

US Economic Indicators Monthly Overview (March 2022)

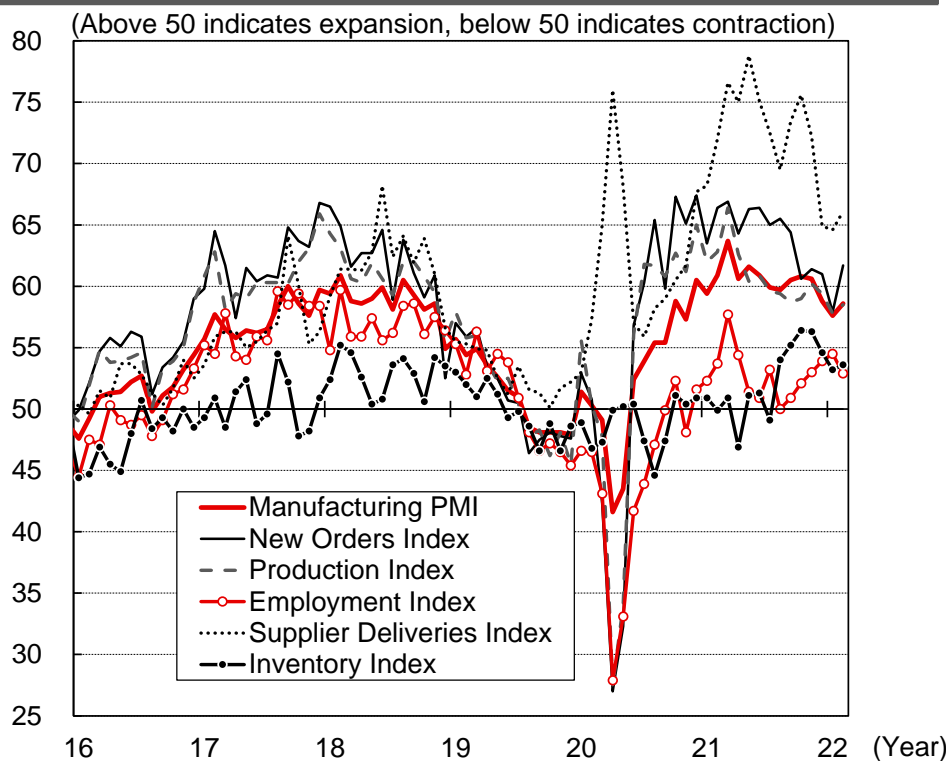
ECONOMIC RESEARCH OFFICE (NEW YORK)

March 24th 2022 (original Japanese version released on March 17th)

1. Business Activity

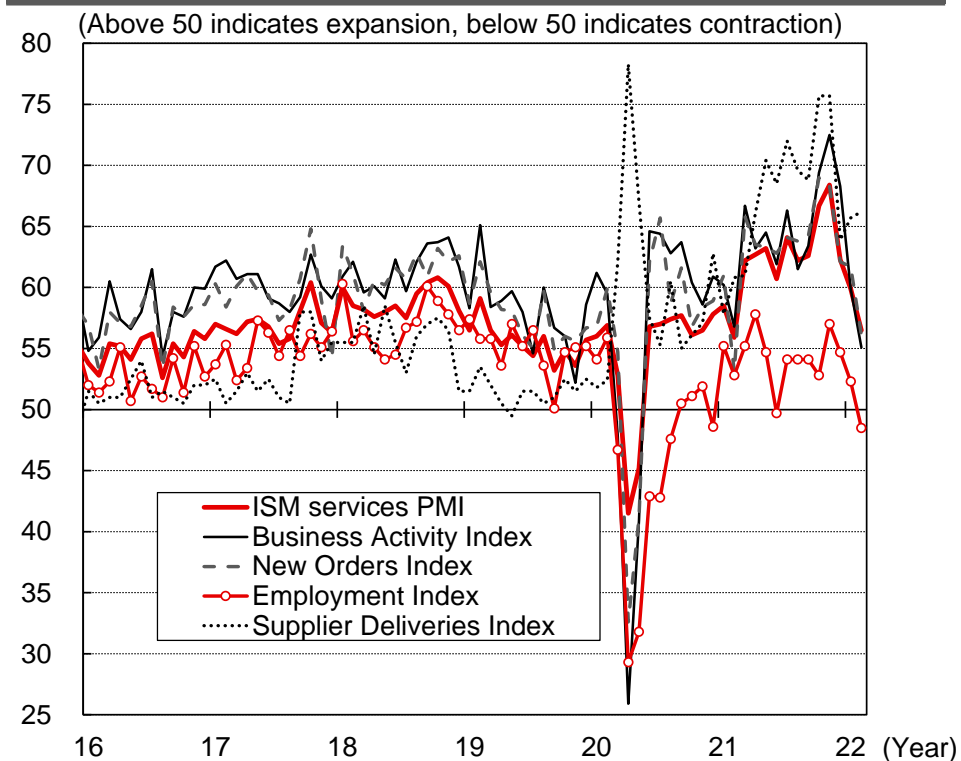
- ISM Manufacturing PMI, an indicator of business confidence and activity in the manufacturing sector, rose 1.0 point MoM to 58.6 in February, rising for the first time in four months. Component breakdown shows that Employment Index declined 1.6 points MoM to 52.9, while New Orders Index rose sharply, by 3.8 points to 61.7. The headline index topped the expansion-contraction threshold of 50 for 21 consecutive months. Of the 18 manufacturing industries, 16 reported MoM expansion, one reported contraction and one reported no change (in January, 14 reported expansion, one contraction, and three no change).
- ISM Services PMI fell 3.4 points MoM to 56.5 in February, declining sharply for a third straight month. Component breakdown shows that Business Activity Index fell 4.8 points MoM to 55.1, New orders Index fell 5.6 points to 56.1, and Employment Index fell 3.8 points to 48.5. Responses from companies indicate that a rise in input prices, logistics stagnation, labor shortages have been slowing business activity. The headline index topped the expansion-contraction threshold of 50 for 21 consecutive months. Of the 18 service industries, 14 reported MoM expansion and four reported contraction (in January, 15 reported expansion and three contraction).

