

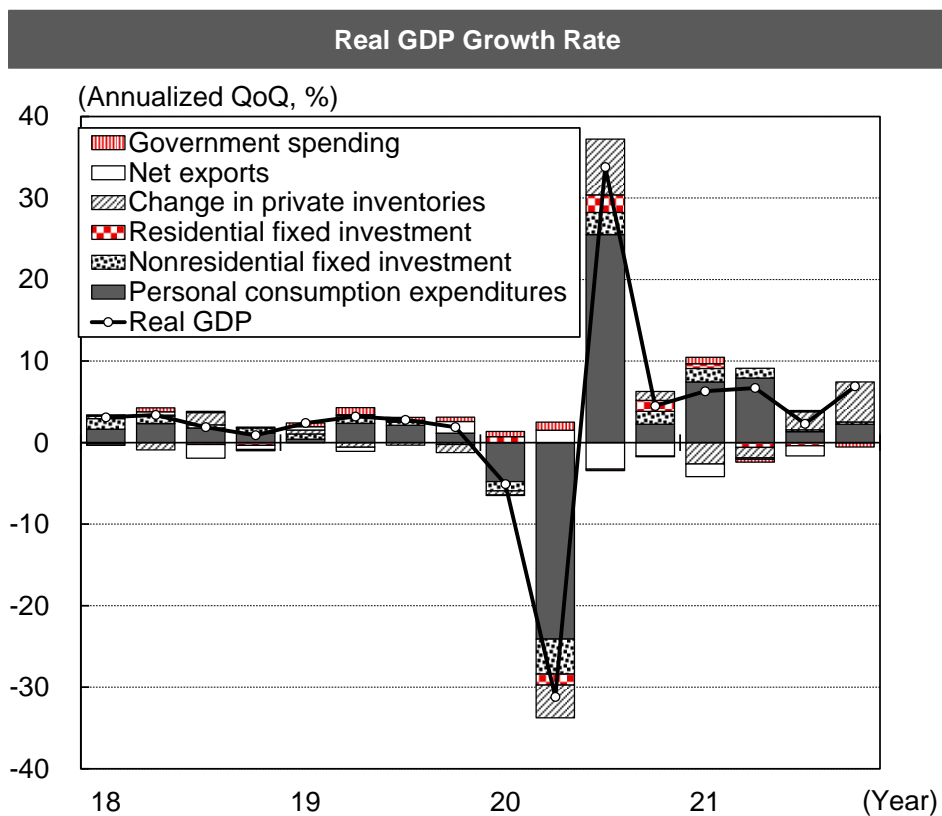
US Economic Indicators Monthly Overview (February 2022)

ECONOMIC RESEARCH OFFICE (NEW YORK)

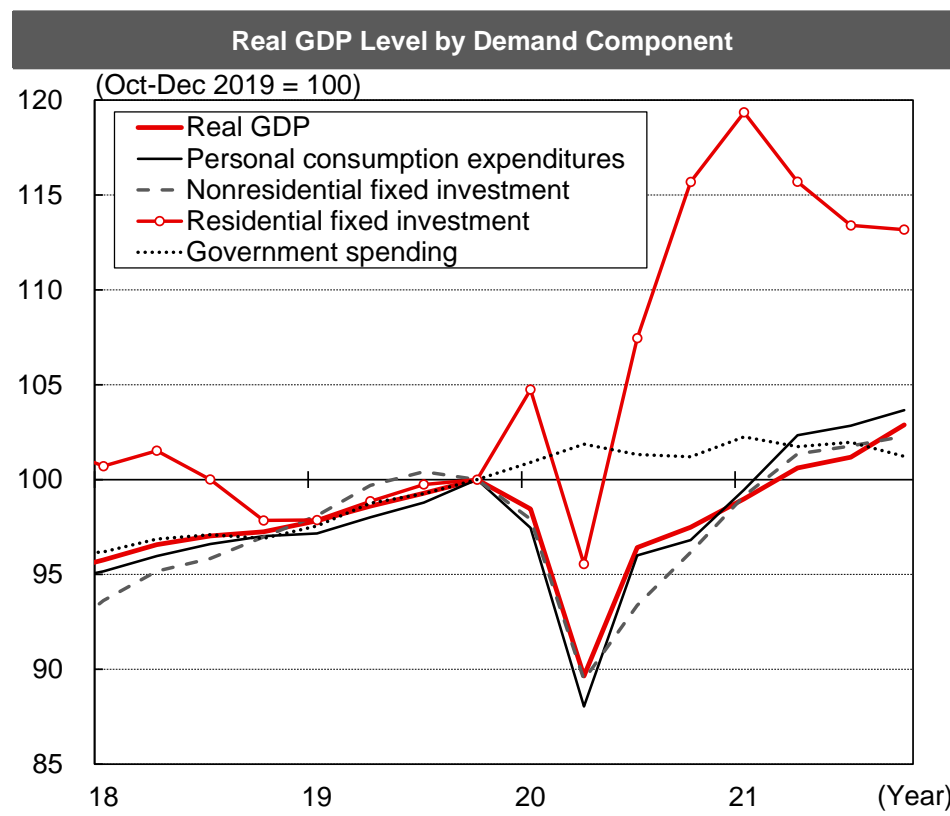
17th February 2022 (original Japanese version released on 16th February)

1. GDP

- The real GDP grew 6.9% annualized QoQ in the October-December quarter, accelerating from the previous quarter's 2.3% rise.
- Breakdown by demand component shows that change in private inventories contributed 4.9% points, the majority of the increase. But personal consumption expenditures, which account for roughly 70% of the real GDP, also accelerated to a 3.3% increase from the previous quarter's 2.0% growth.
- Nonresidential fixed investment accelerated to a 2.0% increase from the previous quarter's 1.7% increase. Breakdown by component shows that equipment investment and intellectual property products investment rose 0.8% and 10.6%, respectively, while structures investment fell sharply, by 11.4%. Residential fixed investment declined for a third straight quarter, by 0.8%.
- For the full year 2021, real GDP grew 5.7% YoY, the sharpest increase since the 7.3% increase recorded in 1984.



Source: Department of Commerce, MUFG Bank Economic Research Office



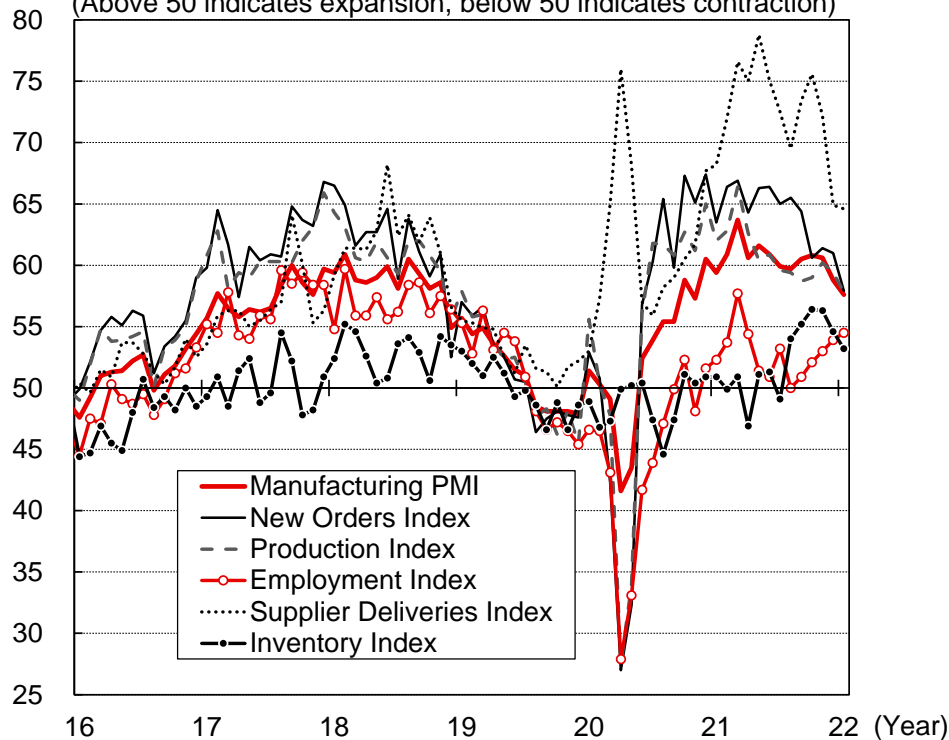
Source: Department of Commerce, MUFG Bank Economic Research Office

