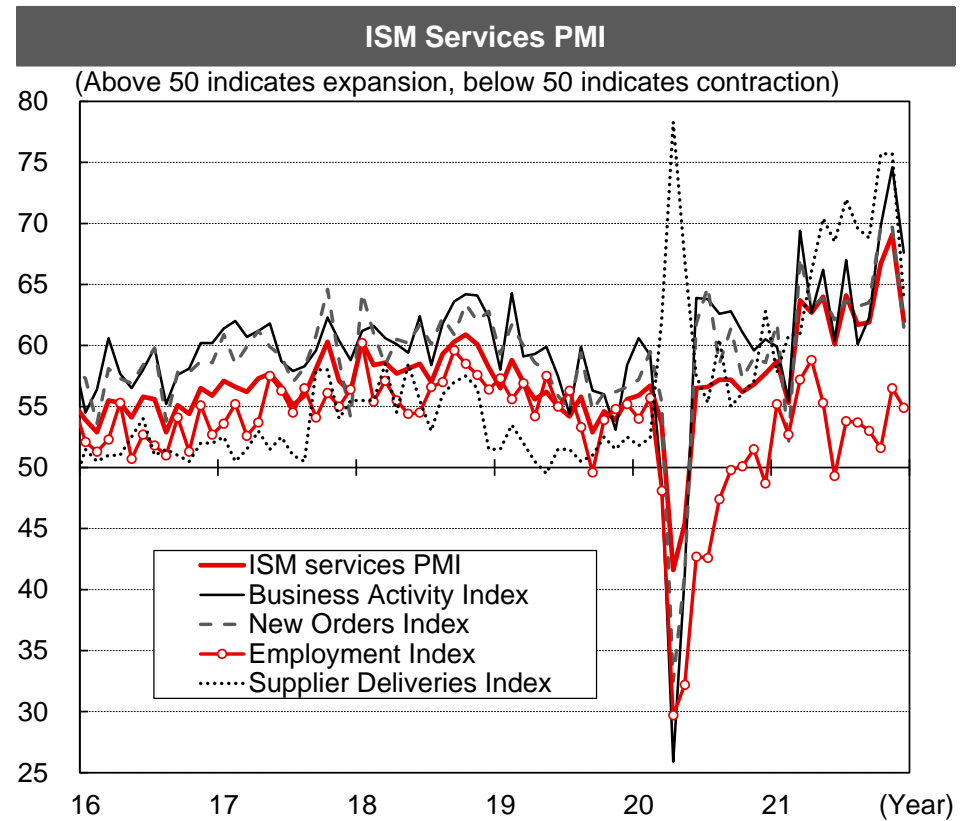
19<sup>th</sup> January 2022 (original Japanese version released on 14<sup>th</sup> January)

# 1. Business Activity

- ISM Manufacturing PMI, an indicator of business confidence and activity in the manufacturing sector, fell 2.4 points MoM to 58.7 in December 2021 after a rise in November. Component breakdown shows that Supplier Deliveries Index fell sharply, by 7.3 points MoM to 64.9, while New Orders Index declined 1.1 points to 60.4, Production Index declined 2.3 points to 59.2, and Inventory Index declined 2.1 points to 54.7. The headline index topped the expansion-contraction threshold of 50 for 19 consecutive months. Of the 18 manufacturing industries, 15 reported expansion and three reported contraction (in November, 13 reported expansion, two contraction and three no change).
- ISM Services PMI fell 7.1 points MoM to 62.0 in December, declining for the first time in four months. Component breakdown shows large declines in Supplier Deliveries Index (down 11.8 points to 63.9), Business Activity Index (down 7.0 points to 67.6), and New Orders Index (down 8.2 points to 61.5). The headline index topped the expansion-contraction threshold of 50 for 19 consecutive months. Of the 18 service industries, 16 reported expansion, one contraction and one no change (in November, all 18 reported expansion).
- Large declines in the Supplier Deliveries Index in both manufacturing and services sectors suggest that supply constraints may be easing.



