

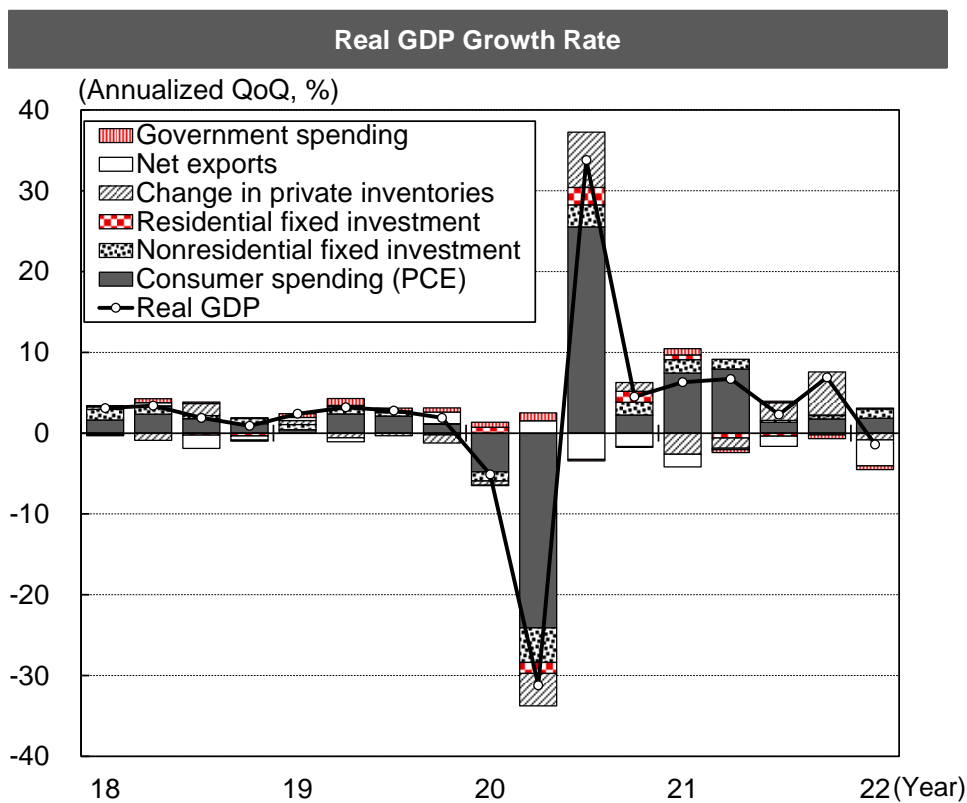
US Economic Indicators Monthly Overview (May 2022)

ECONOMIC RESEARCH OFFICE (NEW YORK)

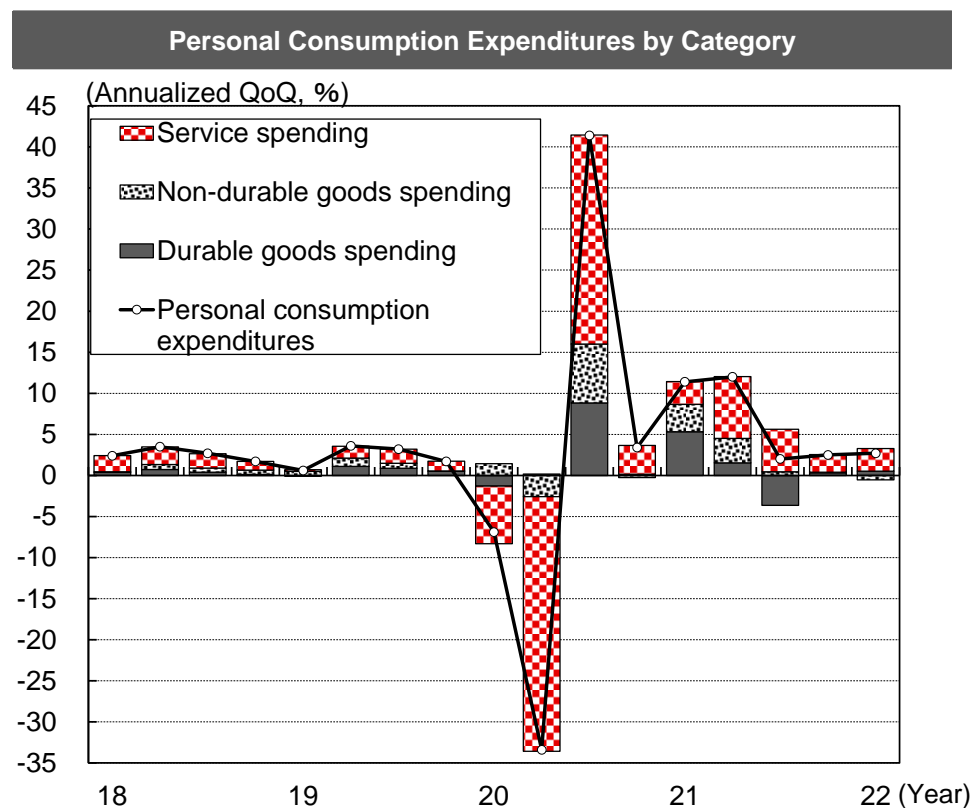
May 23th 2022 (original Japanese version released on May 18th)

1. GDP

- The real GDP contracted at an annualized rate of 1.4% QoQ in the January-March quarter, the first decline since the October-December quarter of 2020 when the real GDP declined by 6.9% annualized QoQ.
- Breakdown by demand component shows that net exports weighed down the GDP growth with a negative contribution of 3.2% points, compared with a 0.2% point negative contribution the prior quarter. Exports decreased 5.9% annualized QoQ after a 22.4% jump the prior quarter, while imports maintained robust growth of 17.7% after rising 17.9% the prior quarter. The increase in imports reflects solid domestic demand, but it is a subtraction in the GDP calculation.
- Meanwhile, domestic demand was solid, with personal consumption expenditures and non-residential fixed investments accelerating to 2.7% annualized QoQ (from 2.5% the prior quarter) and to 9.2% (from 2.9% the prior quarter), respectively. Residential fixed investment also increased for the second straight quarter, by 2.1%. Breakdown of personal consumption expenditures shows that spending on non-durable goods declined 2.5% while spending on services and on durable goods rose by 4.3% and 4.1%, respectively.