2. Business Activity

- ISM Manufacturing PMI, an indicator of business confidence and activity in the manufacturing sector, fell 1.2 points MoM to 57.6 in January, declining for a second straight month. Component breakdown shows that Employment Index rose 0.6 point MoM to 54.5, while New Orders Index declined 3.1 points to 57.9, Production Index declined 1.6 points to 57.8, Supplier Deliveries Index declined 0.3 point to 64.6, and Inventory Index declined 1.4 points to 53.2. The headline index topped the expansion-contraction threshold of 50 for 20 consecutive months. Of the 18 manufacturing industries, 14 reported MoM expansion, one reported contraction and three reported no change (in December, 15 reported expansion and three contraction).
- ISM Services PMI fell 2.4 points MoM to 59.9 in December, declining for a second straight month. Component breakdown shows that Supplier Deliveries Index rose 1.8 points MoM to 65.7, while Business Activity Index declined 8.4 points to 59.9, New Orders Index declined 0.4 point to 61.7, and Employment Index declined 2.4 points to 52.3. The headline index topped the expansion-contraction threshold of 50 for 20 consecutive months. Of the 18 service industries, 15 reported MoM expansion and three reported contraction (in December, 16 reported expansion, one contraction, one no change).

ISM Manufacturing PMI

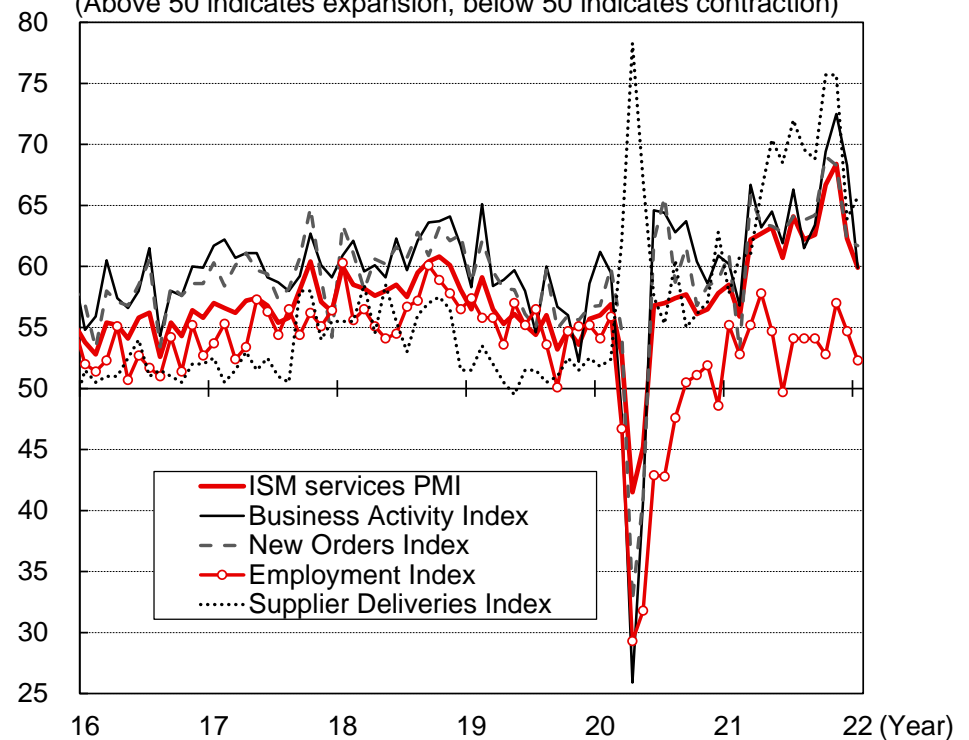
(Above 50 indicates expansion, below 50 indicates contraction)



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

ISM Services PMI

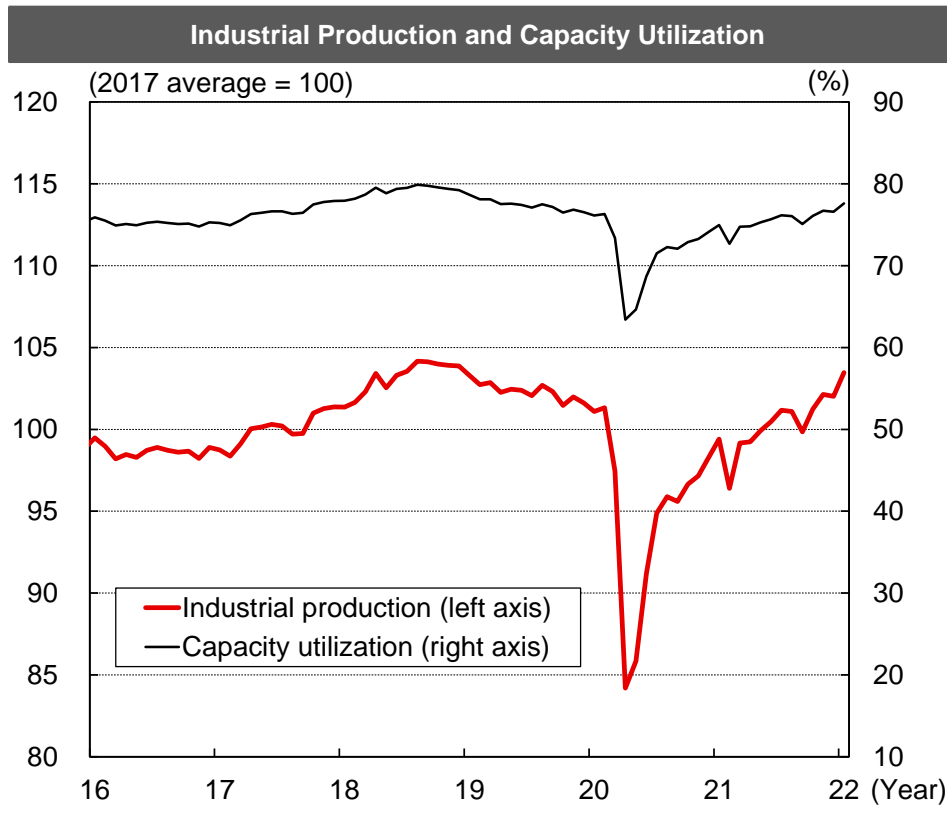
(Above 50 indicates expansion, below 50 indicates contraction)