ISM Manufacturing PMI



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

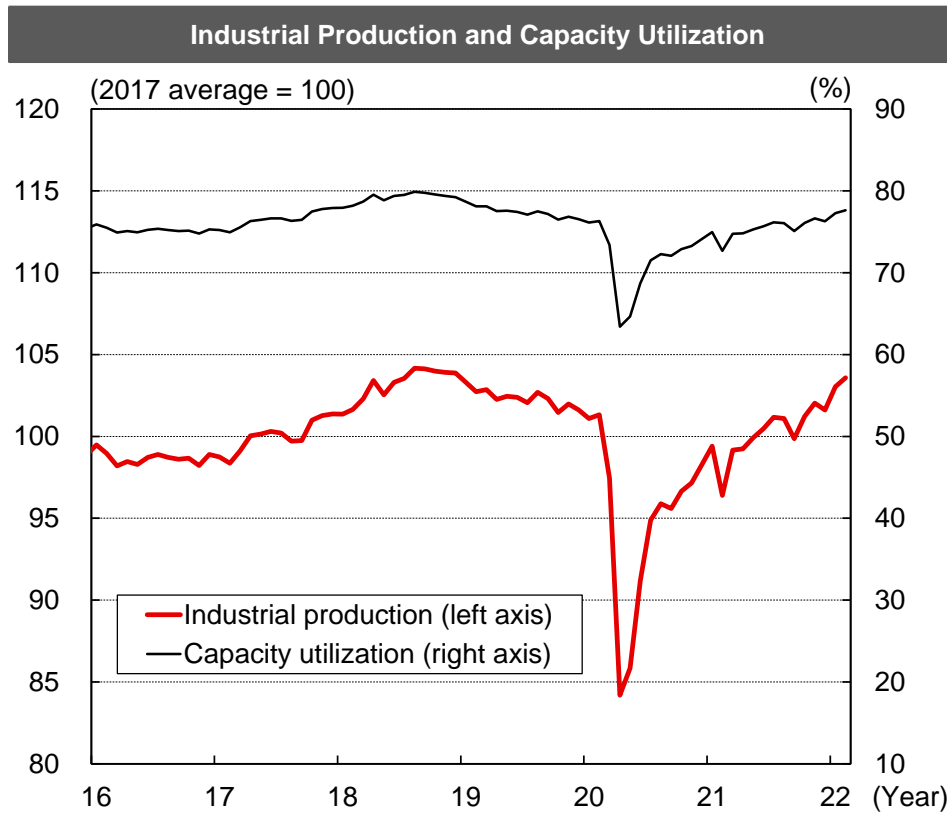
ISM Services PMI



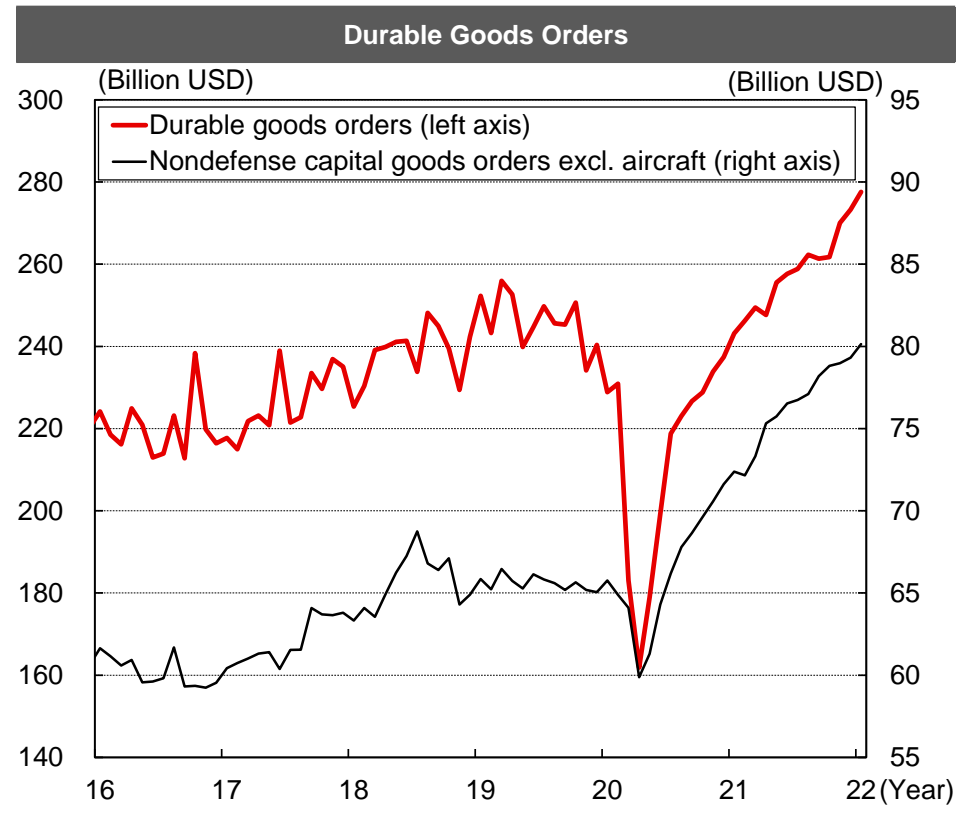
Source: Institute for Supply Management, MUFG Bank Economic Research Office

2. Production

- Industrial production rose 0.5% MoM in February, rising for a second straight month. Industry breakdown shows that manufacturing production rose 1.2% MoM, supported by broad increases across the industry although motor vehicles & parts declined 3.5% due to electronic parts shortages. Mining edged up 0.1% MoM. Meanwhile, utilities (electricity and natural gas) declined 2.7% MoM after a sharp increase in the prior month. The capacity utilization rate rose 0.3% point MoM to 77.6% in February.
- Durable goods orders increased 1.6% MoM in January, rising for a fourth straight month. Industry breakdown shows that transportation equipment, which accounts for roughly 30% of all durable goods orders, increased 3.4% MoM, with nondefense aircraft climbing 15.6%. Meanwhile, core capital goods orders (nondefense capital goods orders excluding aircraft), a leading indicator of capital investment, rose 1.0%, increasing for 11 straight months in January.



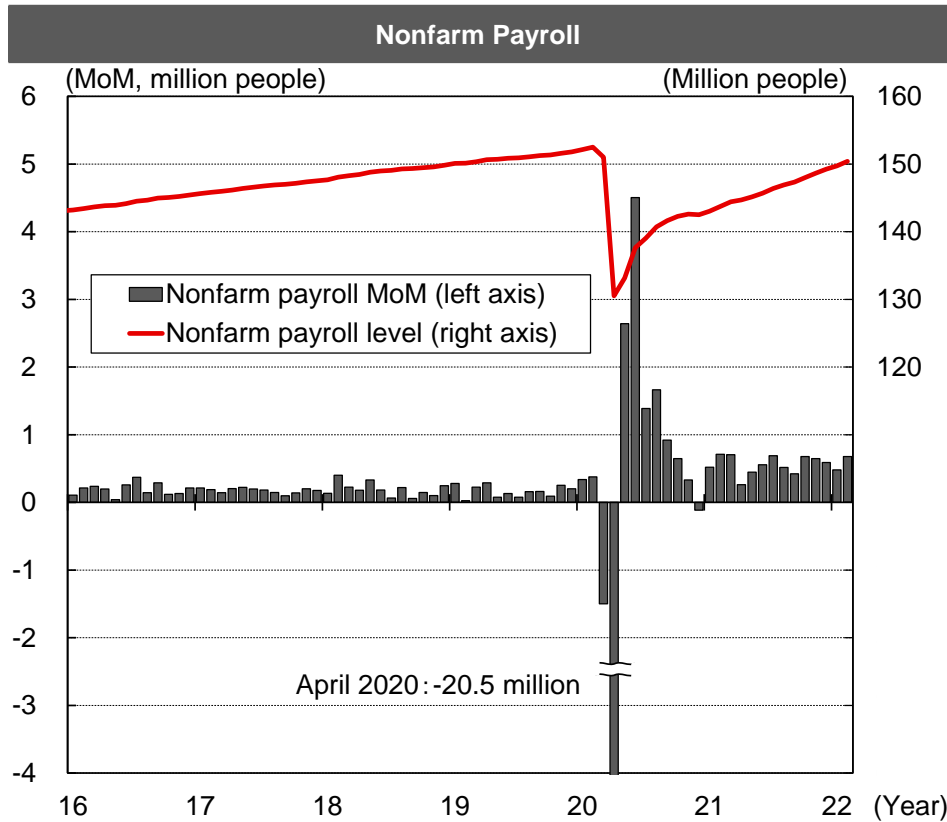
Source: Federal Reserve, MUFG Bank Economic Research Office