Source: Institute for Supply Management, MUFG Bank Economic Research Office

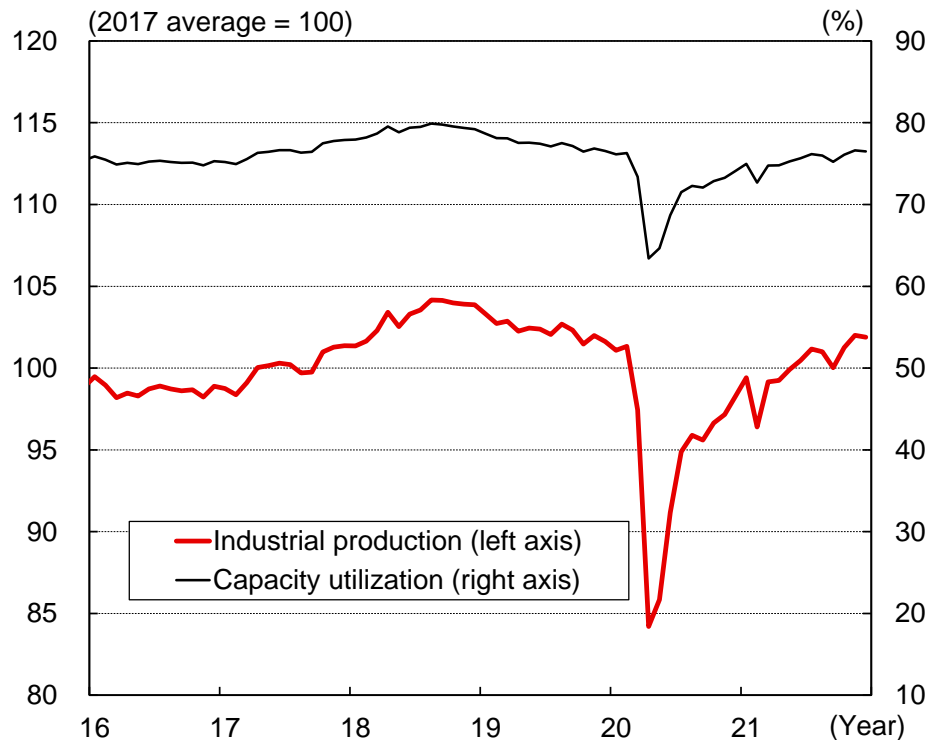


Source: Institute for Supply Management, MUFG Bank Economic Research Office

## 2. Production

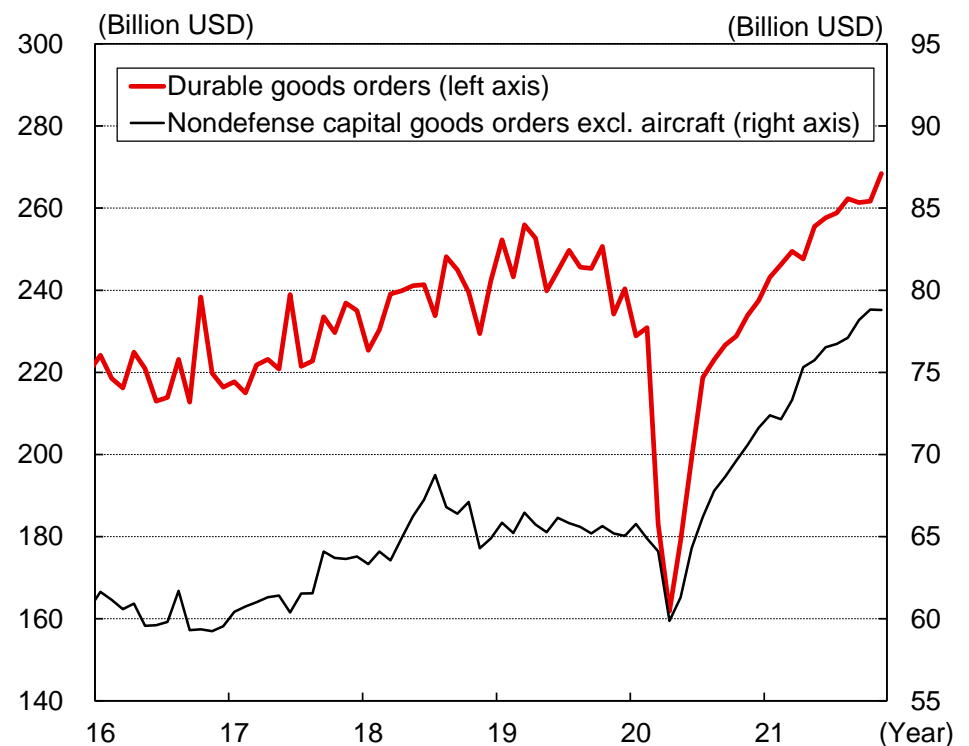
- Industrial production edged down 0.1% MoM in December 2021, declining for the first time in three months. Industry breakdown shows that mining rose 2.0% MoM mainly due to increases in oil and gas, while manufacturing declined 0.3% mainly due to a 1.3% decline in motor vehicles & parts. Utilities (electricity and natural gas) declined 1.5% MoM due to a drop in heating demand on the back of a warmer-than-usual weather. The capacity utilization rate fell 0.1% point MoM to 76.5% in December.
- Durable goods orders increased 2.6% MoM in November, rising for a second straight month. Industry breakdown shows that transportation equipment, which accounts for roughly 30% of all durable goods orders, increased 6.5% MoM as nondefense aircraft rose 34.0%. Meanwhile, core capital goods orders (nondefense capital goods orders excluding aircraft), a leading indicator of capital investment, was flat MoM in November.