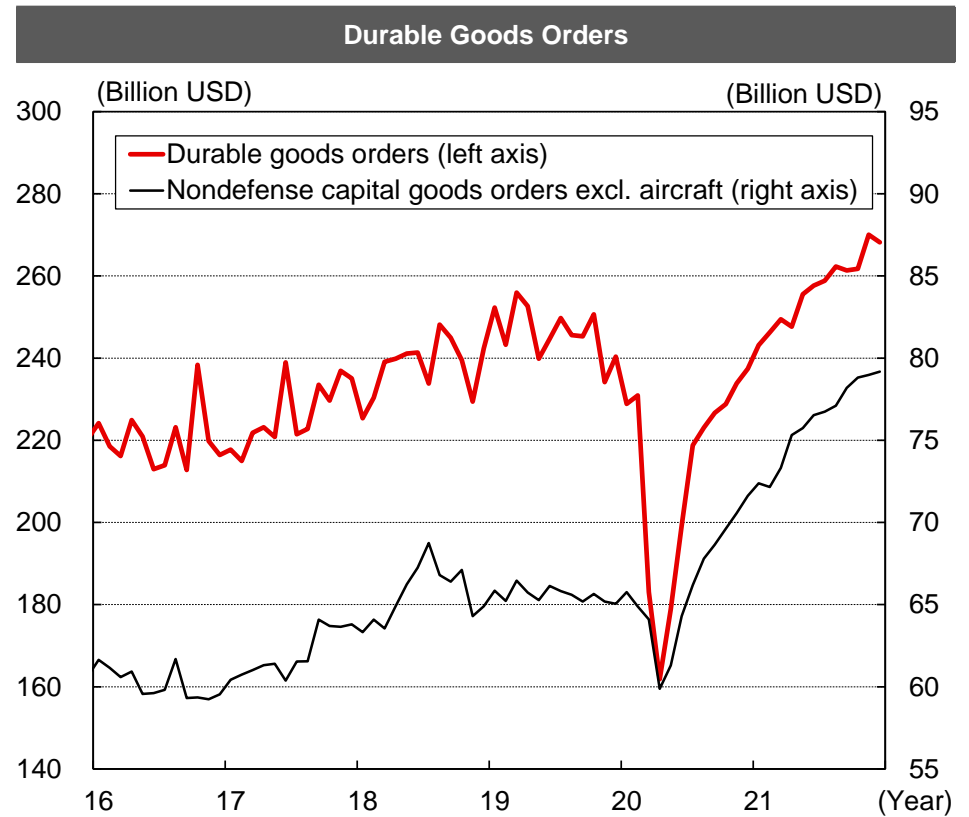
Source: Institute for Supply Management, MUFG Bank Economic Research Office

3. Production

- Industrial production rose 1.4% MoM in January, rising after a decline in December 2021. Industry breakdown shows that utilities (electricity and natural gas) production jumped 9.9% MoM due to a surge in heating demand from cold waves, and mining and manufacturing rose 1.0% and 0.2%, respectively. The capacity utilization rate rose 1.0% point MoM to 77.6% in January.
- Durable goods orders decreased 0.7% MoM in December, falling for the first time in three months. Industry breakdown shows that transportation equipment, which accounts for roughly 30% of all durable goods orders, decreased 3.7% MoM, with nondefense aircraft falling 14.4%. Meanwhile, core capital goods orders (nondefense capital goods orders excluding aircraft), a leading indicator of capital investment, rose 0.3%, increasing for 10 straight months in December.



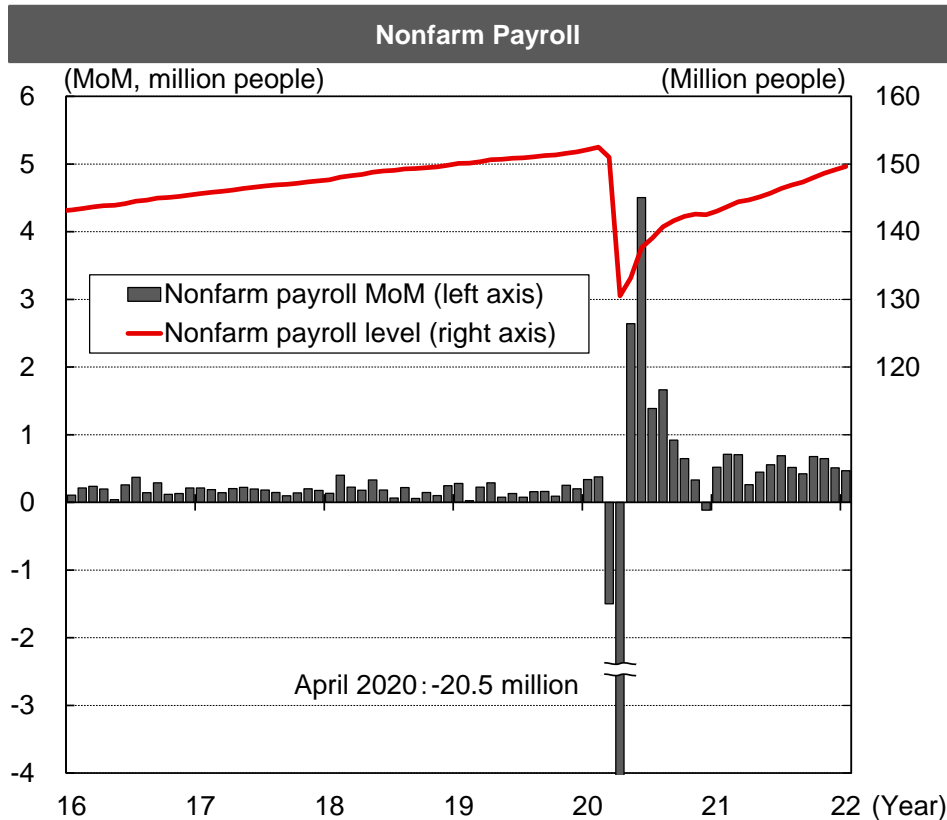
Source: Federal Reserve, MUFG Bank Economic Research Office



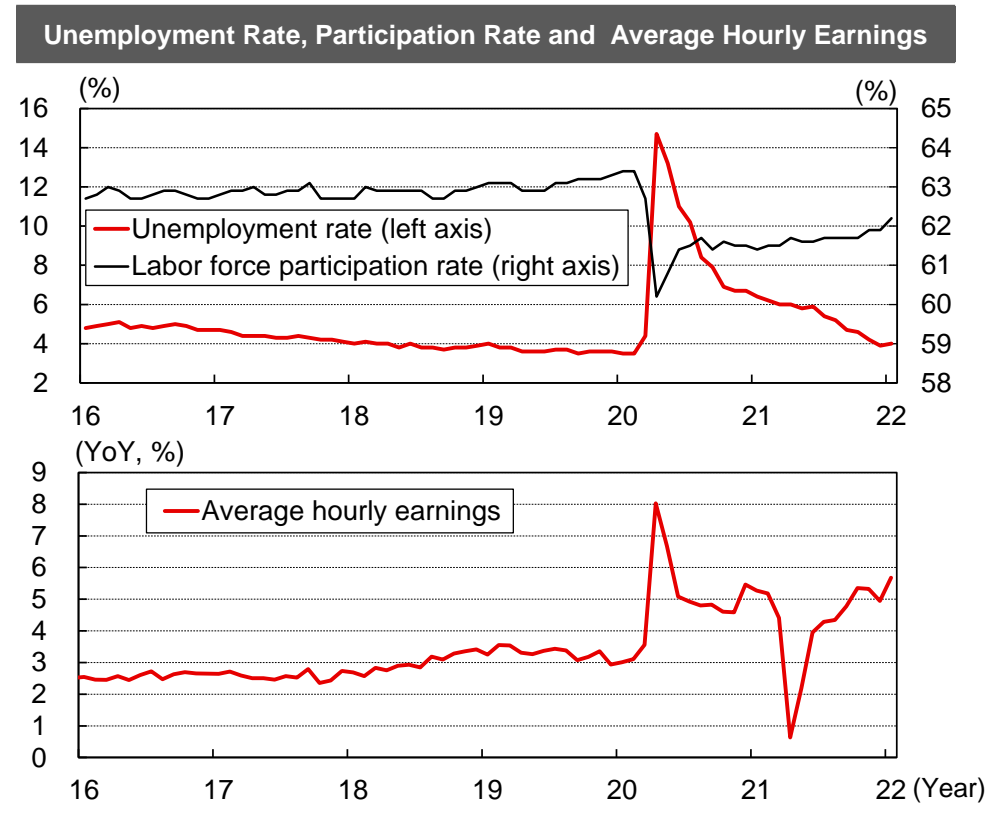
Source: Department of Commerce, MUFG Bank Economic Research Office