Source: Department of Commerce, MUFG Bank Economic Research Office



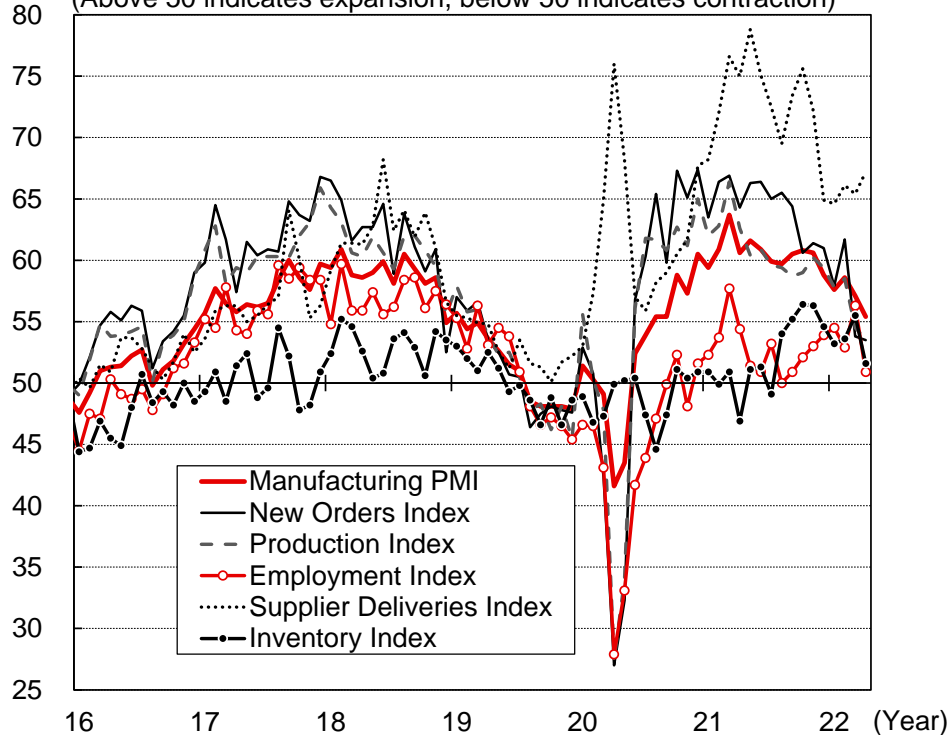
Source: Department of Commerce, MUFG Bank Economic Research Office

2. Business Activity

- ISM Manufacturing PMI, an indicator of business confidence and activity in the manufacturing sector, declined 1.7 points MoM to 55.4 in April, falling for a second straight month. Component breakdown shows that Supplier Deliveries Index rose 1.8 points MoM to 67.2, while Employment Index and Inventory Index fell sharply, by 5.4 points to 50.9 and by 3.9 points to 51.6, respectively. Responses from companies underscored supply chain-related issues such as the impact of city lockdowns in China. The headline index topped the expansion-contraction threshold of 50 for 23 consecutive months. Of the 18 manufacturing industries, 17 reported expansion and one reported contraction (in March, 15 reported expansion, two contraction and one no change).
- ISM Services PMI declined 1.2 points MoM to 57.1 in April after an increase in March. Component breakdown shows that Business Activity Index rose 3.6 points to 59.1, while New Orders Index and Employment Index fell sharply, by 5.5 points to 54.6 and 4.5 points to 49.5, respectively. Responses from companies noted high inflation, supply constraints and logistics issues as obstacles, and that raw material prices remain elevated due to the Russian invasion of Ukraine. The headline index topped the expansion-contraction threshold of 50 for 23 consecutive months. Of the 18 service industries, 17 reported expansion and one reported contraction (same as in March).

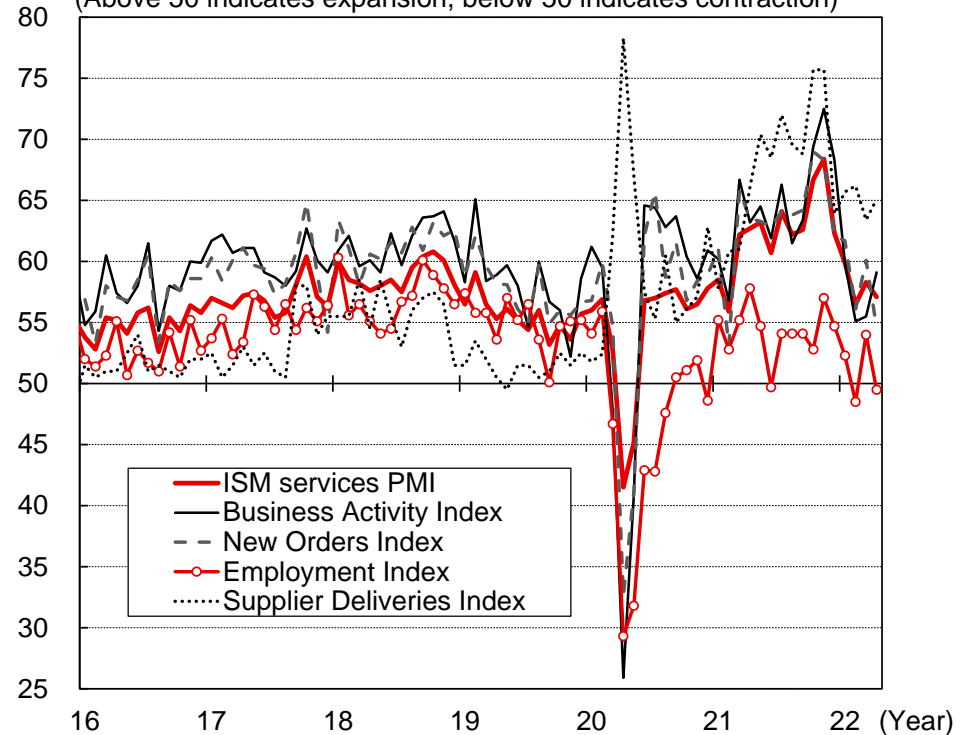
ISM Manufacturing PMI

(Above 50 indicates expansion, below 50 indicates contraction)



ISM Services PMI

(Above 50 indicates expansion, below 50 indicates contraction)