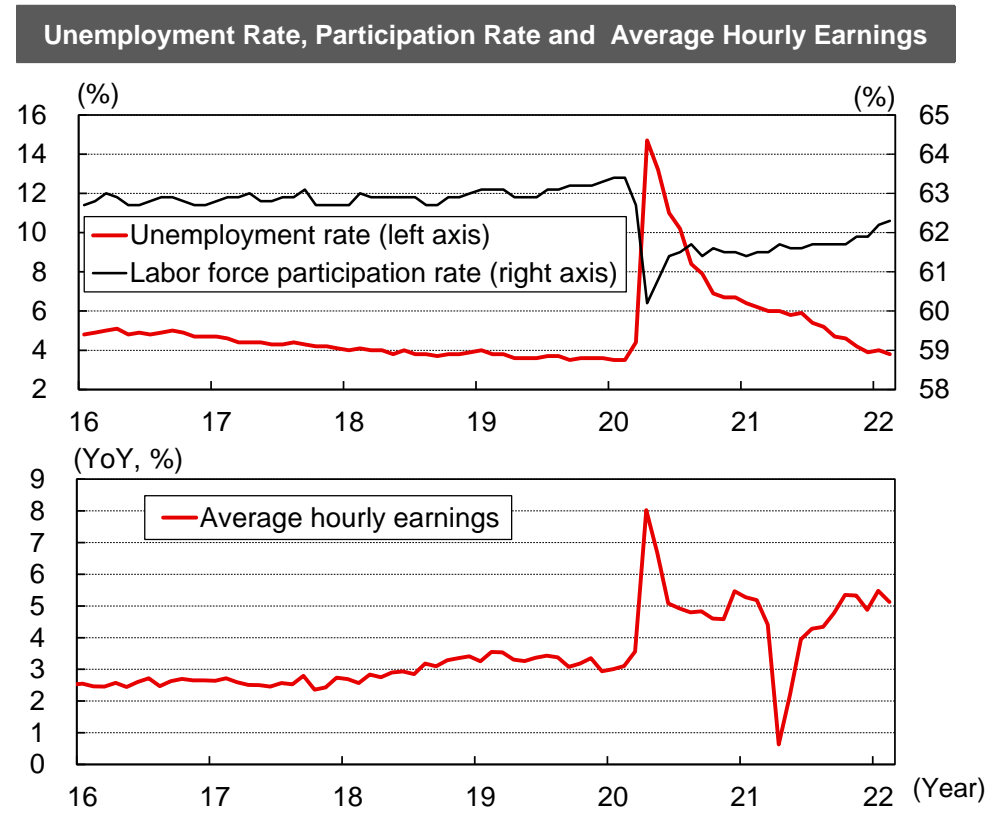
Source: Department of Commerce, MUFG Bank Economic Research Office

3. Employment (1)

- Nonfarm payroll increased 678,000 MoM in February, accelerating from January's 481,000 gain (revised up) and marking the largest increase since July 2021.
- Industry breakdown shows leisure & hospitality rose 179,000 MoM, education & health services rose 112,000, professional & business services rose 95,000 and construction rose 60,000, along with many other industries that recorded an increase. Nonfarm payroll stands 2,110,000 or 1.4% below the pre-pandemic level of February 2020.
- Unemployment rate fell 0.2% point to 3.8% in February. Unemployed persons decreased 243,000 MoM to 6,270,000 in February. Labor force participation rate rose 0.1% point to 62.3%. Average hourly earnings for all private-sector employees rose 5.1% YoY in February, decelerating from January's 5.5% increase but still far above the 3% levels seen before the pandemic.



Source: Department of Labor, MUFG Bank Economic Research Office

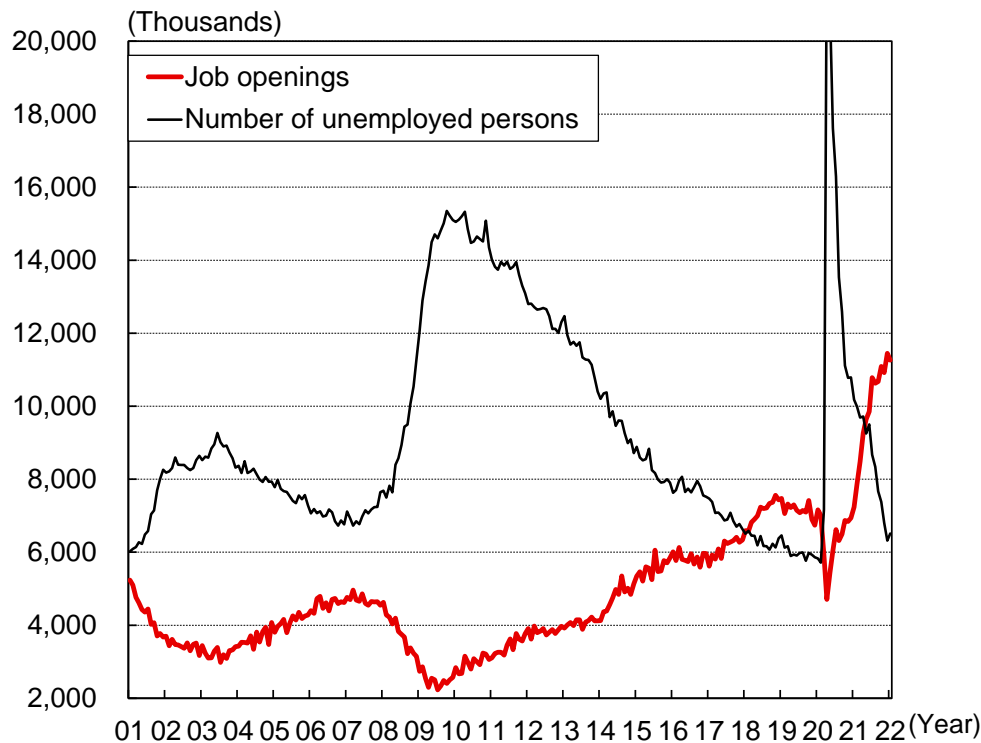


Source: Department of Labor, MUFG Bank Economic Research Office

3. Employment (2)

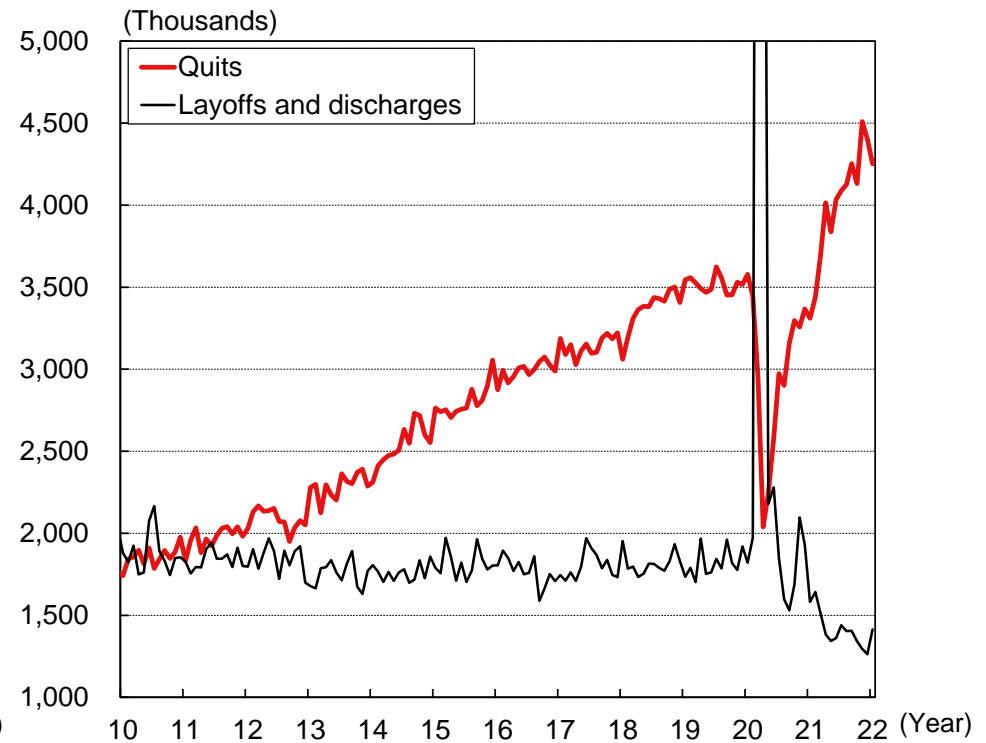
- Job openings decreased 185,000 MoM to 11.3 million in January, after a rise in December. Still, the number of openings topped 10 million for a seventh straight month and is far above the number of unemployed persons, reflecting a continued imbalance of labor supply and demand.
- The number of quits decreased 151,000 MoM to 4.25 million in January, declining for a second straight month but remaining at a high level. Layoffs and discharges increased 152,000 MoM to 1.41 million, rising for the first time in four months.