4. Employment (1)

- Nonfarm payroll increased 467,000 MoM in January, exceeding the market forecast of a 125,000 gain (estimates compiled by Bloomberg). Due to annual benchmarking, November's payroll increase was revised upward to 647,000 from 249,000, and December's payroll increase was revised upward to 510,000 from 199,000.
- Industry breakdown shows leisure & hospitality rose 151,000 MoM, professional & business services rose 86,000, retail trade rose 61,000, and transportation & warehousing rose 54,000, along with many other industries that recorded an increase. Nonfarm payroll stands 2,880,000 or 1.9% below the pre-pandemic level of February 2020.
- Unemployment rate rose 0.1% point to 4.0% in January. Unemployed persons increased 194,000 MoM to 6,513,000 in January. Labor force participation rate rose 0.3% point to 62.2% (although the rate would have stayed unchanged without the annual revision). Average hourly earnings for all private-sector employees rose 5.7% YoY in January, accelerating from December's 4.9% increase.



Source: Department of Labor, MUFG Bank Economic Research Office

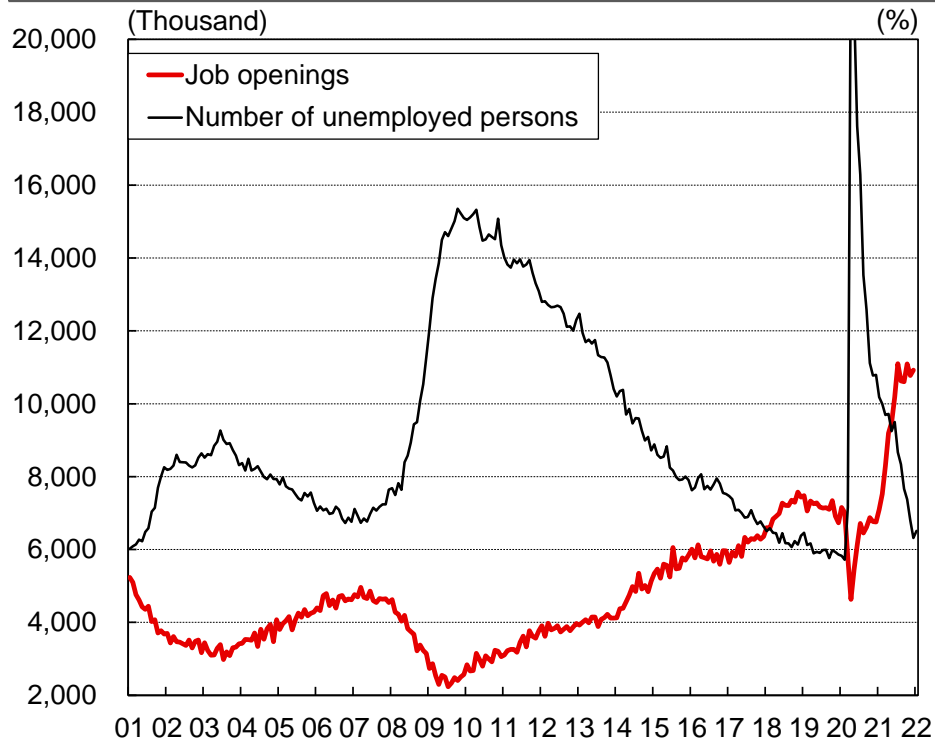


Source: Department of Labor, MUFG Bank Economic Research Office

4. Employment (2)

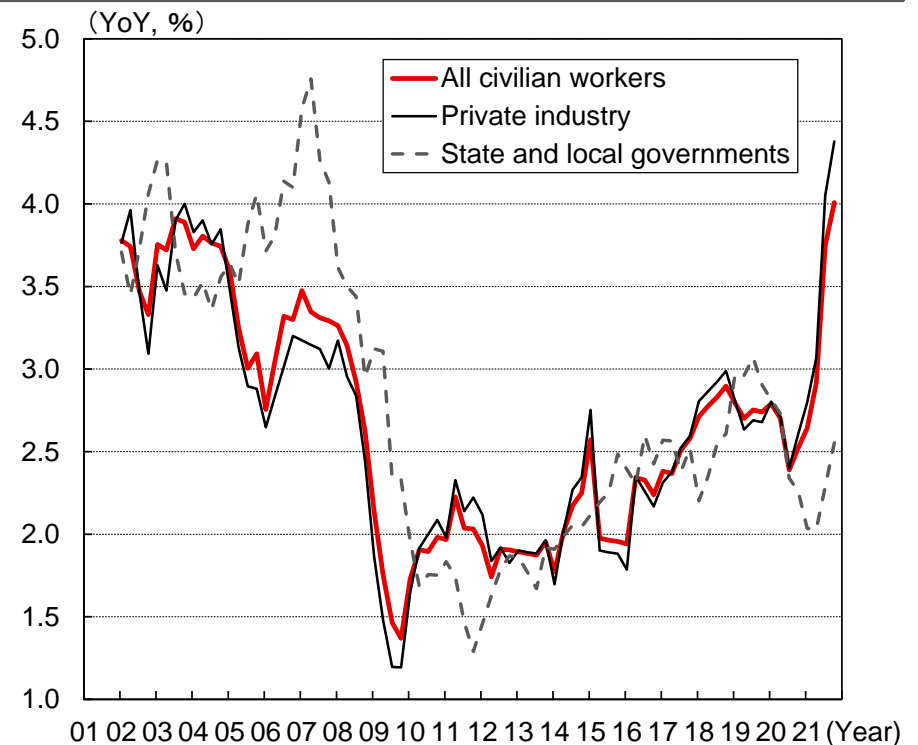
- Job openings stood at 10.9 million in December 2021, rising 150,000 MoM after a drop in November. The number of openings topped 10 million for a seventh straight month and is far above the number of unemployed persons, reflecting a continued imbalance of labor supply and demand.
- The Employment Cost Index, which the Federal Reserve monitors as an indicator of inflation trends, increased 1.0% QoQ in the October-December quarter of 2021, slowing from the previous quarter's 1.3% increase. On an YoY basis, however, the increase accelerated to 4.0%, the sharpest increase since 2002.