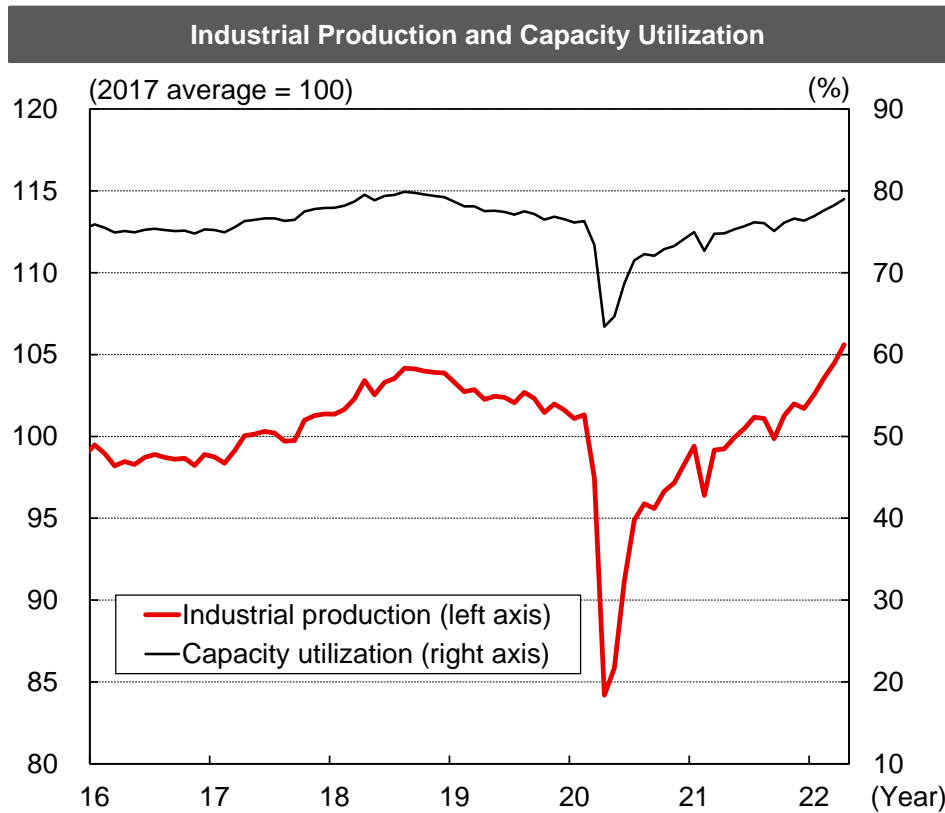


Source: Institute for Supply Management, MUFG Bank Economic Research Office

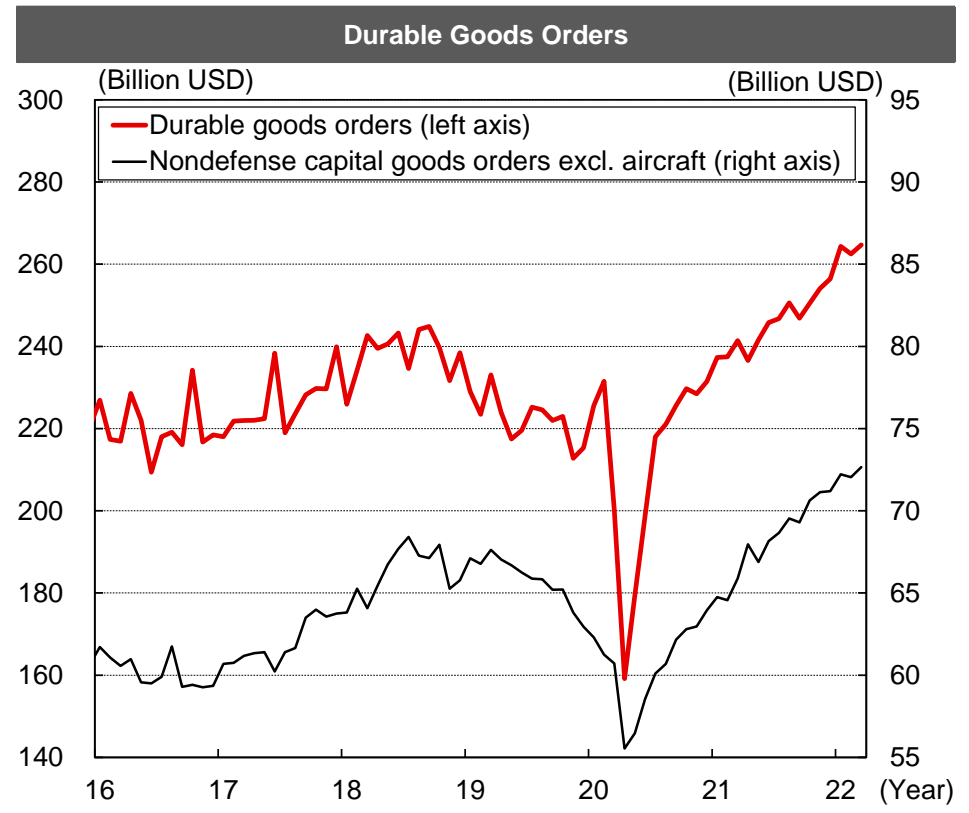
Source: Institute for Supply Management, MUFG Bank Economic Research Office

3. Production

- Industrial production increased 1.1% MoM in April, rising for the fourth straight month. Industry breakdown shows that manufacturing production rose 0.8% MoM, led by a 3.9% increase in motor vehicles & parts. Mining rose 1.6% MoM and utilities (electricity and natural gas) increased 2.4%. The capacity utilization rate climbed 0.8% point MoM to 79.0% in April.
- Durable goods orders increased 0.8% MoM in March after a decrease in the prior month. Industry breakdown shows that orders rose in many industries, including electric equipment, appliances & parts (3.0% increase), computers & electronic products (2.0% increase), and primary metals (2.3% increase). Core capital goods orders (nondefense capital goods orders excluding aircraft), a leading indicator of capital investment, increased 0.9% MoM after a decrease in the prior month.



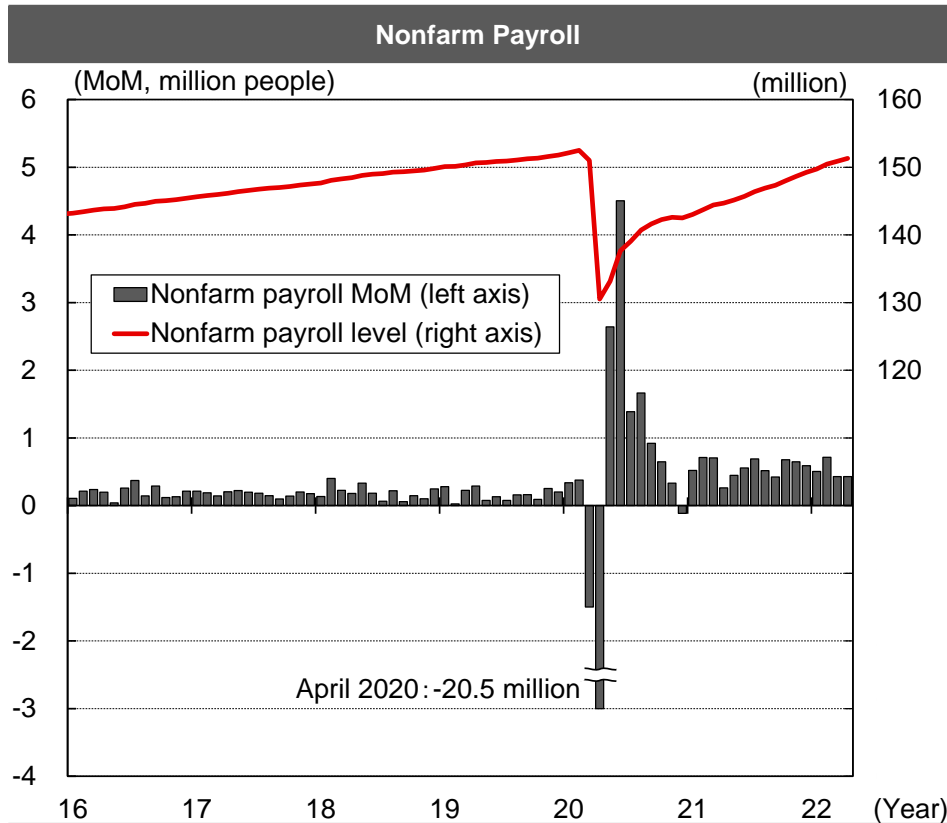
Source: Federal Reserve, MUFG Bank Economic Research Office