Numbers of Job Openings and Unemployed Persons



Source: Department of Labor, MUFG Bank Economic Research Office

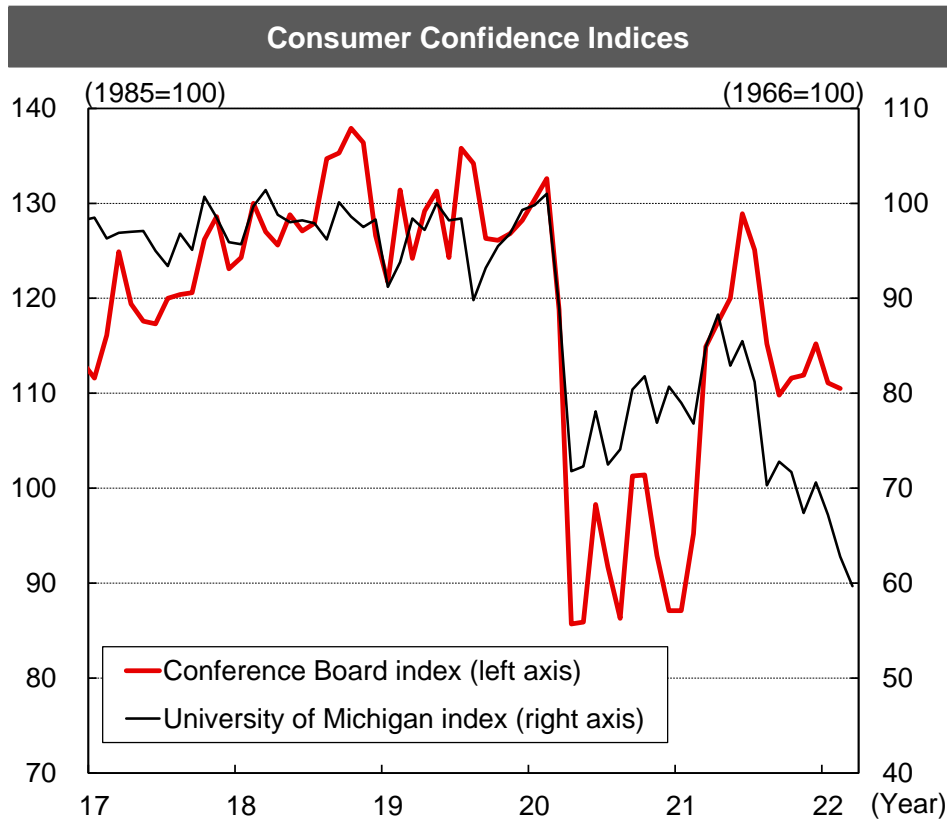
Numbers of Employment Separations



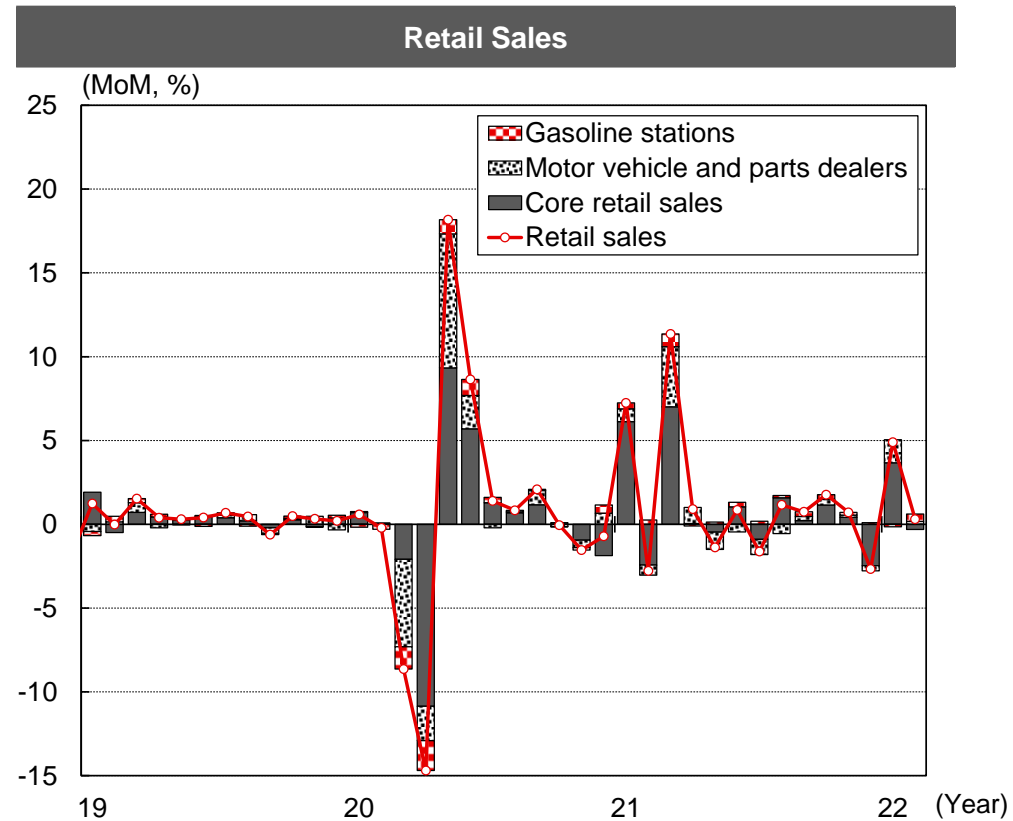
Source: Department of Labor, MUFG Bank Economic Research Office

4. Consumer Spending

- The Conference Board Consumer Confidence Index decreased 0.6 point MoM to 110.5 in February, falling for a second straight month. The Present Situation Index rose 0.6 point to 145.1, while the Expectations Index (reflecting consumers outlook for the next six months) fell 1.3 points to 87.5. Meanwhile, the University of Michigan Index of Consumer Sentiment (preliminary) declined 3.1 points MoM to 59.7 in March, the lowest level since September 2011. Inflation concerns including crude oil price surges due to Russian invasion of Ukraine weighed on consumer sentiment. Expected inflation rate for the next year rose 0.5% point MoM to 5.4% YoY.
- Retail sales increased 0.3% MoM in February, rising for a second straight month after January's 4.9% increase (revised up). Breakdown by the type of business shows a large increase of 5.3% in gasoline stations due to higher crude oil prices, and a 2.5% increase in food services & drinking places as Omicron-related COVID-19 case surge faded. Meanwhile, nonstore retailer sales fell 3.7% and health & personal care store sales fell 1.8%. Core retail sales, which exclude the two volatile categories of motor vehicle & parts dealers and gasoline stations decreased 0.4% after January's 5.2% increase (revised up).