Numbers of Job Openings and Unemployed Persons



Source: Department of Labor, MUFG Bank Economic Research Office

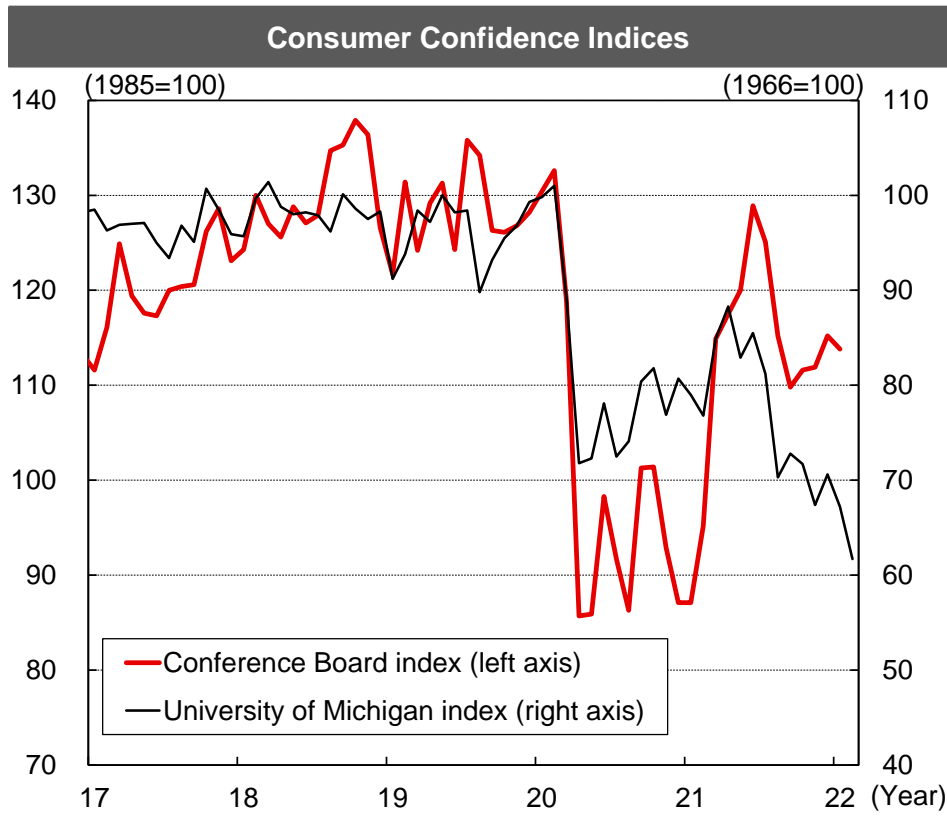
Employment Cost Index



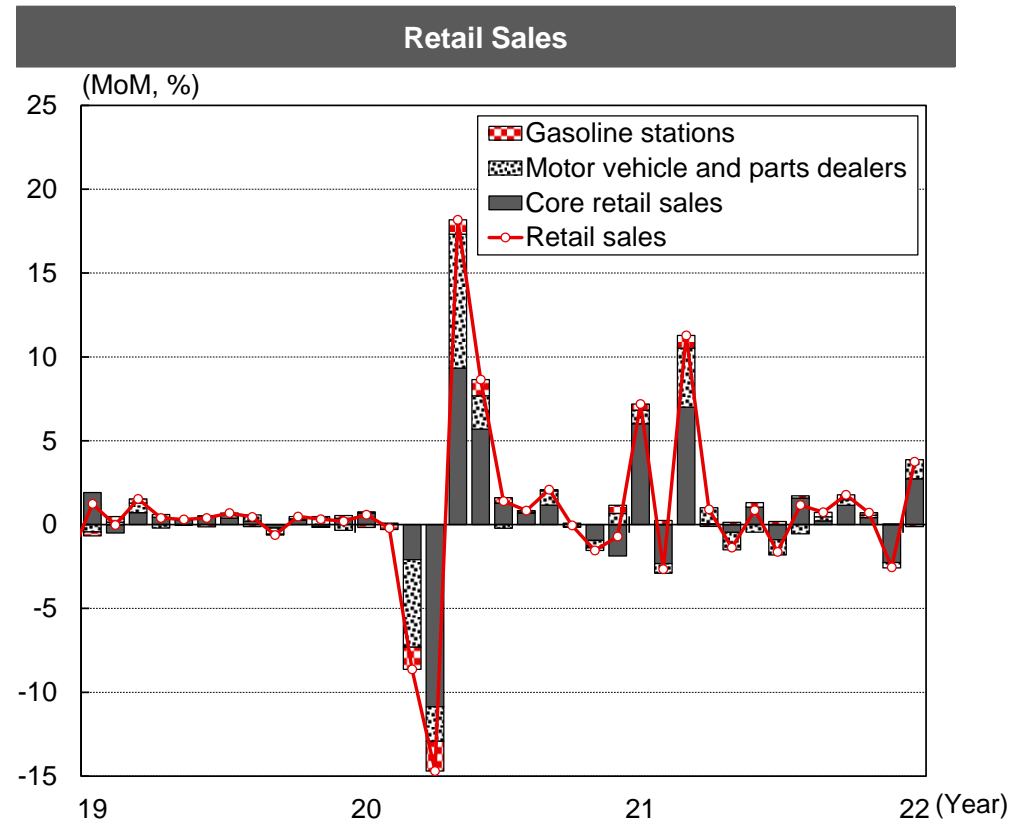
Source: Department of Labor, MUFG Bank Economic Research Office

5. Consumer Spending

- The Conference Board Consumer Confidence Index decreased 1.4 points MoM to 113.8 in January, falling for the first time in four months. The Present Situation Index rose 3.4 points to 148.2, while the Expectations Index (reflecting consumers outlook for the next six months) fell 4.6 points to 90.8 as concern about the future heightened due to the rise of COVID-19 cases from the Omicron variant. The University of Michigan Index of Consumer Sentiment (preliminary) declined 5.5 points MoM to 61.7 in February due in part to heightened concerns about inflation.
- Retail sales increased 3.8% MoM in January, rising after a 2.5% decline in December. Core retail sales, which exclude gasoline stations and motor vehicle & parts dealers, also increased 3.8% after December's 3.2% decline. Breakdown by the type of business shows large increases in nonstore retailers (up 14.5%), furniture & home furnishing stores (up 7.2%) and motor vehicle & parts dealers (up 5.7%). Retail sales were robust in January despite the rise in COVID-19 cases from the Omicron variant, as sales rebounded from December, when MoM increase was curbed due to an earlier-than-usual start of holiday shopping.