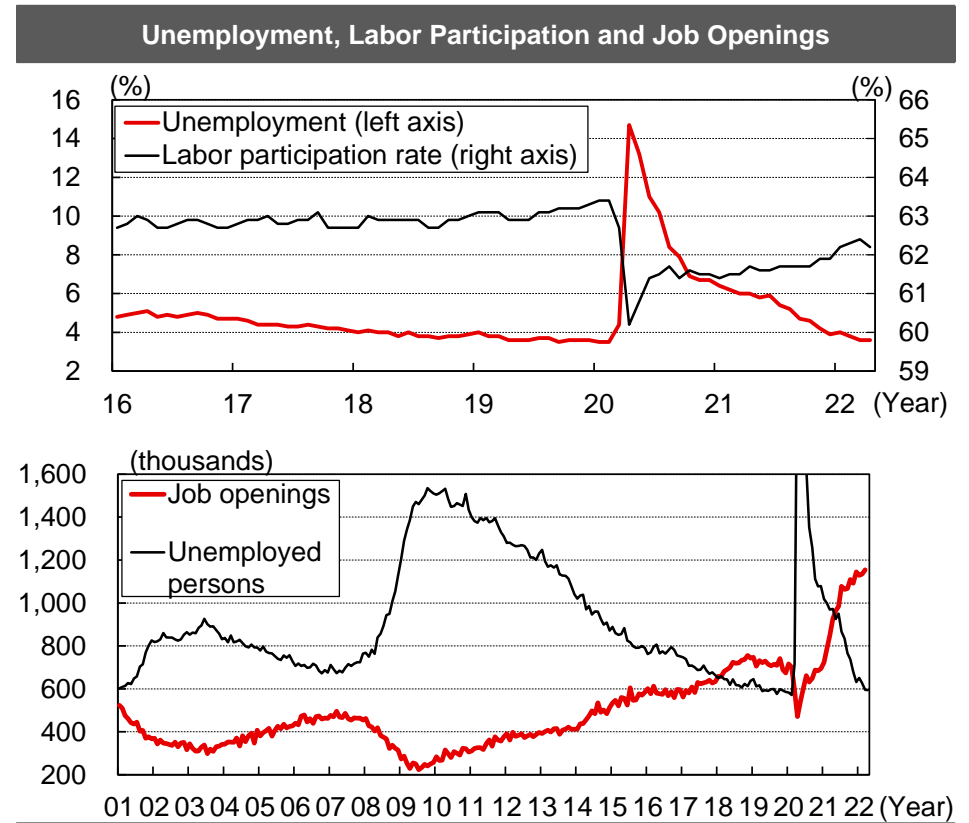
Source: Department of Commerce, MUFG Bank Economic Research Office

4. Employment

- Nonfarm payroll increased by a solid 428,000 MoM in April after the same size of increase March (revised down). Industry breakdown shows leisure & hospitality rose 78,000 MoM, manufacturing rose 55,000, transportation & warehousing rose 52,000, along with many other industries with a monthly increase. Nonfarm payroll stands 1,190,000 or 0.8% below the pre-pandemic level of February 2020.
- Unemployment rate was unchanged MoM at 3.6% in April. Unemployed persons decreased 11,000 MoM to 5,940,000 in April. Labor force participation rate declined 0.2% point to 62.2%, putting the brake on the earlier trend of improvement. Average hourly earnings for all private-sector employees rose 5.5% YoY in April, slightly decelerating from March's 5.6% increase.
- Job openings in March increased 205,000 MoM to 11.5 million, rising for a second straight month to the highest level since the December 2000 inception of the time series. The number of openings topped 10 million for nine straight months and is far above the number of unemployed persons, reflecting a continued imbalance of labor supply and demand.



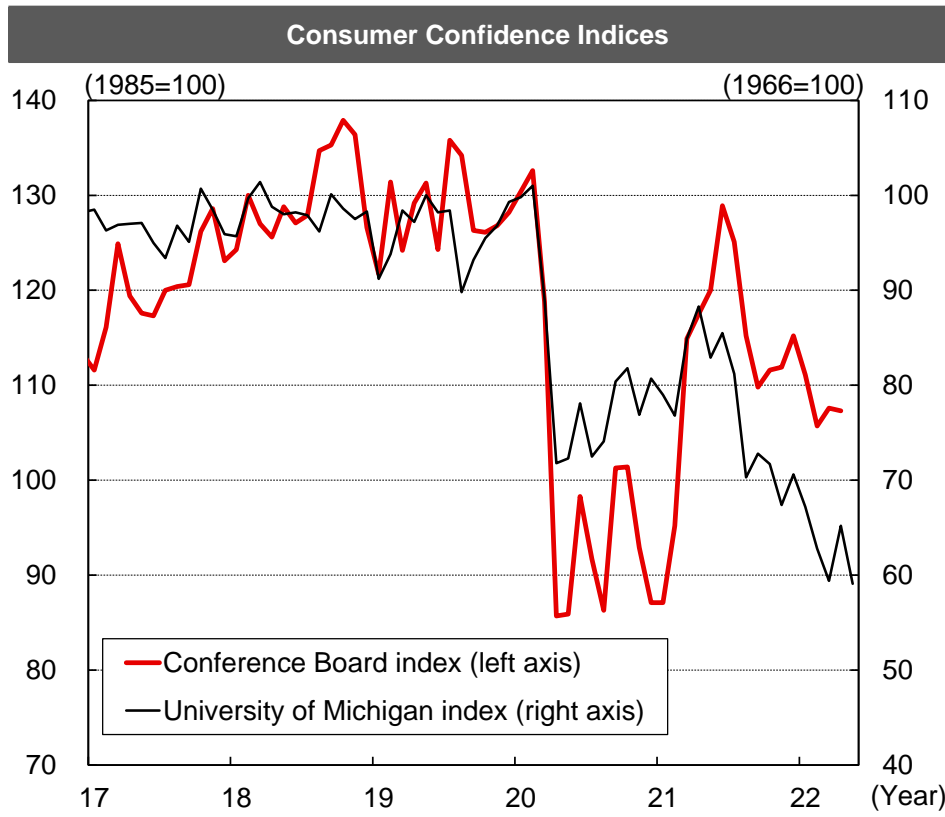
Source: Department of Labor, MUFG Bank Economic Research Office



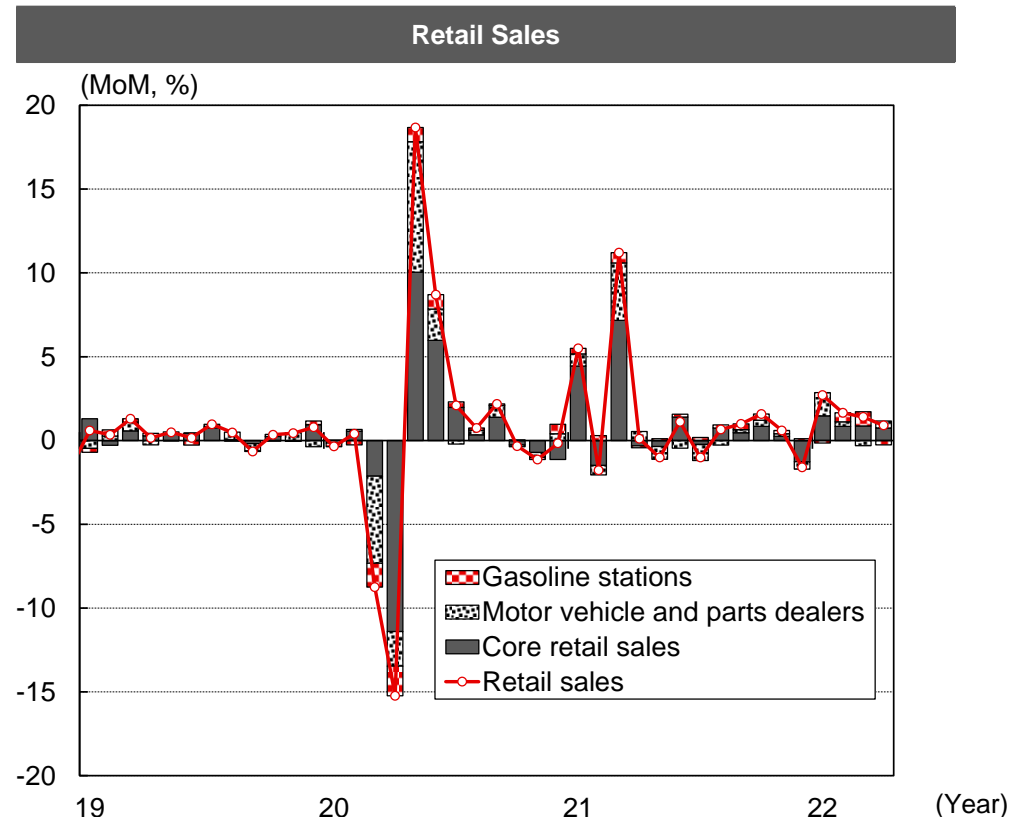
Source: Department of Labor, MUFG Bank Economic Research Office