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

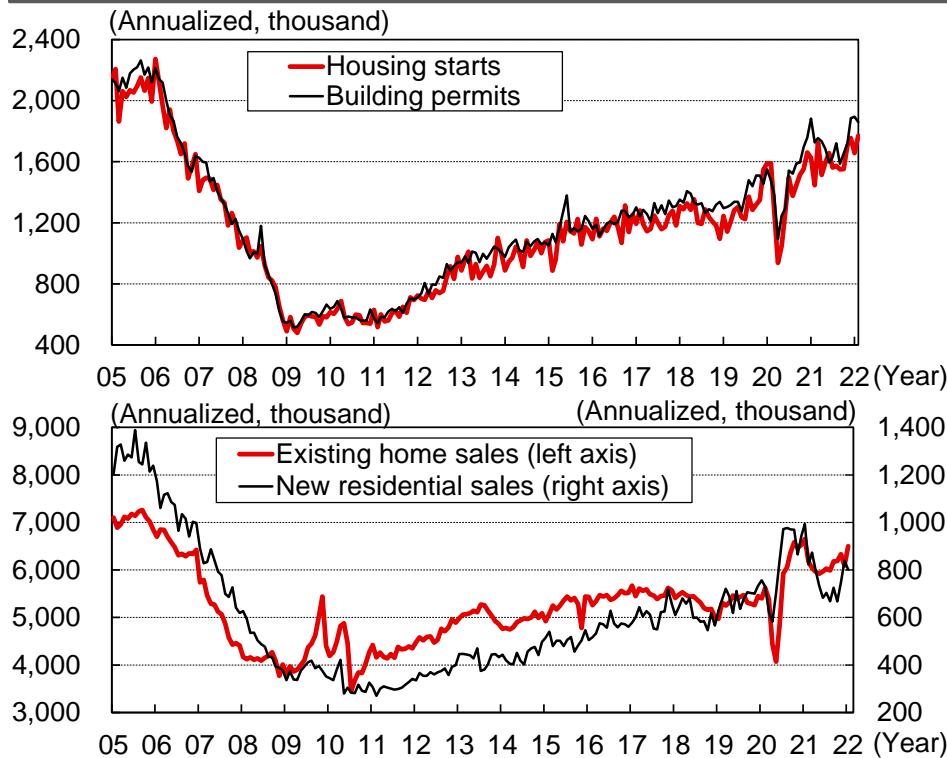


Source: Department of Commerce, MUFG Bank Economic Research Office

5. Housing Market

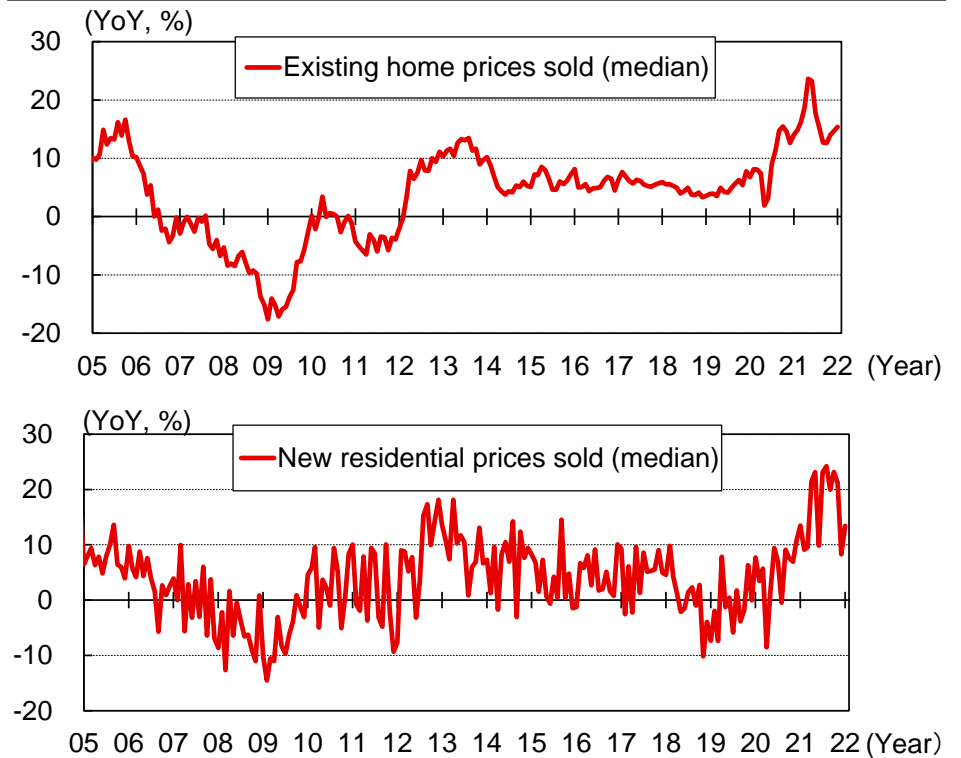
- Housing starts increased 6.8% MoM to a seasonally adjusted annualized rate (SAAR) of 1,769,000 in February, after a decline in January. Single-family housing starts rose 5.7% MoM and buildings with two or more units increased 9.3%. Building permits, a leading indicator of housing starts, decreased 1.9% MoM to 1,859,000 (SAAR), falling for the first time in five months.
- Existing home sales increased 6.7% MoM to 6,500,000 (SAAR) in January, rising after a decline in December, while new residential sales declined 4.5% to 801,000 (SAAR), decreasing for the first time in three months. The median price of existing homes sold was \$350,300 in January, up 15.4% YoY, accelerating from December's 14.7%. The median price of new homes sold was \$423,300, up 13.4% YoY, accelerating from December's 8.3%.
- The inventory-to-sales ratios for existing homes declined to 1.8 months in January from December's 2.1 months, while the ratio for new homes rose to 6.1 months from December's 5.6 months.