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

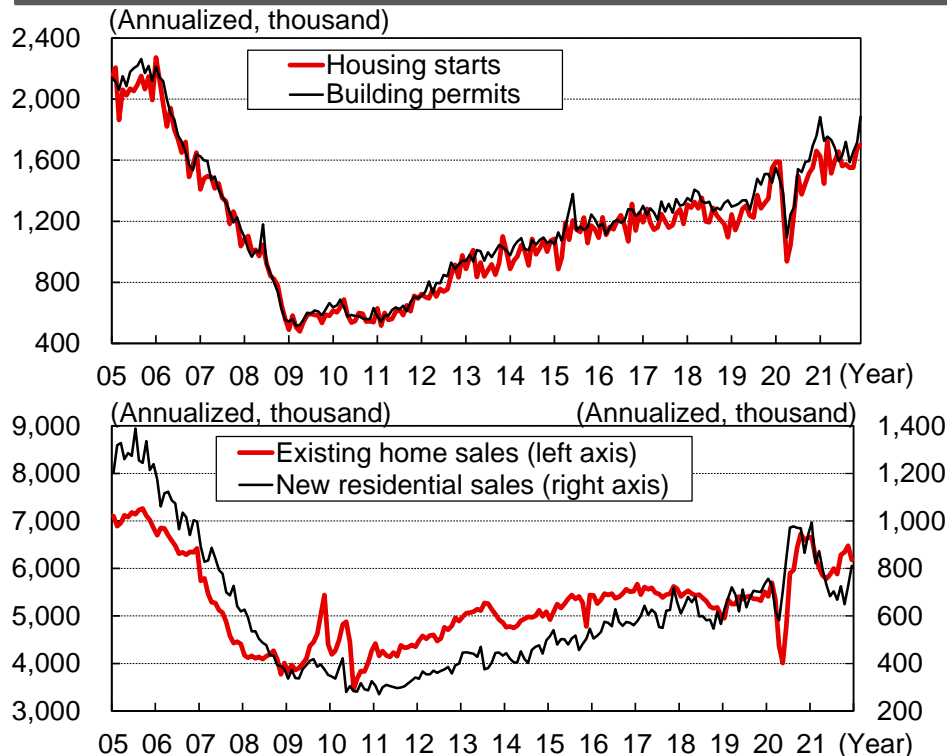


Source: Department of Commerce, MUFG Bank Economic Research Office

6. Housing Market

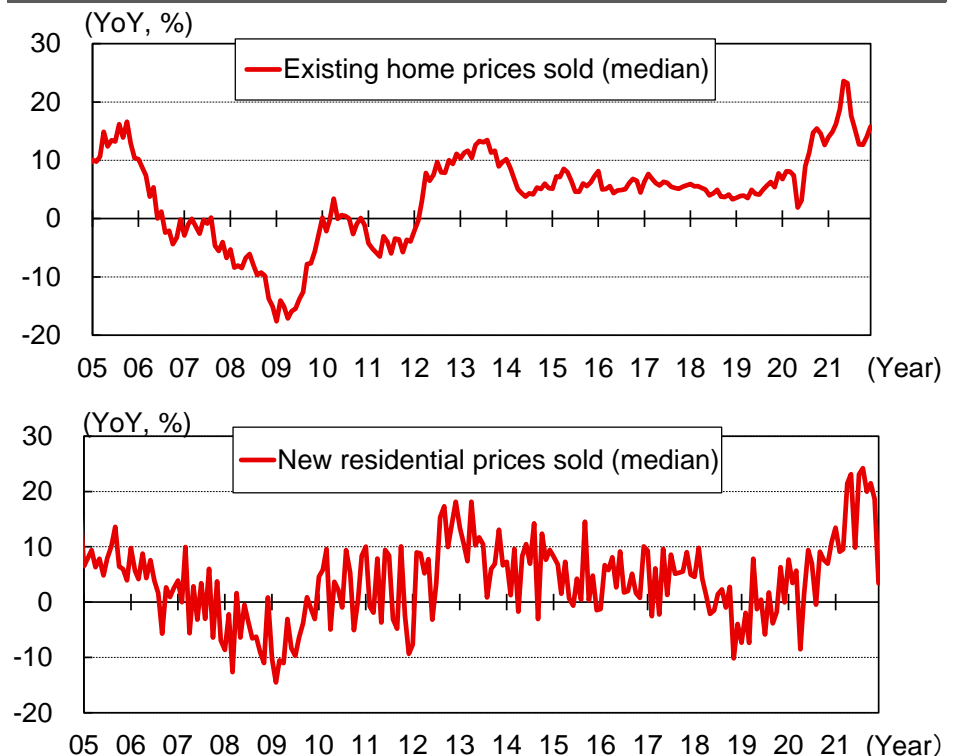
- Housing starts increased 1.4% MoM to a seasonally adjusted annualized rate (SAAR) of 1,702,000 in December 2021, rising for a third straight month. Single-family housing starts declined 2.3% MoM, while buildings with two or more units increased 10.6%. Building permits, a leading indicator of housing starts, increased 9.8% MoM to 1,885,000 (SAAR), rising for a third straight month.
- Existing home sales decreased 4.6% MoM to 6,180,000 (SAAR) in December, down for the first time in four months, while new residential sales rose 11.9% to 811,000 (SAAR), increasing for a second straight month. The median price of existing homes sold was 358,000 in December, up 15.8% YoY, accelerating from November's 14.0%. The median price of new homes sold was \$377,700, up 3.4% YoY, decelerating from November's 18.6%.
- The inventory-to-sales ratios for existing homes was flat MoM in December at 2.1 months, while the ratio for new homes fell to 6.0 months from November's 6.6 months.