5. Consumer Spending

- The Conference Board Consumer Confidence Index edged down 0.3 points MoM to 107.3 in April after a rise in the prior month. Meanwhile, the University of Michigan Index of Consumer Sentiment (preliminary) declined 6.1 points MoM to 59.1 – the lowest level since August 2011 – in May after a rise in the prior month. With concerns about high inflation still strong, consumer's appetite for purchasing durable goods declined to the lowest level since the inception of the survey.
- Meanwhile, retail sales increased 0.9% MoM in April, rising for a fourth straight month after March's 1.4% increase (revised up). Breakdown by the type of business shows that gasoline stations sales declined 2.7% MoM while motor vehicle & parts dealers sales rose 2.2%, nonstore retailer sales rose 2.1%, and food service & drinking places sales rose 2.0%. Core retail sales, which exclude the two volatile categories of motor vehicle & parts dealers and gasoline stations, increased 1.0% after March's 1.2% increase (revised up).



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

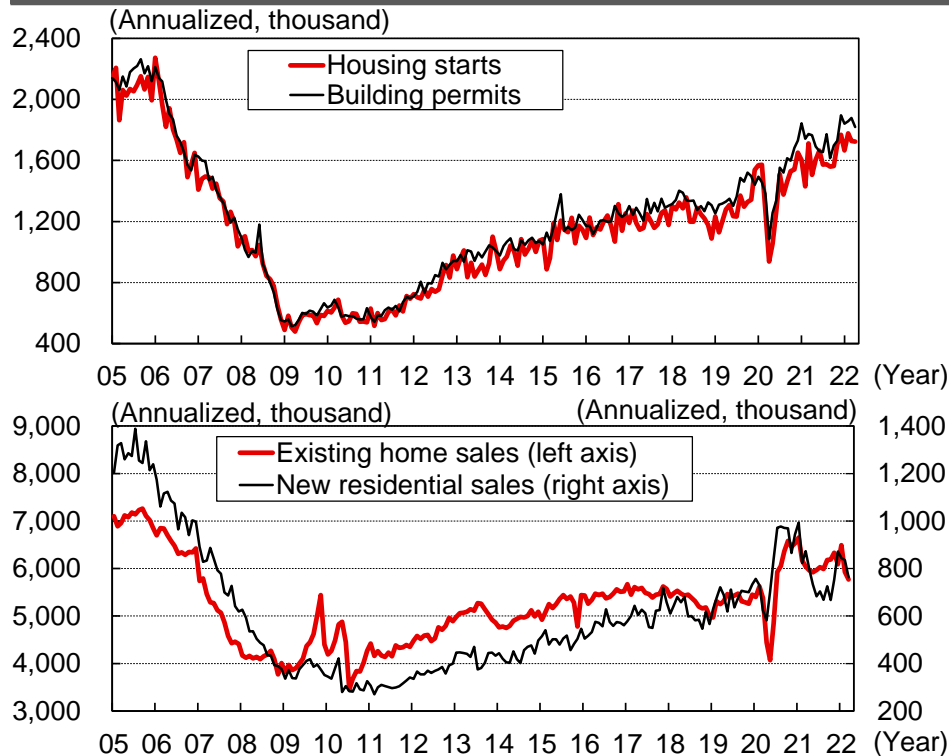


Source: Department of Commerce, MUFG Bank Economic Research Office

6. Housing Market

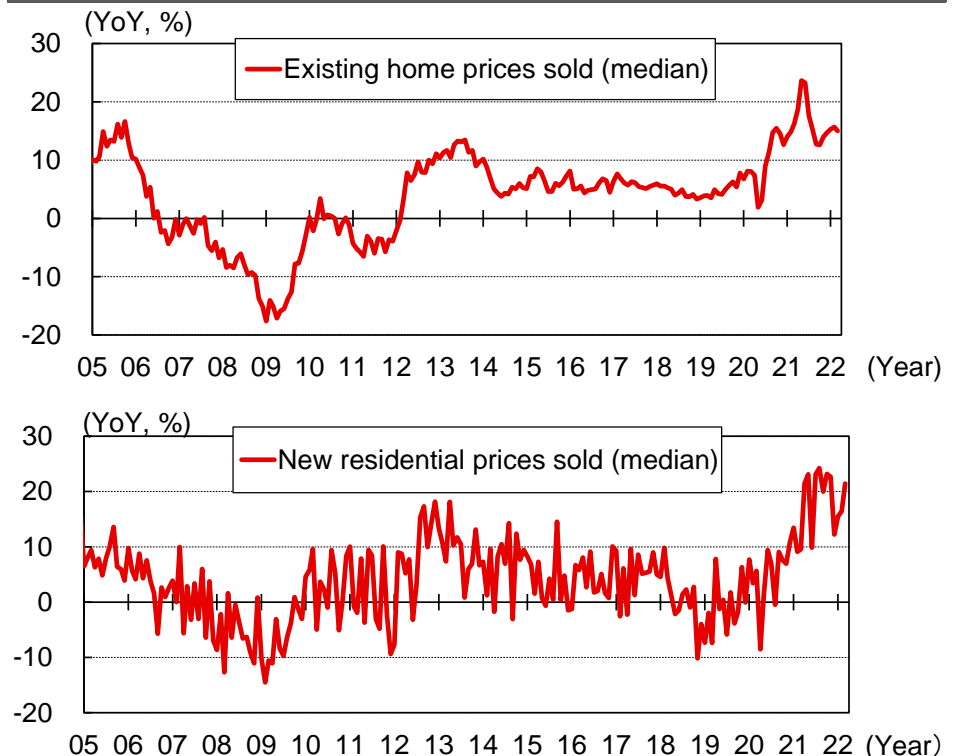
- Housing starts decreased 0.2% MoM to a seasonally adjusted annualized rate (SAAR) of 1,724,000 in April, a second straight month of decrease. Single-family housing starts declined 7.3% MoM while buildings with two or more units, which fluctuate sharply, increased 15.3%. Building permits, a leading indicator of housing starts, decreased 3.2% MoM to 1,819,000 (SAAR), falling for the first time in three months.
- Existing home sales decreased 2.7% MoM to 5,770,000 (SAAR) in March, the second straight month of decline, while new residential sales declined 8.6% to 763,000 (SAAR), down for the third straight month. The median price of existing homes sold was \$375,300 in March, up 15.0% YoY, decelerating from February's 15.7% increase. The median price of new homes sold was \$436,700, up 21.4% YoY, accelerating from January's 16.5% increase.
- The inventory-to-sales ratio for existing homes rose to 2.0 months (seasonally adjusted) in March from February's 1.9 months, while the ratio for new homes jumped to 6.4 months (seasonally adjusted) from February'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