Industrial Production and Capacity Utilization



Source: Federal Reserve, MUFG Bank Economic Research Office

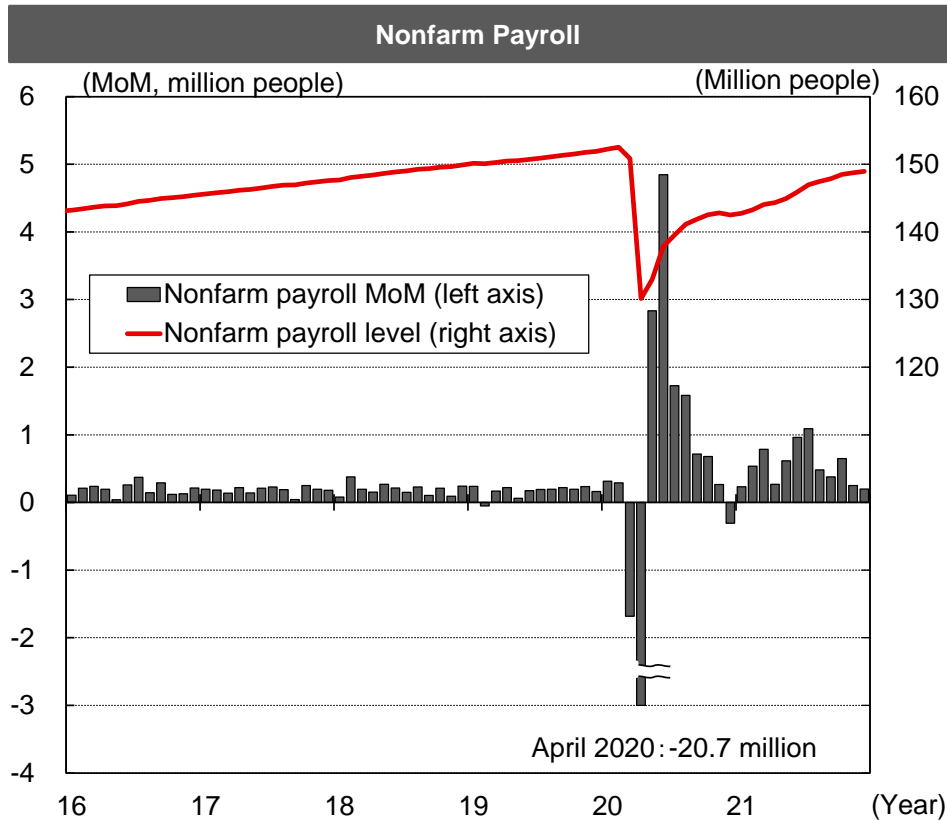
Durable Goods Orders



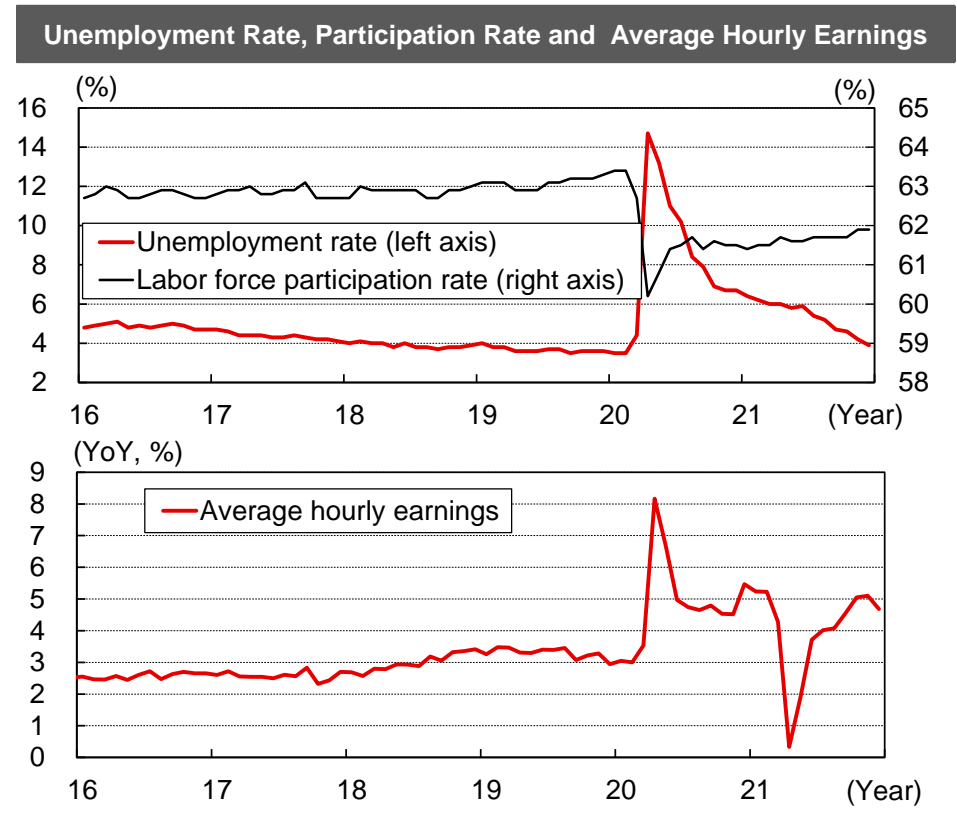
Source: Department of Commerce, MUFG Bank Economic Research Office

### 3. Employment (1)

- Nonfarm payroll increased 199,000 MoM in December 2021, slowing from November's 249,000 increase (revised up) and missing the market forecast of a 450,000 gain (estimates compiled by Bloomberg).
- Industry breakdown shows leisure & hospitality rose 53,000 MoM, professional & business services rose 43,000 MoM, manufacturing rose 26,000, construction rose 22,000 transportation & warehousing rose 19,000, while government declined 12,000 and retail trade declined 2,000. Nonfarm payroll stands 3,570,000 or 2.3% below the pre-pandemic level of February 2020.
- Unemployment rate declined 0.3% point to 3.9% in December. Unemployed persons decreased sharply, by 483,000 MoM, to 6,319,000 in December. Labor force participation rate was flat MoM at 61.9% in December. Average hourly earnings for all private-sector employees rose 4.7% YoY in December, slowing from November's increase but still much faster than the pre-pandemic trend of about 3% YoY increases.