Housing Starts, Building Permits and Home Sales



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

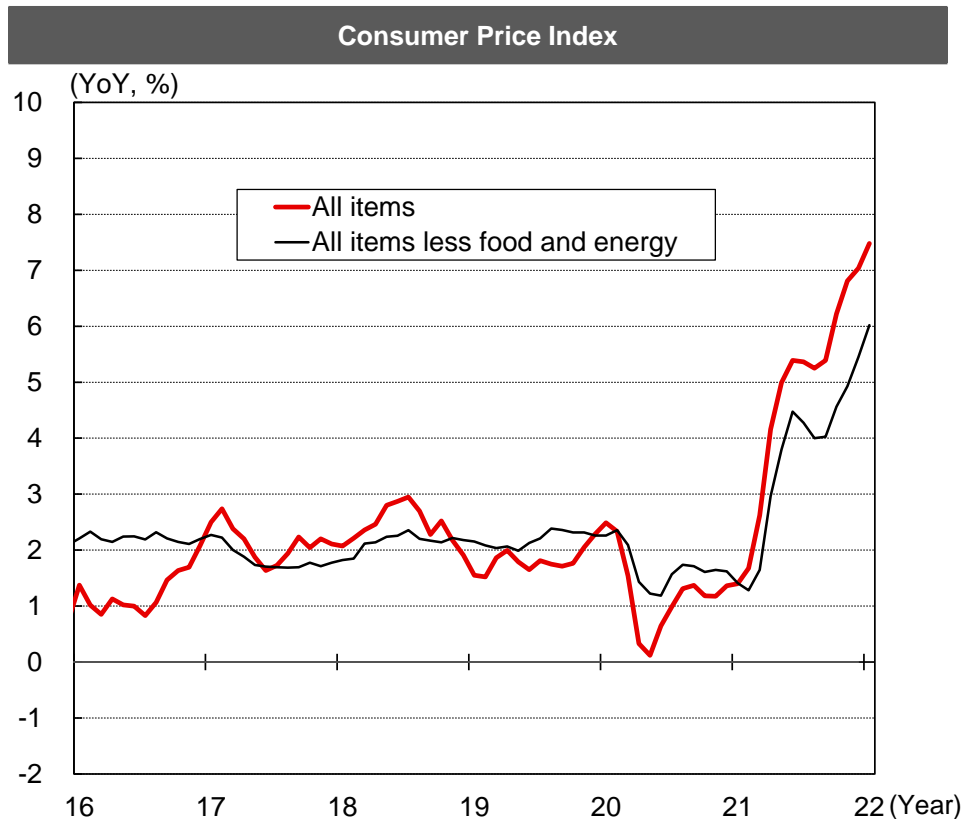
Home Prices



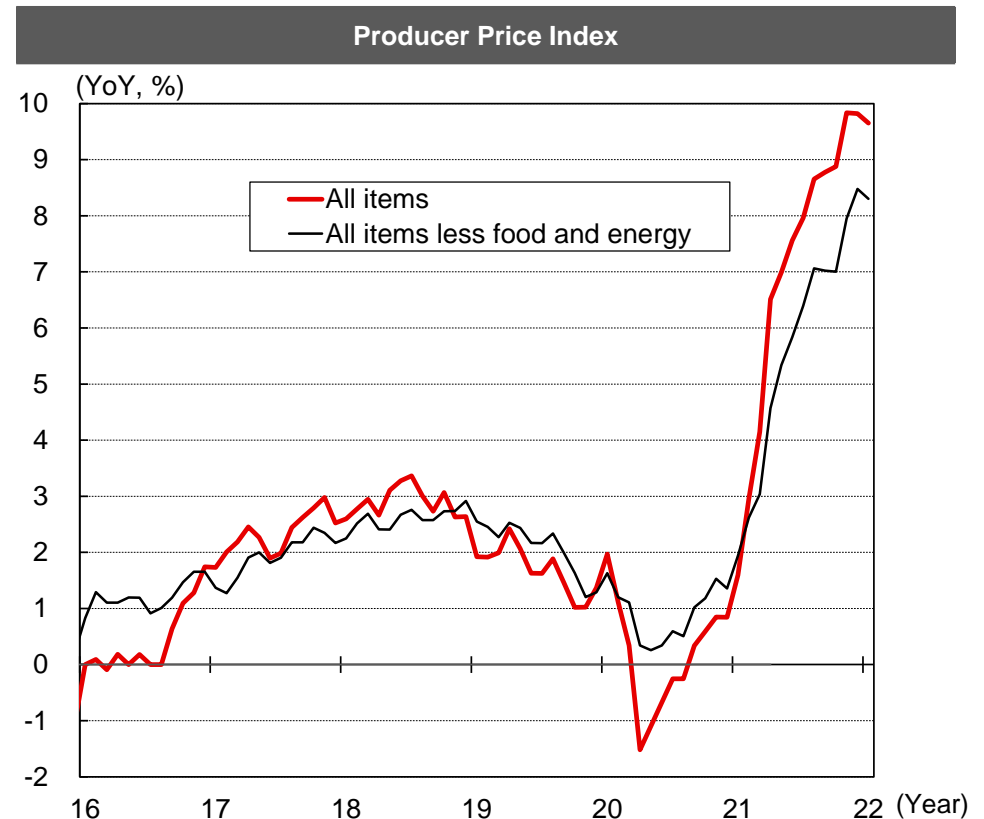
Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

7. Prices

- The Consumer Price Index (CPI) rose 7.5% YoY in January, accelerating from last December's 7.0% to the largest 12-month percentage increase since February 1982. The core CPI (all items less food and energy) rose 6.0% YoY, up from December's 5.5% and the largest percentage increase since August 1982. Energy commodities YoY increase slowed down to 27.0% from December's 29.3%, while increase accelerated for food (6.3%→7.0%), used cars & trucks (37.3%→40.5%), shelter (4.1%→4.4%), and transportation service (4.2%→5.6%).
- The Producer Price Index (PPI) rose 9.7% YoY in January, a slight slowdown from last December's 9.8%. Breakdown by item shows that goods index and services index both decelerated, to a 13.1% gain and a 7.7% gain respectively. And core PPI (all items less food and energy) also decelerated to 8.3% from December's 8.5%.



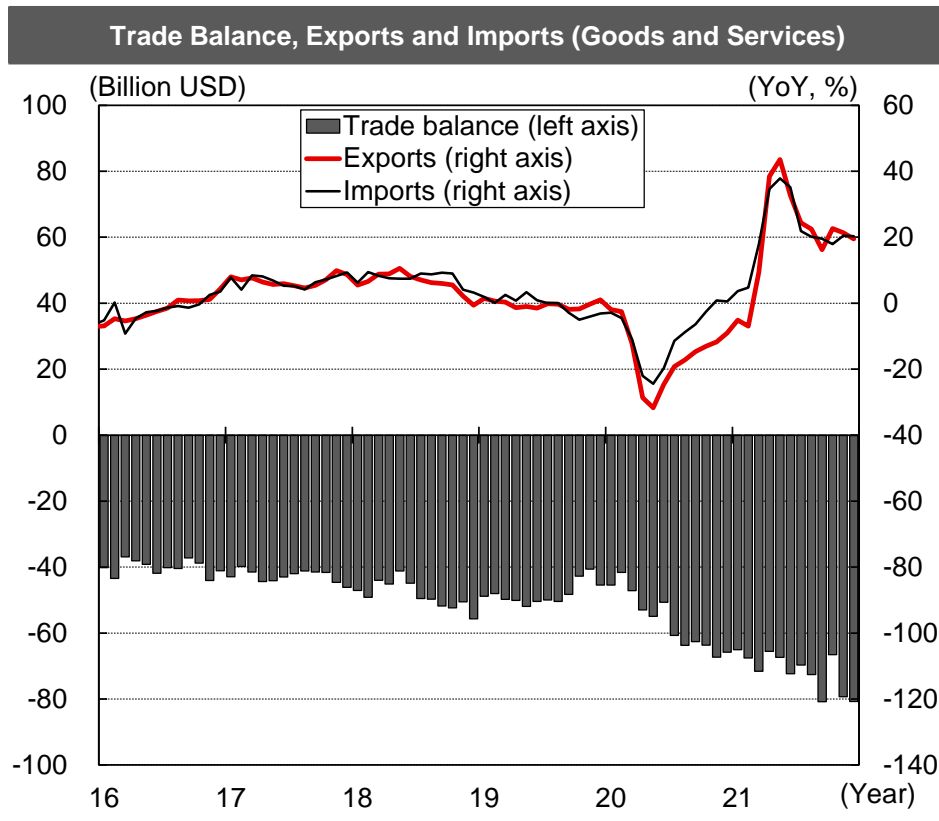
Source: Department of Labor, MUFG Bank Economic Research Office



Source: Department of Labor, MUFG Bank Economic Research Office

8. Balance of Payments

- Trade deficit on goods and services widened 1.8% MoM to \$80.7 billion in December 2021 as exports rose 1.5% and imports rose 1.6%. On a YoY basis, exports rose 19.5% and imports rose 20.3%.
- For goods trade, breakdown by destination shows that the deficit with China, which accounts for roughly a third of US goods deficit, widened 21.2% or \$6 billion MoM to \$34.1 billion in December. Exports to China declined 15.5% MoM, while imports from China rose 9.1%. On a YoY basis, exports to China declined 8.7% while imports from China rose 16.6%.