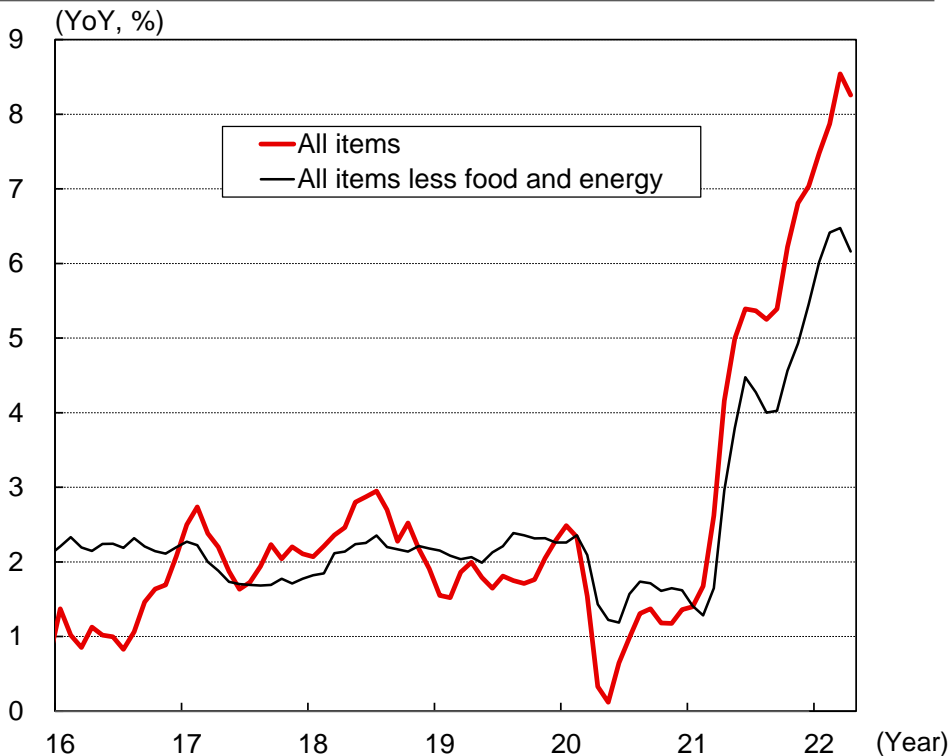


Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

7. Prices

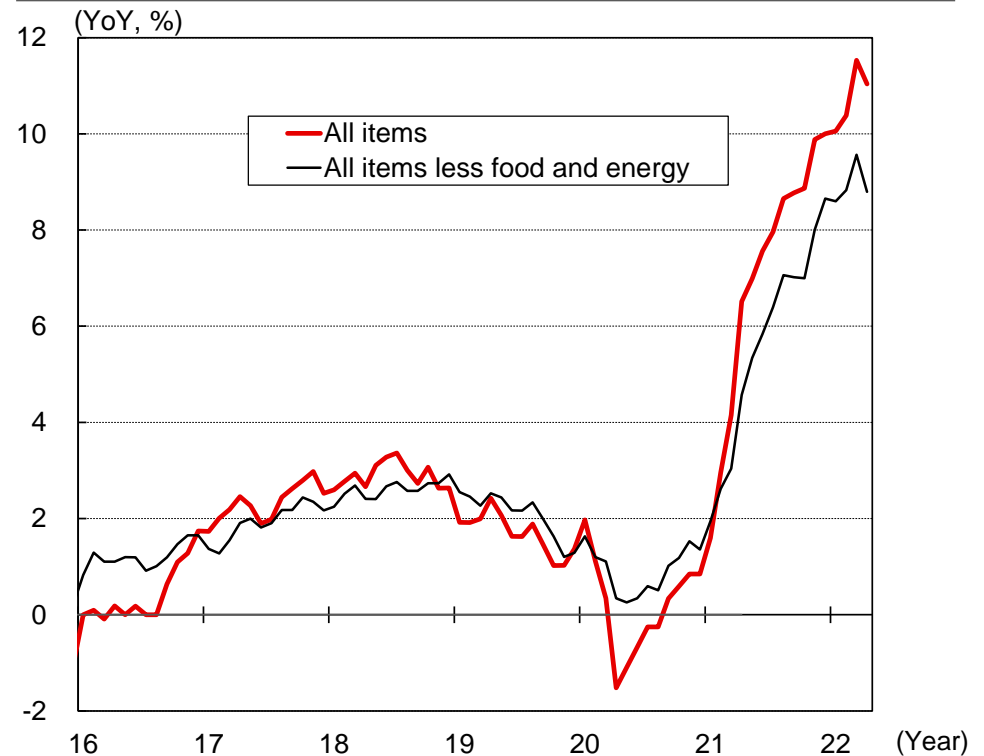
- The Consumer Price Index (CPI) rose 8.3% YoY in April, decelerating from March's 8.5%. The core CPI (all items less food and energy) rose 6.2% YoY, also slowing from March's 6.5%. Breakdown by item shows that the pace of increase slowed for energy (32.0% to 30.3%) and used cars & trucks (35.3% to 22.7%). However, with the core CPI accelerating to 0.6% MoM from March's 0.3% (partly due to temporary factors such as the change in new vehicle data collection method), the underlying inflation pressure remains high.
- The Producer Price Index (PPI) rose 11.0% YoY in April, decelerating from March's 11.5%. Core PPI (all items less food and energy) also decelerated to 8.8% from March's 9.6%. Breakdown by item shows that goods index accelerated to 16.3% YoY from March's 15.8%, while service index decelerated to 8.1% YoY from 9.2%.