Housing Starts, Building Permits and Home Sales



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

Home Prices

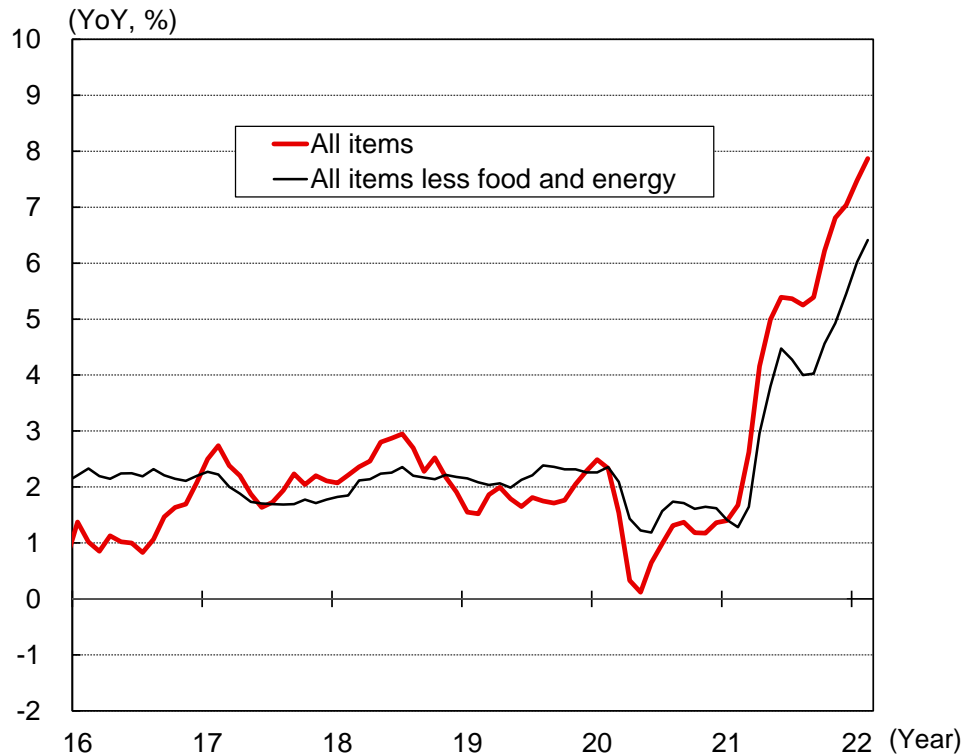


Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

6. Prices

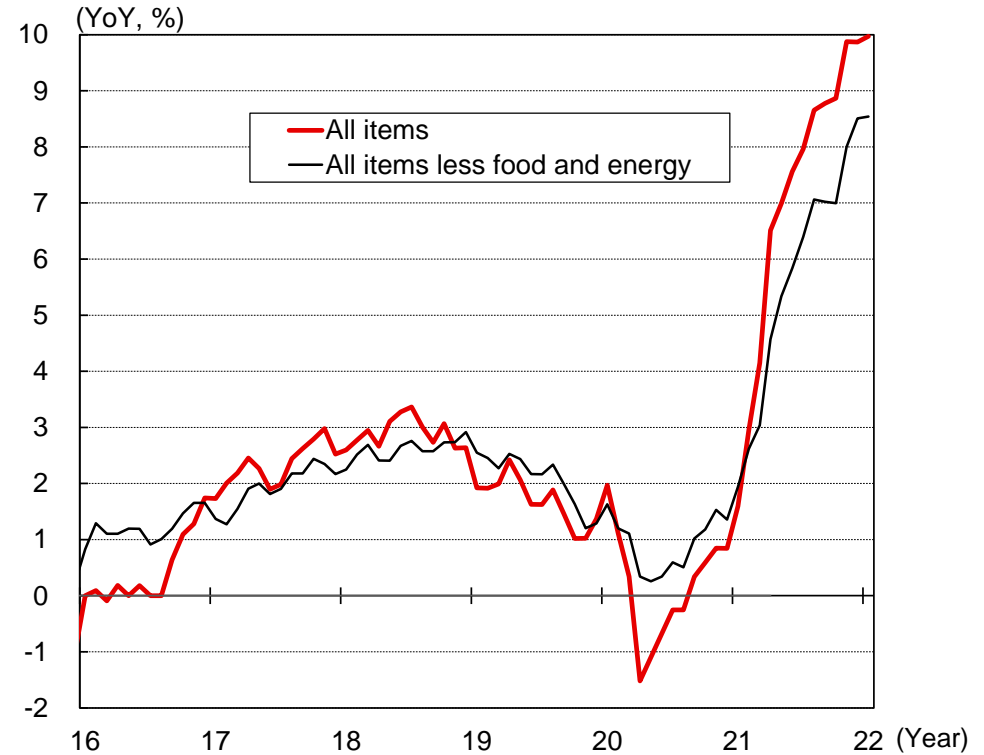
- The Consumer Price Index (CPI) rose 7.9% YoY in February, accelerating from January's 7.5% to the largest 12-month percentage increase since January 1982. The core CPI (all items less food and energy) rose 6.4% YoY, up from January's 6.0% and the largest percentage increase since August 1982. Energy commodities' YoY increase slowed down to 25.6% from January's 27.0%, while increase accelerated for food to 7.9% from January's 7.0%, the largest increase since July 1981. CPI also accelerated for used cars & trucks (40.5%→41.2%), shelter (4.4%→4.7%), and transportation service (5.6%→6.6%).
- The Producer Price Index (PPI) rose 10.0% YoY in February, marking a double-digit percentage increase for a second straight month (January: 10.0%). Breakdown by item shows that services index decelerated from January's 8.1%YoY increase to a 7.8% gain in February, while goods index accelerated from January's 13.4% increase to a 14.4% gain in February, driven by acceleration in energy (30.7%→ 33.8%) and food (13.0% →13.7%). Core PPI (all items less food and energy) decelerated slightly to an 8.4% gain from January's 8.5%.