Source: Department of Labor, MUFG Bank Economic Research Office

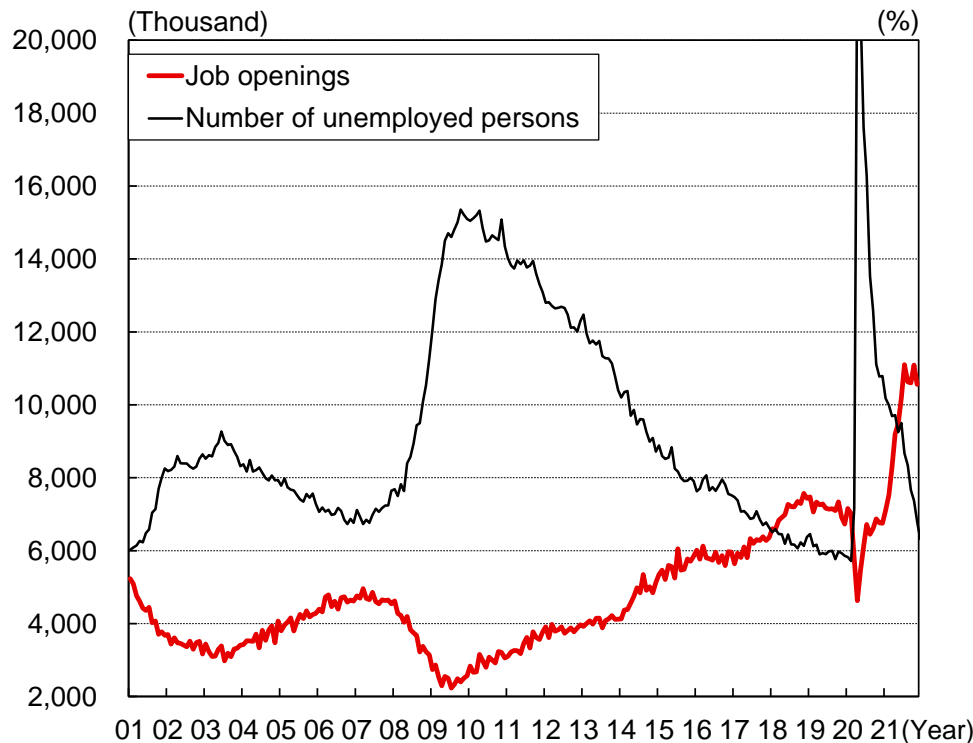


Source: Department of Labor, MUFG Bank Economic Research Office

### 3. Employment (2)

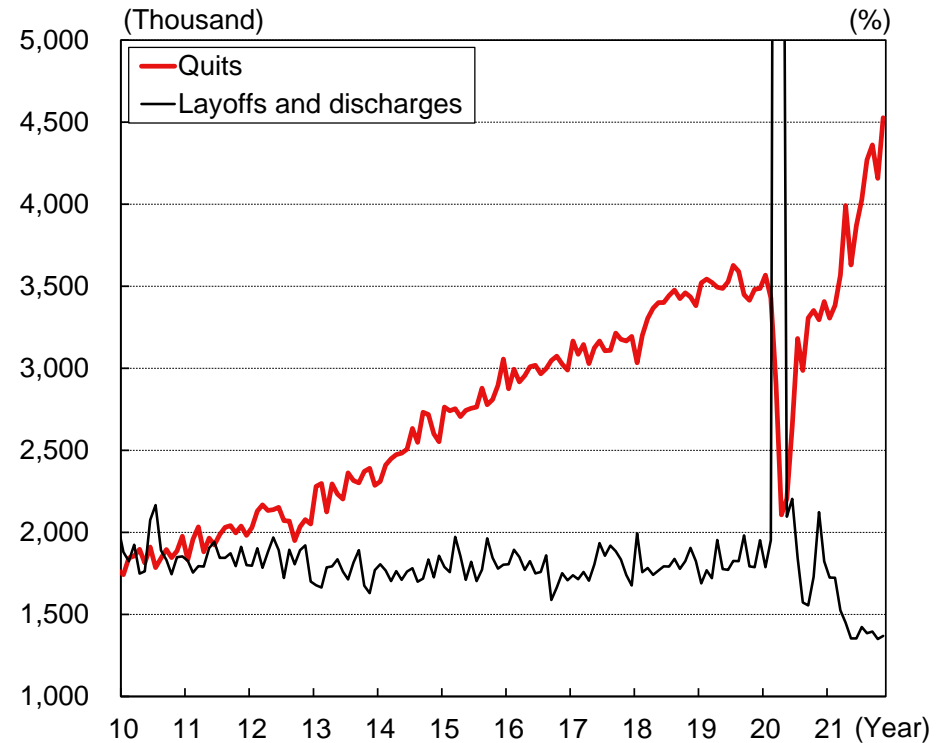
- Job openings stood at 10.6 million in November 2021, down 529,000 MoM after a rise in October. The number of openings exceeded 10 million for a sixth straight month and is far above the number of unemployed persons, reflecting continued tightness in the labor market.
- The number of quits reached a record 4.53 million in November, up 370,000 MoM. In view of the tight labor market, many people are quitting in search of better terms of employment, or reexamining how they work as the pandemic persists. Meanwhile, layoffs and discharges are trending at historically low levels.

Numbers of Job Openings and Unemployed Persons



Source: Department of Labor, MUFG Bank Economic Research Office

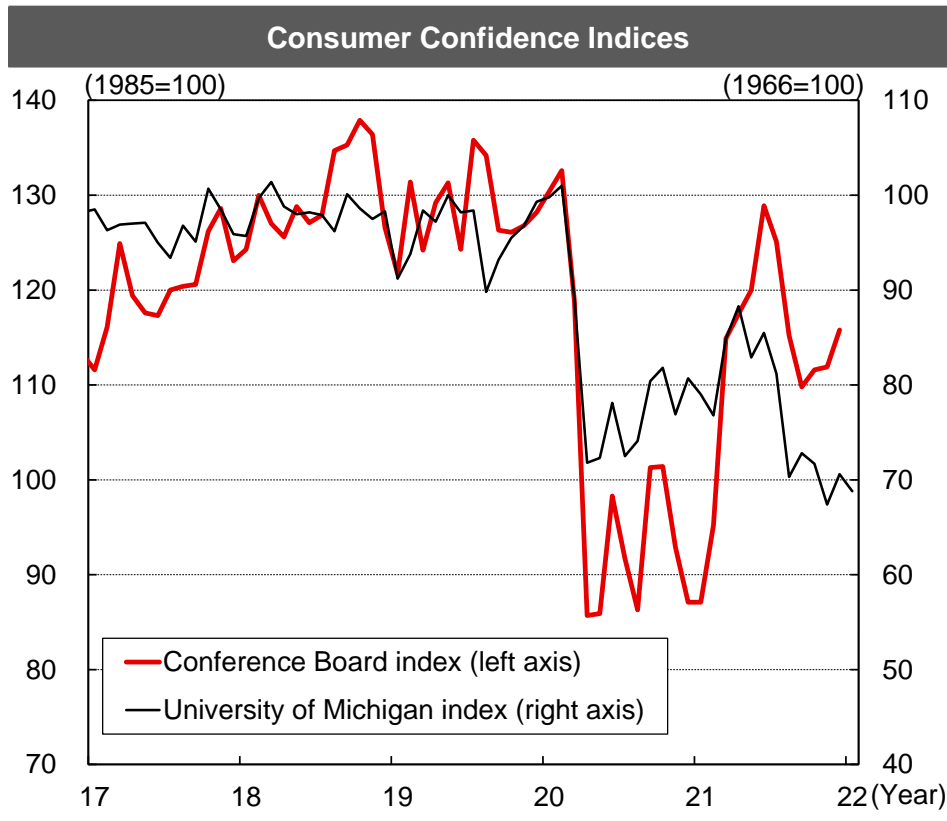
Number of Separations



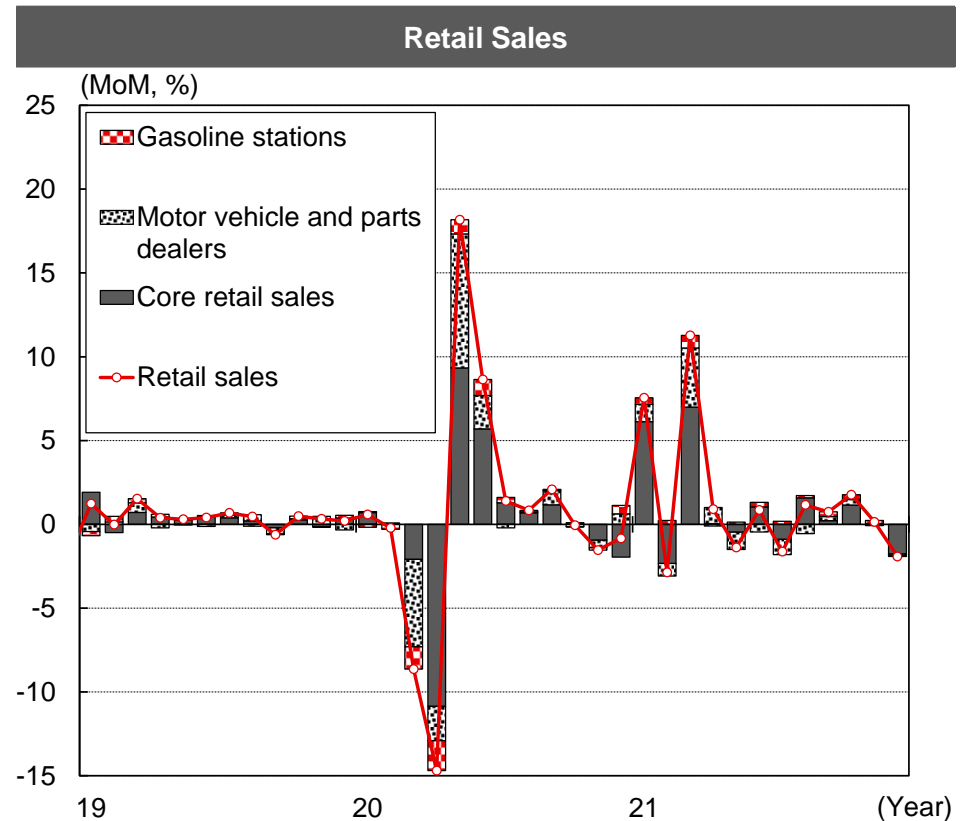
Source: Department of Labor, MUFG Bank Economic Research Office