Consumer Price Index



Source: Department of Labor, MUFG Bank Economic Research Office

Producer Price Index

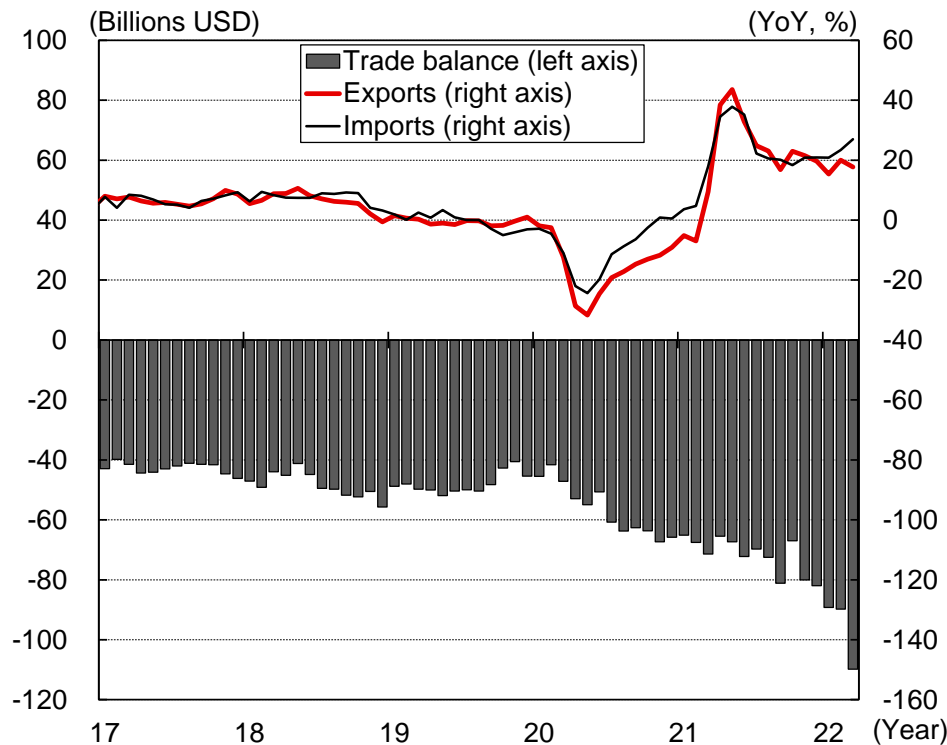


Source: Department of Labor, MUFG Bank Economic Research Office

8. Balance of Payments

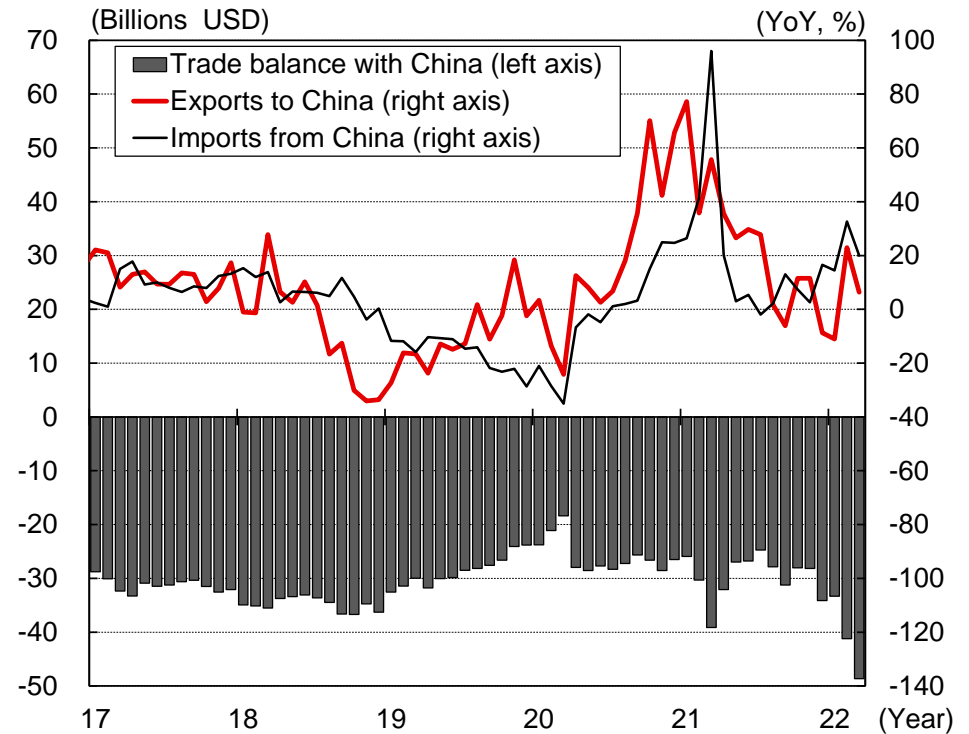
- Trade deficit on goods and services widened 22.3% MoM to \$109.8 billion in March as imports' 10.3% growth significantly outpaced exports' 5.6% increase. On a YoY basis, exports rose 17.7% while imports rose 27.0%.
- For goods trade, breakdown by destination shows that the deficit with China, which accounts for roughly a third of US goods deficit, widened 18.0% or \$7.4 billion MoM to \$48.6 billion in March. Exports to China declined 0.8% MoM while imports from China jumped 13.5%. On a YoY basis, exports to China rose 6.3% while imports from China rose 20.0%.

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)

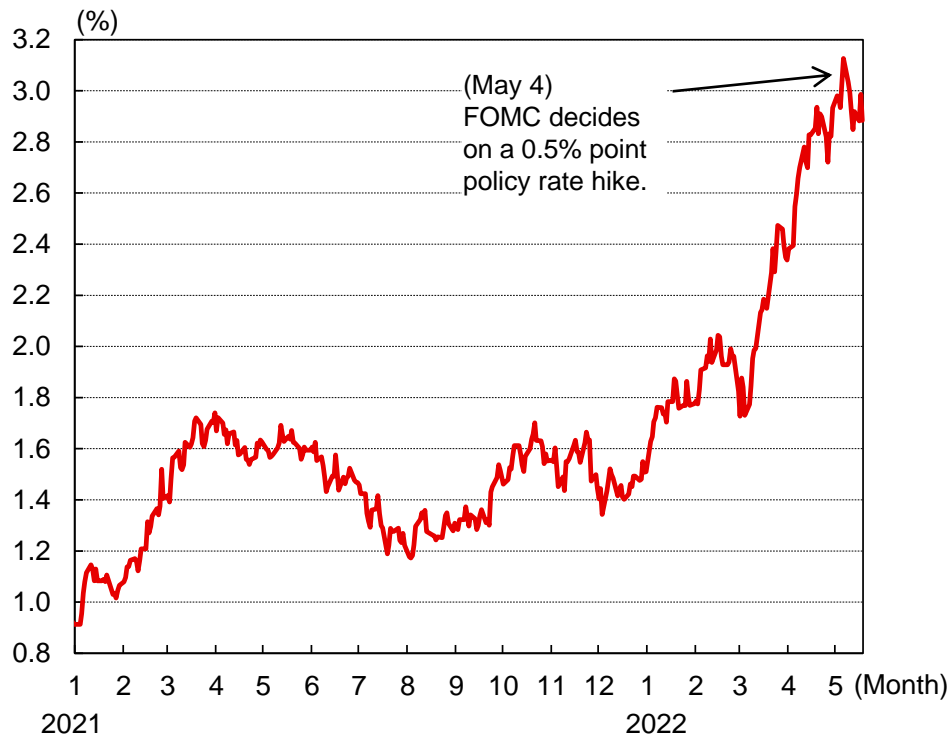


Note: Census basis
Source: Department of Commerce, MUFG Bank Economic Research Office

9. Financial Markets

- The 10-year treasury yield has exceeded the 3% mark for some time amid concerns that high inflation may persist, although Chair Powell said that a 0.75% point rate hike is not actively considered after the May 4 FOMC decision to raise the policy rate by 0.5% point.
- Dow Jones Industrial Average (DJIA) stock market index has been on a downward trend due to concerns about the future of the economy, such as the more hawkish monetary policy stance of Fed officials, Russia's invasion of Ukraine and the impact of China's zero-COVID policy.