Consumer Price Index



Source: Department of Labor, MUFG Bank Economic Research Office

Producer Price Index

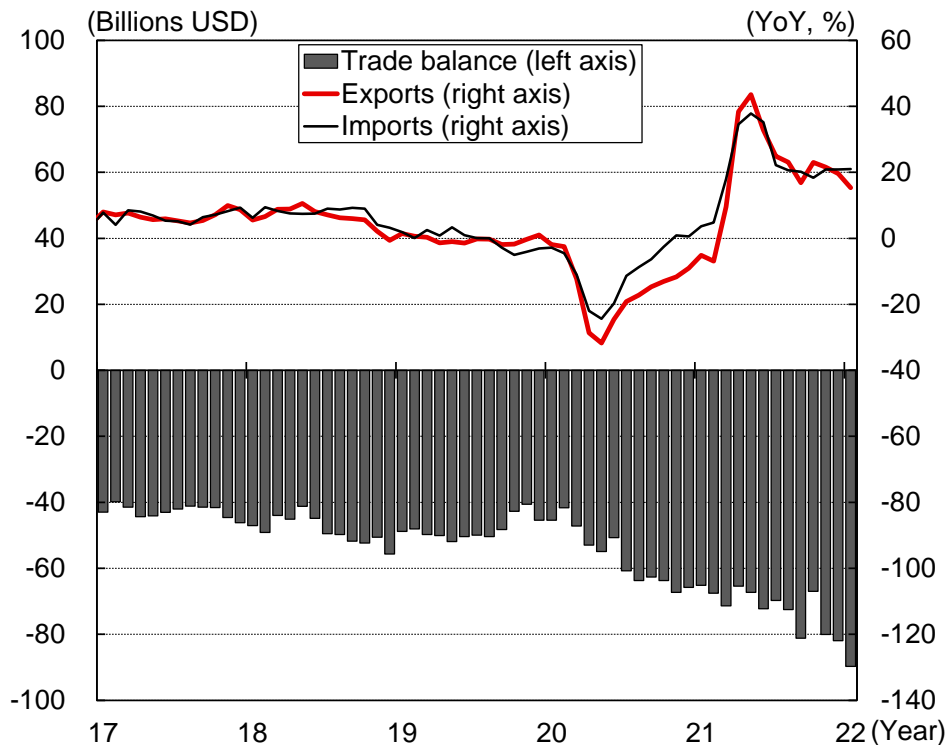


Source: Department of Labor, MUFG Bank Economic Research Office

7. Balance of Payments

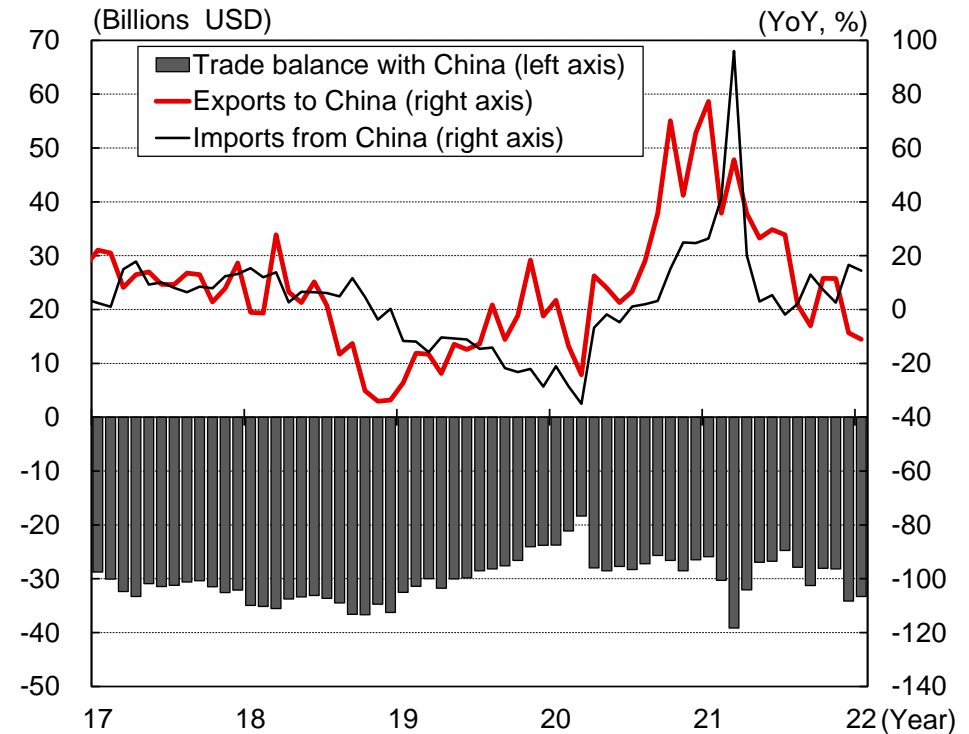
- Trade deficit on goods and services widened 9.4% MoM to \$89.7 billion in January as exports fell 1.7% and imports rose 1.2%. On a YoY basis, exports rose 15.4% and imports rose 21.0%.
- For goods trade, breakdown by destination shows that the deficit with China, which accounts for roughly a third of US goods deficit, narrowed 2.5% or \$840 million MoM to \$33.3 billion in January. Exports to China rose 8.5% MoM and imports from China rose 0.3%. On a YoY basis, exports to China declined 11.0% while imports from China rose 14.4%.

Trade Balance, Exports and Imports (Goods and Services)



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

Trade Balance, Exports and Imports with China (Goods)

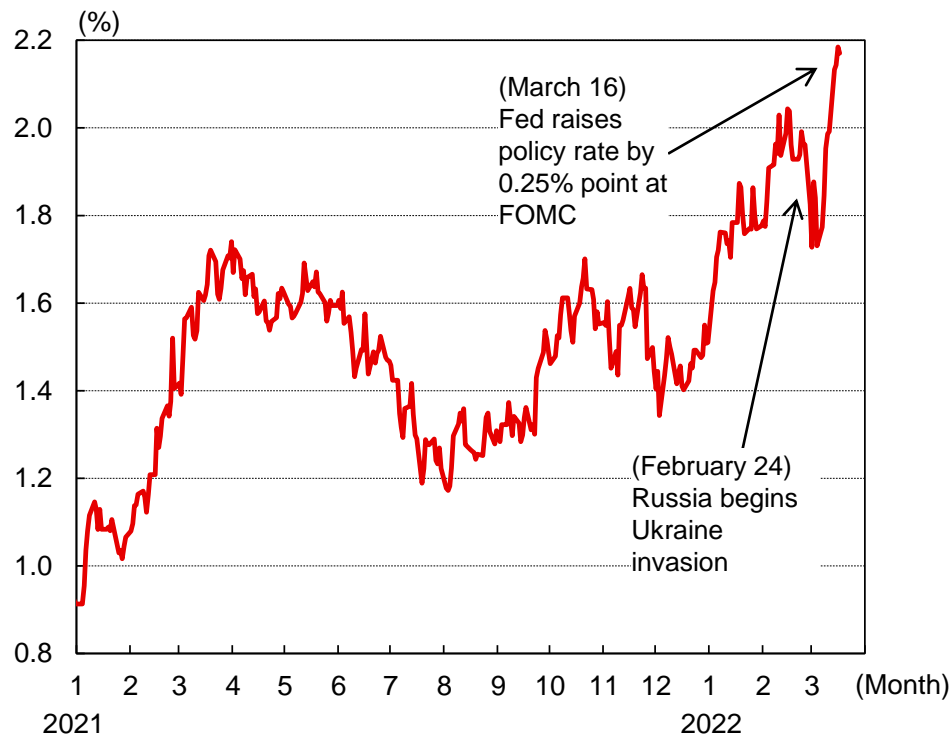


Note: Census basis
Source: Department of Commerce, MUFG Bank Economic Research Office

8. Financial Markets

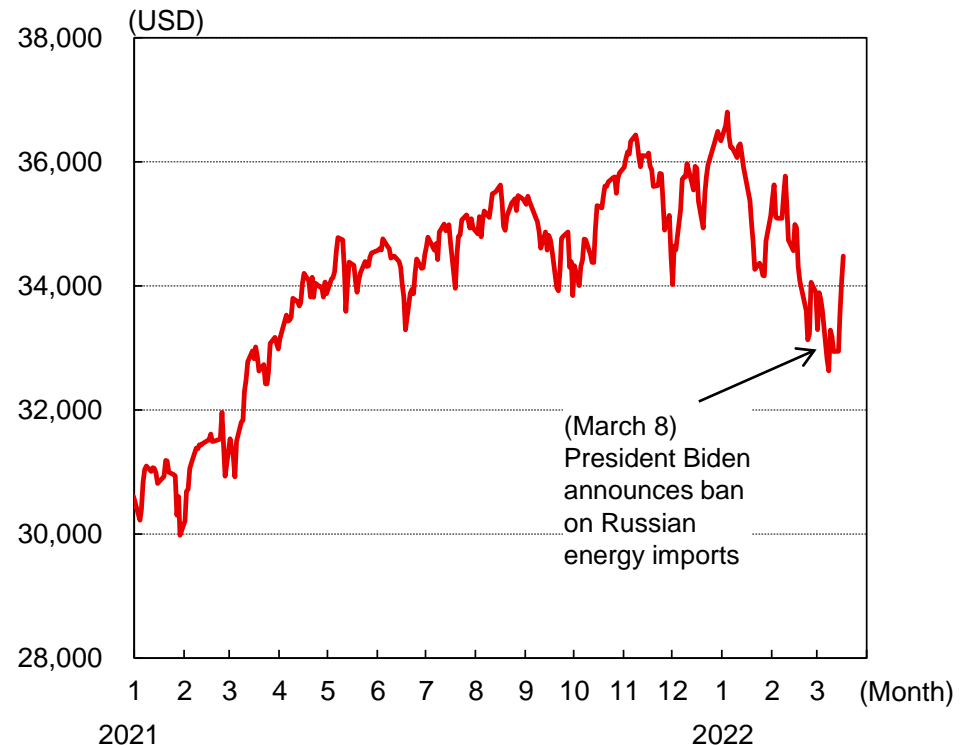
- As Russian invasion of Ukraine increased uncertainties, risk aversion drove the 10-year treasury yield down to 1.6% levels on March 7. The yield has since rebounded sharply as the Fed's firm stance on monetary tightening was confirmed on the back of accelerated inflation, and has risen to almost 2.2%.
- Dow Jones Industrial Average (DJIA) stock market index fell to 32,000 levels on March 7-8 as the United States moved to ban energy imports from Russia. The index has since recovered to 34,000 levels but remains volatile due to heightened uncertainties.