## 4. Consumer Spending

- The Conference Board Consumer Confidence Index increased 3.9 points MoM to 115.8 in December 2021, rising for a third straight month. Meanwhile, the University of Michigan Index of Consumer Sentiment (preliminary) declined 1.8 points MoM to 68.8 in January 2022 after a rise in December. Increases in COVID-19 cases and high inflation appear to have contributed to the index's decline.
- Retail sales decreased 1.9% MoM in December, declining for the first time in five months. Core retail sales, which exclude gasoline stations and motor vehicle & parts dealers, decreased 2.5%, falling for a second straight month. Breakdown by the type of business shows large declines in nonstore retailers (down 8.7%), furniture & home furnishing stores (down 5.5%) and sporting goods, hobby, musical instrument & book stores (down 4.3%). With consumers concerned about supply constraints and delays in order deliveries, an earlier-than-usual start of holiday shopping appear to have contributed to the monthly decline in retail sales.



Source: Conference Board, University of Michigan, MUFG Bank Economic Research Office

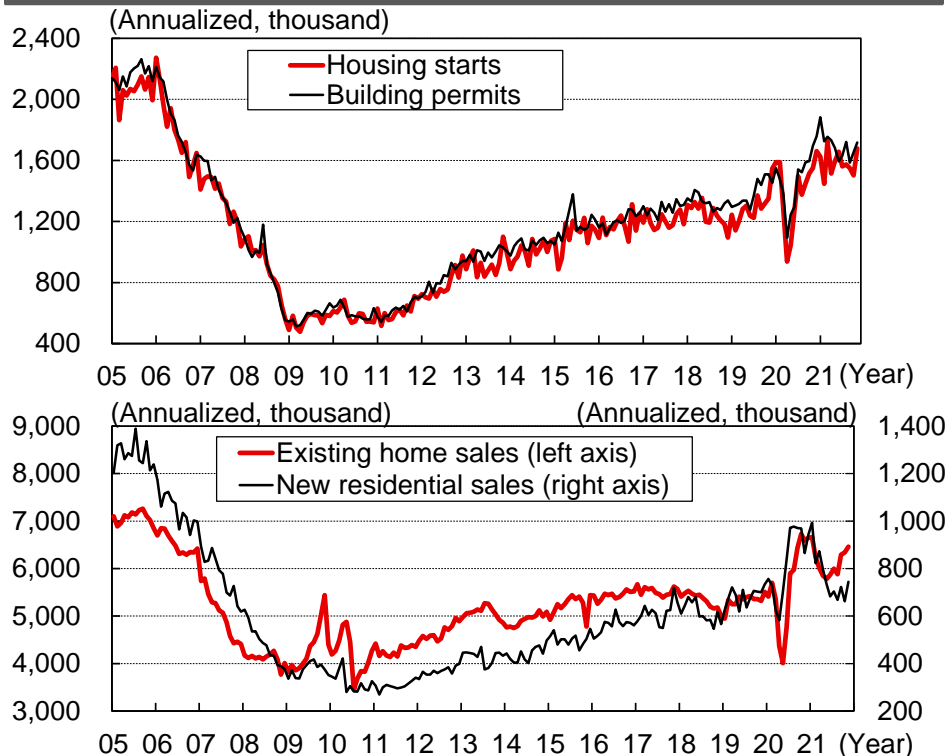


Source: Department of Commerce, MUFG Bank Economic Research Office

## 5. Housing Market

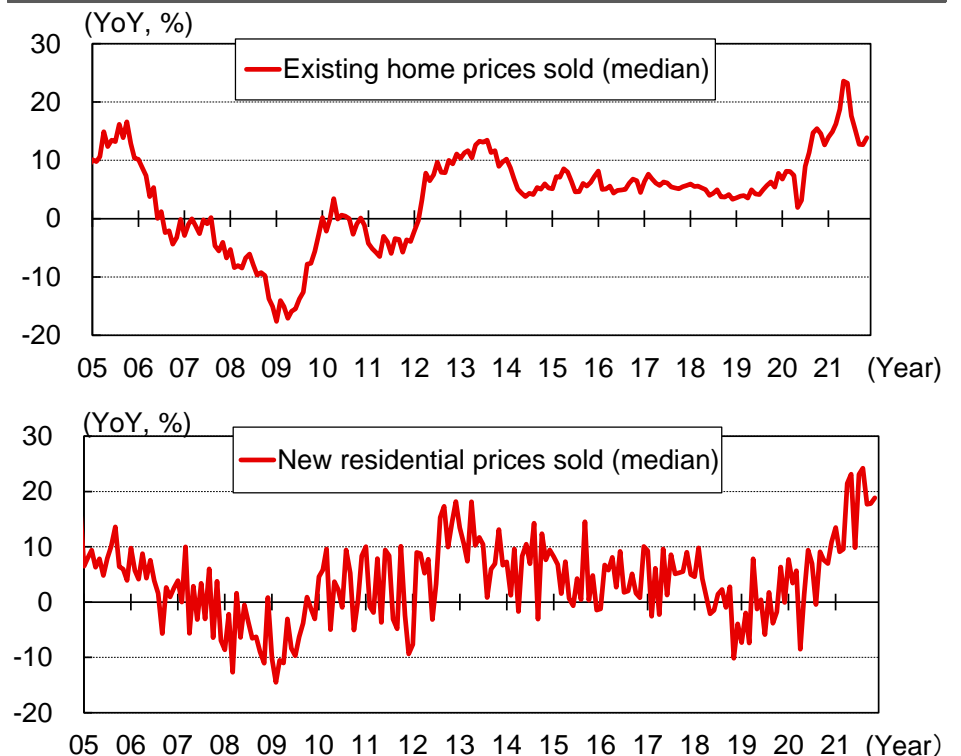
- Housing starts increased 11.8% MoM to a seasonally adjusted annualized rate (SAAR) of 1,679,000 in November 2021, rising for the first time in three months. Single-family housing starts rose 11.3% MoM, while buildings with two or more units increased 12.9%. Building permits, a leading indicator of housing starts, increased 3.9% MoM to 1,717,000 (SAAR), rising for a second straight month.
- As for home sales, existing home sales increased 1.9% MoM to 6,460,000 (SAAR) in November, while new residential sales rose 12.4% to 744,000 (SAAR). The median price of existing homes sold was 353,900 in November, up 13.9% YoY (accelerating from October's 12.7%). The median price of new homes sold was \$416,900, up 18.8% YoY (accelerating from October's 17.8%).
- The inventory-to-sales ratios for existing homes fell in November to 2.2 months from October's 2.3 months, while the ratio for new homes fell to 6.5 months from October's 7.1 months.