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

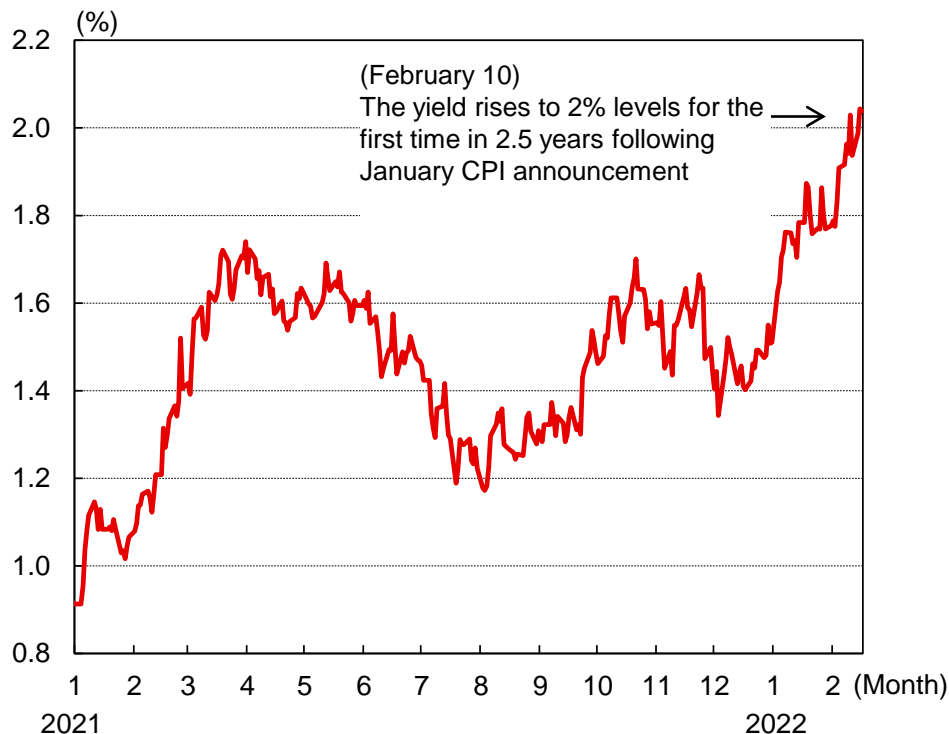


Note: Census basis
Source: Department of Commerce, MUFG Bank Economic Research Office

9. Financial Markets

- The 10-year treasury yield gained upside momentum after Fed Chair Powell indicated in the post-FOMC press conference on January 26 a more hawkish stance than market expectations, and rose to 2.0% levels for the first time in roughly two and a half years on February 10 following the release of January CPI, which marked a new 40-year high in YoY increase.
- Dow Jones Industrial Average (DJIA) stock market index had a downward trend over the past month due to the rise in Russia-Ukraine tension and prospects of a faster-than-expected monetary tightening by the Fed.

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	Feb	
Businesses	ISM Manufacturing PMI	58.7	60.9	63.7	60.6	61.6	60.9	59.9	59.7	60.5	60.8	60.6	58.8	57.6	-
	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	62.3	59.9	-
	Industrial production (2012 ave = 100)	99.4	96.4	99.2	99.2	99.9	100.5	101.2	101.1	99.8	101.2	102.1	102.0	103.5	-
	MoM (%)	1.1	-3.0	2.9	0.1	0.7	0.5	0.7	-0.1	-1.2	1.4	0.9	-0.1	1.4	-
	Capacity utilization (%)	75.0	72.7	74.8	74.8	75.3	75.7	76.2	76.1	75.1	76.1	76.7	76.6	77.6	-
	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	533,104	530,723	-	-
	MoM (%)	2.3	0.4	1.4	-0.1	2.3	1.5	0.7	1.0	0.5	1.2	1.8	-0.4	-	-
	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	270,039	268,188	-	-
MoM (%)	2.4	1.3	1.3	-0.7	3.2	0.8	0.5	1.3	-0.4	0.1	3.2	-0.7	-	-	
Household	Nonfarm payroll (monthly change, thousand people)	520	710	704	263	447	557	689	517	424	677	647	510	467	-
	Average hourly earnings (USD)	29.93	30.04	30.06	30.20	30.36	30.52	30.67	30.76	30.92	31.11	31.23	31.40	31.63	-
	YoY(%)	5.3	5.2	4.4	0.6	2.2	4.0	4.3	4.3	4.8	5.4	5.3	4.9	5.7	-
	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	4.0	-
	Personal income (annualized, billion USD)	21,505	19,955	24,142	20,925	20,515	20,570	20,819	20,890	20,685	20,809	20,916	20,987	-	-
	MoM (%)	9.9	-7.2	21.0	-13.3	-2.0	0.3	1.2	0.3	-1.0	0.6	0.5	0.3	-	-
	Consumer spending (annualized, billion USD)	14,858	14,700	15,459	15,619	15,624	15,802	15,815	15,991	16,089	16,336	16,401	16,306	-	-
	MoM (%)	3.3	-1.1	5.2	1.0	0.0	1.1	0.1	1.1	0.6	1.5	0.4	-0.6	-	-
	Saving rate (%)	19.9	13.5	26.6	12.6	10.4	9.5	10.5	9.8	8.1	7.1	7.2	7.9	-	-
	Retail sales (million USD)	575,245	559,970	623,119	628,751	620,119	625,405	615,250	622,383	626,999	638,102	642,636	626,289	649,776	-
	MoM (%)	7.2	-2.7	11.3	0.9	-1.4	0.9	-1.6	1.2	0.7	1.8	0.7	-2.5	3.8	-
	Auto sales (annualized, million units)	16.8	15.9	17.6	18.3	16.9	15.5	14.7	13.1	12.3	13.0	13.0	12.5	15.0	-
	MoM (%)	2.9	-5.0	10.7	3.7	-7.7	-8.4	-5.2	-10.8	-6.1	6.2	-0.1	-3.8	19.9	-
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	115.2	113.8	-	
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	67.2	61.7	

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	Feb
Housing	Housing starts (annualized, thousand units)	1,625	1,447	1,725	1,514	1,594	1,657	1,562	1,573	1,550	1,552	1,678	1,702	-	-
	MoM (%)	-2.2	-11.0	19.2	-12.2	5.3	4.0	-5.7	0.7	-1.5	0.1	8.1	1.4	-	-
	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	6,480	6,180	-	-
	MoM (%)	0.2	-6.3	-3.7	-2.7	-1.2	1.6	2.2	-2.0	7.0	0.8	2.2	-4.6	-	-
	New home sales (annualized, thousand units)	993	823	873	796	733	683	704	668	725	649	725	811	-	-
	MoM (%)	5.3	-17.1	6.1	-8.8	-7.9	-6.8	3.1	-5.1	8.5	-10.5	11.7	11.9	-	-
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	281.1	-
	MoM (%)	0.2	0.4	0.6	0.6	0.7	0.9	0.5	0.3	0.4	0.9	0.7	0.6	0.6	-
	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	7.5	-
	Producer Price Index (Nov 2009 = 100)	120.9	121.9	123.0	124.3	125.5	126.6	127.8	128.8	129.1	130.1	131.0	131.1	132.6	-
	MoM (%)	1.2	0.7	0.7	1.0	1.0	0.8	0.9	0.9	0.5	0.7	0.9	0.4	1.0	-
	YoY (%)	1.6	3.0	4.1	6.5	7.0	7.6	8.0	8.7	8.8	8.9	9.8	9.8	9.7	-
Trade	Exports (goods, billion USD)	134.6	130.5	143.8	145.3	145.9	146.2	149.0	150.1	143.1	159.0	156.3	158.3	-	-
	Imports (goods, billion USD)	220.6	219.2	236.2	231.7	234.6	238.8	236.0	238.7	240.5	242.2	254.5	259.7	-	-
	Trade balance (goods, billion USD)	-86.0	-88.7	-92.4	-86.4	-88.7	-92.6	-87.1	-88.5	-97.4	-83.2	-98.3	-101.4	-	-
	Trade balance (goods and services, billion USD)	-65.1	-67.6	-71.6	-65.5	-67.4	-72.3	-69.7	-72.6	-80.8	-66.5	-79.3	-80.7	-	-

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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