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															
		Feb-21	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan-22	Feb	Mar
Businesses	ISM Manufacturing PMI	60.9	63.7	60.6	61.6	60.9	59.9	59.7	60.5	60.8	60.6	58.8	57.6	58.6	-
	ISM Services PMI	55.3	63.7	62.7	64.0	60.1	64.1	61.7	61.9	66.7	69.1	62.3	59.9	56.5	-
	Industrial production (2012 ave = 100)	96.4	99.2	99.2	99.9	100.5	101.2	101.1	99.9	101.2	102.0	101.6	103.0	103.6	-
	MoM (%)	-3.0	2.9	0.1	0.7	0.5	0.7	-0.1	-1.2	1.4	0.8	-0.4	1.4	0.5	-
	Capacity utilization (%)	72.7	74.8	74.8	75.3	75.7	76.2	76.1	75.1	76.1	76.6	76.3	77.3	77.6	-
	Manufactured goods new orders (Million USD)	481,195	488,073	487,409	498,587	506,128	509,490	514,637	517,066	523,433	533,104	536,660	544,224	-	-
	MoM (%)	0.4	1.4	-0.1	2.3	1.5	0.7	1.0	0.5	1.2	1.8	0.7	1.4	-	-
	Durable goods orders (Million USD)	246,261	249,467	247,644	255,529	257,663	258,846	262,317	261,353	261,728	270,039	273,281	277,572	-	-
MoM (%)	1.3	1.3	-0.7	3.2	0.8	0.5	1.3	-0.4	0.1	3.2	1.2	1.6	-	-	
Household	Nonfarm payroll (monthly change, thousand people)	710	704	263	447	557	689	517	424	677	647	588	481	678	-
	Average hourly earnings (USD)	30.04	30.06	30.20	30.36	30.52	30.67	30.76	30.92	31.11	31.23	31.38	31.57	31.6	-
	YoY(%)	5.2	4.4	0.6	2.2	4.0	4.3	4.3	4.8	5.4	5.3	4.9	5.5	5.1	-
	Unemployment rate (%)	6.2	6.0	6.0	5.8	5.9	5.4	5.2	4.7	4.6	4.2	3.9	4.0	3.8	-
	Personal income (annualized, billion USD)	19,955	24,142	20,925	20,515	20,570	20,835	20,916	20,720	20,843	20,960	21,035	21,044	-	-
	MoM (%)	-7.2	21.0	-13.3	-2.0	0.3	1.3	0.4	-0.9	0.6	0.6	0.4	0.0	-	-
	Consumer spending (annualized, billion USD)	14,700	15,459	15,619	15,624	15,802	15,815	15,991	16,089	16,318	16,410	16,279	16,616	-	-
	MoM (%)	-1.1	5.2	1.0	0.0	1.1	0.1	1.1	0.6	1.4	0.6	-0.8	2.1	-	-
	Saving rate (%)	13.5	26.6	12.6	10.4	9.5	10.5	9.8	8.1	7.3	7.2	8.2	6.4	-	-
	Retail sales (million USD)	559,554	623,119	628,751	620,119	625,405	615,250	622,383	626,999	638,102	642,636	625,459	656,117	658,128	-
	MoM (%)	-2.8	11.4	0.9	-1.4	0.9	-1.6	1.2	0.7	1.8	0.7	-2.7	4.9	0.3	-
	Auto sales (annualized, million units)	15.9	17.6	18.3	16.9	15.5	14.7	13.1	12.3	13.0	13.0	12.5	15.0	14.1	-
	MoM (%)	-5.0	10.7	3.7	-7.7	-8.4	-5.2	-10.8	-6.1	6.2	-0.1	-3.8	19.9	-6.4	-
	Conference Board Consumer Confidence Index	95.2	114.9	117.5	120.0	128.9	125.1	115.2	109.8	111.6	111.9	115.2	111.1	110.5	-
University of Michigan Index of Consumer Sentiment	76.8	84.9	88.3	82.9	85.5	81.2	70.3	72.8	71.7	67.4	70.6	67.2	62.8	59.7	

Source: Various statistics, MUFG Bank Economic Research Office

Table: Major Monthly Economic Indicators (continued)

Major Monthly Economic Indicators															
		Feb-21	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan-22	Feb	Mar
Housing	Housing starts (annualized, thousand units)	1,447	1,725	1,514	1,594	1,657	1,562	1,573	1,550	1,552	1,703	1,754	1,657	-	-
	MoM (%)	-11.0	19.2	-12.2	5.3	4.0	-5.7	0.7	-1.5	0.1	9.7	3.0	-5.5	-	-
	Existing home sales (annualized, thousand units)	6,170	6,040	5,960	5,920	5,970	6,030	5,990	6,180	6,190	6,330	6,090	6,500	-	-
	MoM (%)	-7.2	-2.1	-1.3	-0.7	0.8	1.0	-0.7	3.2	0.2	2.3	-3.8	6.732348	-	-
	New home sales (annualized, thousand units)	823	873	796	733	683	704	668	725	667	749	839	801	-	-
	MoM (%)	-17.1	6.1	-8.8	-7.9	-6.8	3.1	-5.1	8.5	-8.0	12.3	12.0	-4.5292	-	-
Prices	Consumer Price Index (1982-1984 = 100)	263.0	264.9	267.1	269.2	271.7	273.0	273.6	274.3	276.6	277.9	278.8	281.1	283.7	-
	MoM (%)	0.4	0.6	0.6	0.7	0.9	0.5	0.3	0.4	0.9	0.7	0.6	0.6	0.8	-
	YoY (%)	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8	7.0	7.5	7.9	-
	Producer Price Index (Nov 2009 = 100)	121.9	123.0	124.3	125.5	126.6	127.8	128.8	129.1	130.1	131.1	131.2	133.0	134.1	-
	MoM (%)	0.7	0.7	1.0	1.0	0.8	0.9	0.9	0.5	0.7	0.9	0.4	1.2	0.8	-
	YoY (%)	3.0	4.1	6.5	7.0	7.6	8.0	8.7	8.8	8.9	9.9	9.9	10.0	10.0	-
Trade	Exports (goods, billion USD)	130.5	143.8	145.3	145.9	146.2	148.9	150.0	143.0	159.0	156.3	158.2	155.9	-	-
	Imports (goods, billion USD)	219.2	236.2	231.7	234.6	238.8	236.0	238.6	240.4	242.3	254.6	260.0	264.8	-	-
	Trade balance (goods, billion USD)	-88.7	-92.4	-86.4	-88.7	-92.6	-87.1	-88.6	-97.4	-83.3	-98.4	-101.8	-108.9	-	-
	Trade balance (goods and services, billion USD)	-67.5	-71.4	-65.4	-67.3	-72.2	-69.7	-72.5	-81.2	-66.9	-80.1	-82.0	-89.7	-	-

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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