Housing Starts, Building Permits and Home Sales



Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

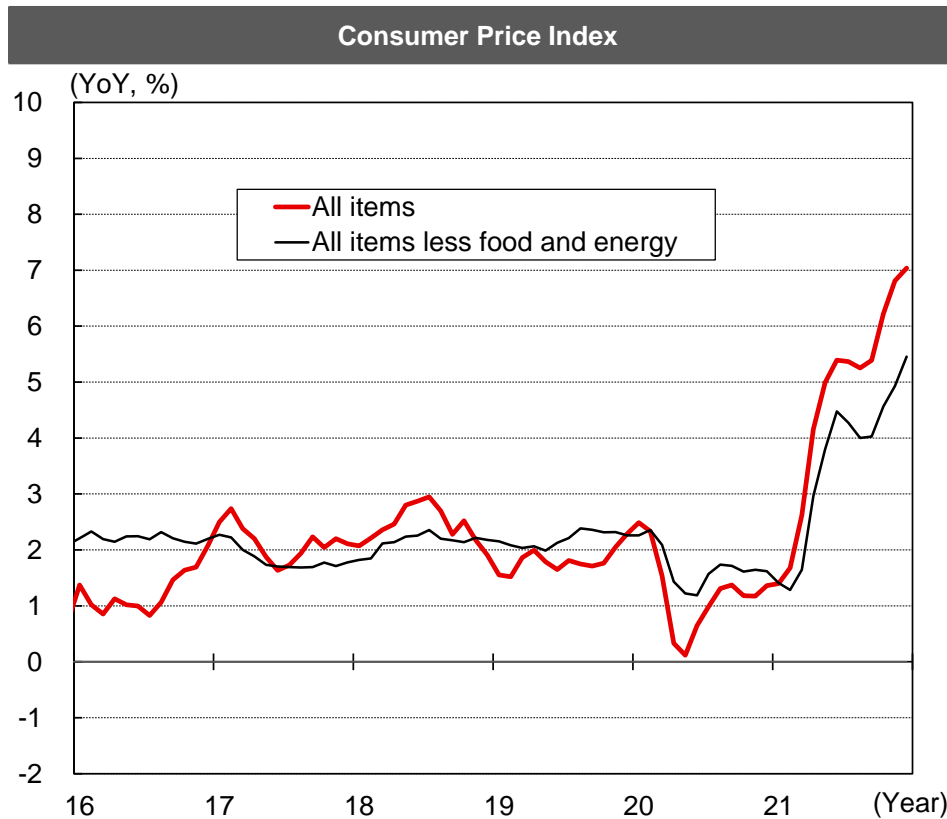
Home Prices



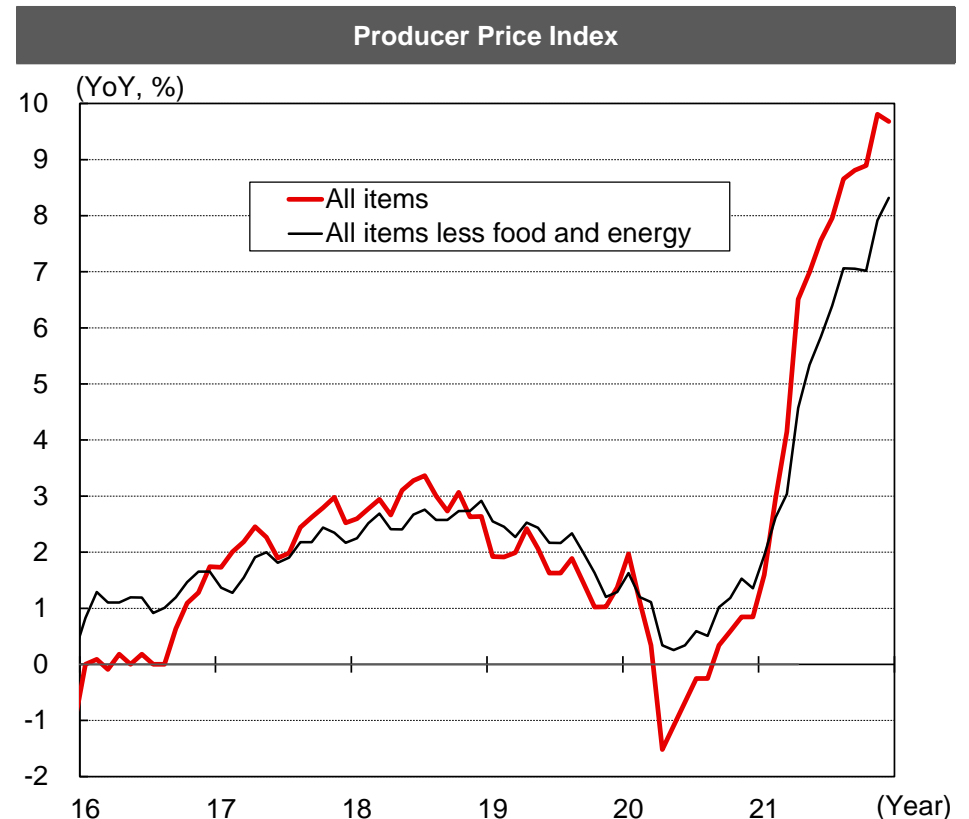
Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

## 6. Prices

- The Consumer Price Index (CPI) rose 7.0% YoY in December 2021, accelerating from November's 6.8% to the largest 12-month percentage increase since June 1982. The core CPI (all items less food and energy) rose 5.5% YoY, up from November's 4.9% and the largest percentage increase since February 1991. YoY increases accelerated in such items as used cars & trucks (up 37.3%) and shelter (up 4.1%).
- The Producer Price Index (PPI) rose 9.7% YoY in December, a slight slowdown from November's 9.8%. Meanwhile, core PPI (all items less food and energy) accelerated to 8.3% in December, a record percentage increase since the current statistics on 12-month changes started in November 2010. Breakdown by item shows that goods index decelerated to a 13.4% increase in December, while services index accelerated to a 7.9% increase.