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																
	Mar-21	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan-22	Feb	Mar	Apr	May	
Businesses	ISM Manufacturing PMI	63.7	60.6	61.6	60.9	59.9	59.7	60.5	60.8	60.6	58.8	57.6	58.6	57.1	55.4	-
	ISM Services PMI	63.7	62.7	63.2	60.7	64.1	62.2	62.6	66.7	68.4	62.3	59.9	56.5	58.3	57.1	-
	Industrial production (2012 ave = 100)	99.2	99.2	99.9	100.5	101.2	101.1	99.9	101.3	102.0	101.7	102.6	103.6	104.5	105.6	-
	MoM (%)	2.9	0.1	0.7	0.5	0.7	-0.1	-1.2	1.4	0.7	-0.3	0.8	1.0	0.9	1.1	-
	Capacity utilization (%)	74.8	74.8	75.3	75.7	76.2	76.1	75.1	76.1	76.6	76.4	76.9	77.6	78.2	79.0	-
	Manufactured goods new orders (Million USD)	470,612	467,703	476,677	486,157	487,733	493,380	491,911	500,871	506,291	508,780	520,531	522,118	531,446	-	-
	MoM (%)	1.0	-0.6	1.9	2.0	0.3	1.2	-0.3	1.8	1.1	0.5	2.3	0.3	1.8	-	-
	Durable goods orders (Million USD)	241,392	236,566	241,545	245,826	246,741	250,577	246,849	250,503	254,074	256,464	264,356	262,494	-	-	-
	MoM (%)	1.6	-2.0	2.1	1.8	0.4	1.6	-1.5	1.5	1.4	0.9	3.1	-0.7	0.8	-	-
Household	Nonfarm payroll (monthly change, thousand people)	704	263	447	557	689	517	424	677	647	588	504	714	428	-	-
	Average hourly earnings (USD)	30.06	30.20	30.36	30.52	30.67	30.76	30.92	31.11	31.23	31.38	31.56	31.6	31.75	-	-
	YoY (%)	4.4	0.6	2.2	4.0	4.3	4.3	4.8	5.4	5.3	4.9	5.4	5.2	5.6	-	-
	Unemployment rate (%)	6.0	6.0	5.8	5.9	5.4	5.2	4.7	4.6	4.2	3.9	4.0	3.8	3.6	-	-
	Personal income (annualized, billion USD)	24,142	20,925	20,515	20,570	20,835	20,916	20,720	20,845	20,958	21,040	21,077	21,231	21,338	-	-
	MoM (%)	21.0	-13.3	-2.0	0.3	1.3	0.4	-0.9	0.6	0.5	0.4	0.2	0.7	0.5	-	-
	Consumer spending (annualized, billion USD)	15,459	15,619	15,624	15,802	15,815	15,991	16,089	16,309	16,391	16,242	16,575	16,678	16,863	-	-
	MoM (%)	5.2	1.0	0.0	1.1	0.1	1.1	0.6	1.4	0.5	-0.9	2.0	0.6	1.1	-	-
	Saving rate (%)	26.6	12.6	10.4	9.5	10.5	9.8	8.1	7.3	7.3	8.4	6.7	6.8	6	-	-
	Retail sales (million USD)	625,731	626,430	620,075	626,999	620,648	624,738	630,905	640,899	644,741	634,393	651,557	662,321	671,648	677,711	-
	MoM (%)	11.2	0.1	-1.0	1.1	-1.0	0.7	1.0	1.6	0.6	-1.6	2.7	1.7	1.4	0.9	-
	Auto sales (annualized, million units)	17.6	18.3	16.9	15.5	14.7	13.1	12.3	13.0	13.0	12.5	15.0	14.0	13.4	14.3	-
	MoM (%)	10.7	3.7	-7.7	-8.4	-5.2	-10.8	-6.1	6.2	-0.1	-3.8	20.0	-7.1	-4.0	6.6	-
	Conference Board Consumer Confidence Index	114.9	117.5	120.0	128.9	125.1	115.2	109.8	111.6	111.9	115.2	111.1	105.7	107.6	107.3	-
	University of Michigan Index of Consumer Sentiment	84.9	88.3	82.9	85.5	81.2	70.3	72.8	71.7	67.4	70.6	67.2	62.8	59.4	65.2	59.1

Source: Various statistics, MUFG Bank Economic Research Office

Table: Major Monthly Economic Indicators (continued)

Major Monthly Economic Indicators																
Housing	Housing starts (annualized, thousand units)	1,711	1,505	1,605	1,664	1,573	1,576	1,559	1,563	1,706	1,768	1,666	1,777	1,728	1,724	-
	MoM (%)	19.7	-12.0	6.6	3.7	-5.5	0.2	-1.1	0.3	9.1	3.6	-5.8	6.7	-2.8	-0.2	-
	Existing home sales (annualized, thousand units)	6,040	5,960	5,920	5,970	6,030	5,990	6,180	6,190	6,330	6,090	6,490	5,930	5,770	-	-
	MoM (%)	-2.1	-1.3	-0.7	0.8	1.0	-0.7	3.2	0.2	2.3	-3.8	6.568144	-8.6	-2.7	-	-
	New home sales (annualized, thousand units)	873	796	733	683	704	668	725	667	753	871	845	835	763	-	-
	MoM (%)	6.1	-8.8	-7.9	-6.8	3.1	-5.1	8.5	-8.0	12.9	15.7	-2.98507	-1.2	-8.6	-	-
Prices	Consumer Price Index (1982-1984 = 100)	264.9	267.1	269.2	271.7	273.0	273.6	274.3	276.6	277.9	278.8	281.1	283.7	287.5	289.1	-
	MoM (%)	0.6	0.6	0.7	0.9	0.5	0.3	0.4	0.9	0.7	0.6	0.6	0.8	1.2	0.3	-
	YoY (%)	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8	7.0	7.5	7.9	8.5	8.3	-
	Producer Price Index (Nov 2009 = 100)	123.0	124.3	125.5	126.6	127.8	128.8	129.1	130.1	131.1	131.3	133.1	134.6	137.2	138.0	-
	MoM (%)	0.7	1.0	1.0	0.8	0.9	0.9	0.5	0.7	1.0	0.6	1.2	1.1	1.6	0.5	-
	YoY (%)	4.1	6.5	7.0	7.6	8.0	8.7	8.8	8.9	9.9	10.0	10.1	10.4	11.5	11.0	-
Trade	Exports (goods, billion USD)	143.8	145.3	145.9	146.2	148.9	150.0	143.0	159.0	156.3	158.2	156.0	159.0	-	-	-
	Imports (goods, billion USD)	236.2	231.7	234.6	238.8	236.0	238.6	240.4	242.3	254.6	260.0	264.6	266.8	-	-	-
	Trade balance (goods, billion USD)	-92.4	-86.4	-88.7	-92.6	-87.1	-88.6	-97.4	-83.3	-98.4	-101.8	-108.6	-107.8	-	-	-
	Trade balance (goods and services, billion USD)	-71.4	-65.4	-67.3	-72.2	-69.7	-72.5	-81.2	-66.9	-80.1	-82.0	-89.2	-89.8	-	-	-

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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