Source: Department of Labor, MUFG Bank Economic Research Office

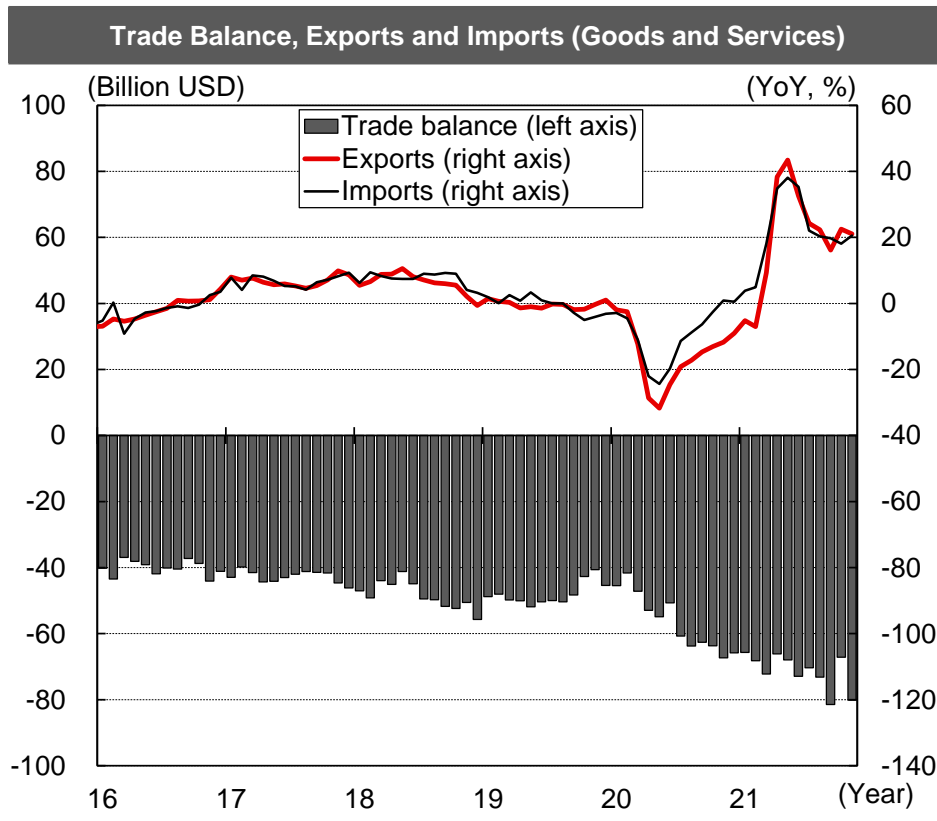


Source: Department of Labor, MUFG Bank Economic Research Office



## 7. Balance of Payments

- Trade deficit on goods and services widened 19.4% MoM to \$80.2 billion in November 2021 as exports edged up 0.2% and imports rose 4.6%. On a YoY basis, exports rose 21.1% and imports rose 20.6%.
- For goods trade, breakdown by destination shows that the deficit with China, which accounts for roughly a third of US goods deficit, widened 0.4% or \$110 million MoM to \$28.4 billion in November. Exports to China and imports from China both rose 0.4% MoM. On a YoY basis, exports to China rose 11.4% and imports from China rose 3.2%.



Note: Balance of payments basis  
Source: Department of Commerce, MUFG Bank Economic Research Office

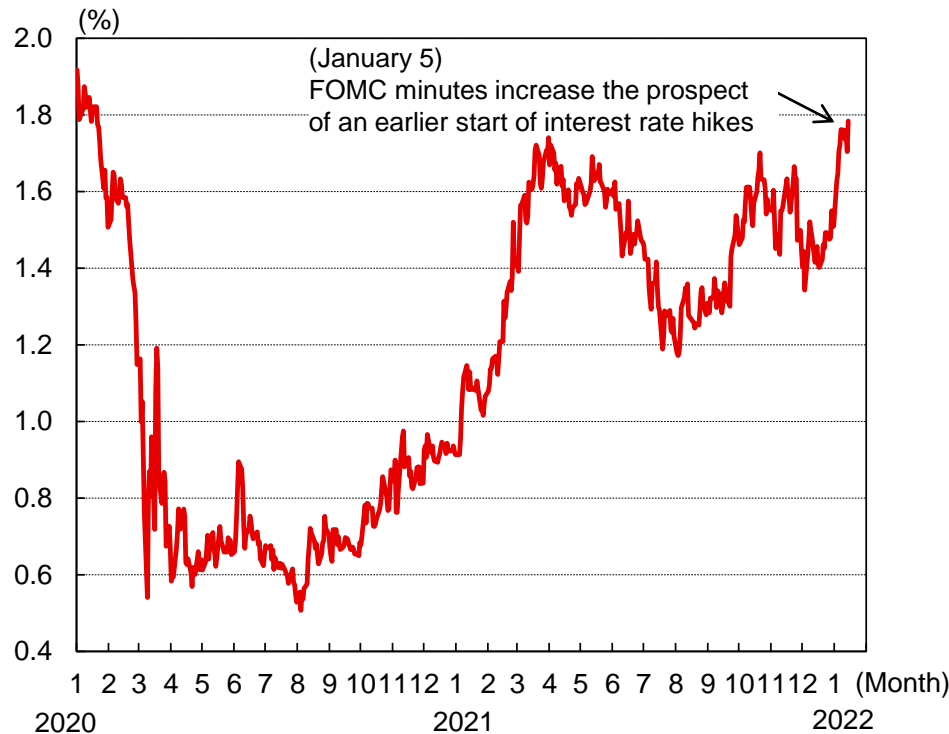


Note: Census basis  
Source: Department of Commerce, MUFG Bank Economic Research Office

## 8. Financial Markets

- The 10-year treasury yield rose to 1.8% levels intraday for the first time in roughly two years due to prospects of an early start of interest rate hikes indicated by the December 2021 FOMC meeting minutes. The 10-year yield stands around 1.8%.
- Dow Jones Industrial Average (DJIA) stock market index was on a steady rising trend due to expectation that the impact of the Omicron variant would be limited. But the index later declined somewhat due to prospects of an earlier-than-expected start of monetary policy normalization.

10-Year Treasury Yield



Source: Bloomberg, MUFG Bank Economic Research Office

Dow Jones Industrial Average Stock Market Index



Source: Bloomberg, MUFG Bank Economic Research Office

# Table: Major Monthly Economic Indicators

Major Monthly Economic Indicators														
		Jan-21	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan-22
<b>Businesses</b>	ISM Manufacturing PMI	58.7	60.8	64.7	60.7	61.2	60.6	59.5	59.9	61.1	60.8	61.1	58.7	-
	ISM Services PMI	58.7	55.3	63.7	62.7	64.0	60.1	64.1	61.7	61.9	66.7	69.1	62.0	-
	Industrial production (2012 ave = 100)	99.4	96.4	99.2	99.2	99.9	100.5	101.2	101.0	100.0	101.3	102.0	101.9	-
	MoM (%)	1.1	-3.0	2.9	0.1	0.7	0.5	0.7	-0.2	-1.0	1.2	0.7	-0.1	-
	Capacity utilization (%)	75.0	72.7	74.8	74.8	75.3	75.7	76.2	76.0	75.2	76.1	76.6	76.5	-
	Manufactured goods new orders (Million USD)	479,160	481,195	488,073	487,409	498,587	506,128	509,490	514,637	517,066	523,433	531,836	-	-
	MoM (%)	2.3	0.4	1.4	-0.1	2.3	1.5	0.7	1.0	0.5	1.2	1.6	-	-
	Durable goods orders (Million USD)	243,160	246,261	249,467	247,644	255,529	257,663	258,846	262,317	261,353	261,728	268,425	-	-
MoM (%)	2.4	1.3	1.3	-0.7	3.2	0.8	0.5	1.3	-0.4	0.1	2.6	-	-	
<b>Household</b>	Nonfarm payroll (monthly change, thousand people)	233	536	785	269	614	962	1,091	483	379	648	249	199	-
	Average hourly earnings (USD)	29.92	30.00	29.97	30.17	30.31	30.44	30.55	30.67	30.84	31.01	31.12	31.31	-
	YoY(%)	5.2	5.2	4.3	0.3	1.9	3.7	4.0	4.1	4.5	5.0	5.1	4.7	-
	Unemployment rate (%)	6.4	6.2	6.0	6.0	5.8	5.9	5.4	5.2	4.7	4.6	4.2	3.9	-
	Personal income (annualized, billion USD)	21,505	19,955	24,142	20,925	20,515	20,570	20,819	20,890	20,685	20,778	20,868	-	-
	MoM (%)	9.9	-7.2	21.0	-13.3	-2.0	0.3	1.2	0.3	-1.0	0.5	0.4	-	-
	Consumer spending (annualized, billion USD)	14,858	14,700	15,459	15,619	15,624	15,802	15,815	15,991	16,089	16,319	16,423	-	-
	MoM (%)	3.3	-1.1	5.2	1.0	0.0	1.1	0.1	1.1	0.6	1.4	0.6	-	-
	Saving rate (%)	19.9	13.5	26.6	12.6	10.4	9.5	11	10	8	7	7	-	-
	Retail sales (million USD)	576,466	559,970	623,119	628,751	620,119	625,405	615,250	622,383	626,999	638,102	639,067	626,833	-
	MoM (%)	7.6	-2.9	11.3	0.9	-1.4	0.9	-1.6	1.2	0.7	1.8	0.2	-1.9	-
	Auto sales (annualized, million units)	16.8	15.9	17.6	18.3	16.9	15.5	14.7	13.1	12.3	13.1	12.9	12.4	-
	MoM (%)	2.9	-5.1	10.7	3.7	-7.7	-8.4	-5.2	-10.8	-6.1	6.2	-1.2	-3.6	-
	Conference Board Consumer Confidence Index	87.1	95.2	114.9	117.5	120.0	128.9	125.1	115.2	109.8	111.6	111.9	115.8	-
University of Michigan Index of Consumer Sentiment	79.0	76.8	84.9	88.3	82.9	85.5	81.2	70.3	72.8	71.7	67.4	70.6	68.8	

Source: Various statistics, MUFG Bank Economic Research Office

# Table: Major Monthly Economic Indicators (continued)

Major Monthly Economic Indicators														
		Jan-21	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan-22
Housing	Housing starts (annualized, thousand units)	1,625	1,447	1,725	1,514	1,594	1,657	1,562	1,573	1,550	1,502	1,679	-	-
	MoM (%)	-2.2	-11.0	19.2	-12.2	5.3	4.0	-5.7	0.7	-1.5	-3.1	11.8	-	-
	Existing home sales (annualized, thousand units)	6,660	6,240	6,010	5,850	5,780	5,870	6,000	5,880	6,290	6,340	6,460	-	-
	MoM (%)	0.2	-6.3	-3.7	-2.7	-1.2	1.6	2.2	-2.0	7.0	0.8	1.9	-	-
	New home sales (annualized, thousand units)	993	823	873	796	733	683	704	668	723	662	744	-	-
	MoM (%)	5.3	-17.1	6.1	-8.8	-7.9	-6.8	3.1	-5.1	8.2	-8.4	12.4	-	-
Prices	Consumer Price Index (1982-1984 = 100)	261.6	263.0	264.9	267.1	269.2	271.7	273.0	273.6	274.3	276.6	277.9	278.8	-
	MoM (%)	0.3	0.4	0.6	0.8	0.6	0.9	0.5	0.3	0.4	0.9	0.8	0.5	-
	YoY (%)	1.4	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8	7.0	-
	Producer Price Index (Nov 2009 = 100)	120.9	121.9	123.0	124.3	125.5	126.6	127.8	128.8	129.2	130.1	131.0	131.0	-
	MoM (%)	1.2	0.7	0.8	1.0	0.9	0.9	0.9	0.9	0.4	0.6	1.0	0.2	-
	YoY (%)	1.6	3.0	4.1	6.5	7.0	7.6	8.0	8.7	8.8	8.9	9.8	9.7	-
Trade	Exports (goods, billion USD)	134.4	130.3	143.6	145.1	145.7	146.0	148.8	149.9	142.9	158.8	155.9	-	-
	Imports (goods, billion USD)	221.0	219.6	236.6	232.2	235.0	239.2	236.4	239.1	240.9	242.7	254.9	-	-
	Trade balance (goods, billion USD)	-86.6	-89.3	-93.0	-87.0	-89.3	-93.3	-87.7	-89.2	-98.0	-83.9	-99.0	-	-
	Trade balance (goods and services, billion USD)	-65.7	-68.2	-72.2	-66.2	-68.0	-72.9	-70.3	-73.2	-81.4	-67.2	-80.2	-	-

Note: Consumer Price Index and its year-over-year change, Producer Price Index and its year-over-year change are not seasonally adjusted.

Source: Various statistics, MUFG Bank Economic Research Office

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MUFG Bank, Economic Research Office (New York)  
1251 Avenue of the Americas, New York, NY 10020, USA

Chie Okada-Wighe e-mail: [cokada-wighe@us.mufg.jp](mailto:cokada-wighe@us.mufg.jp)