

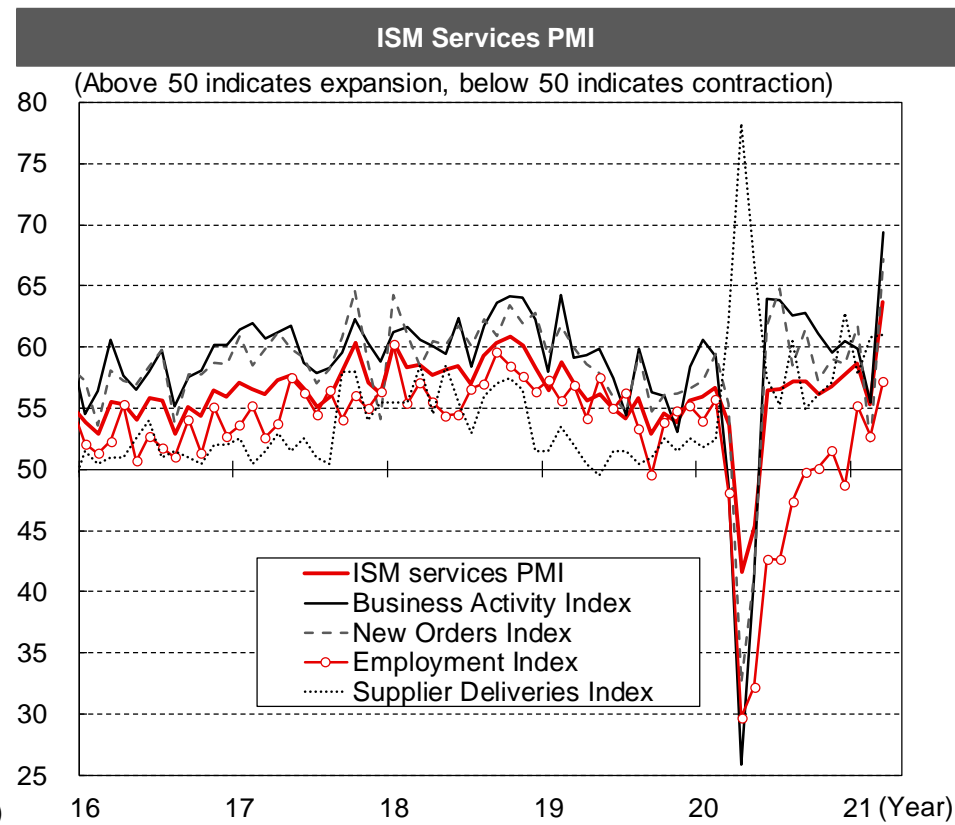
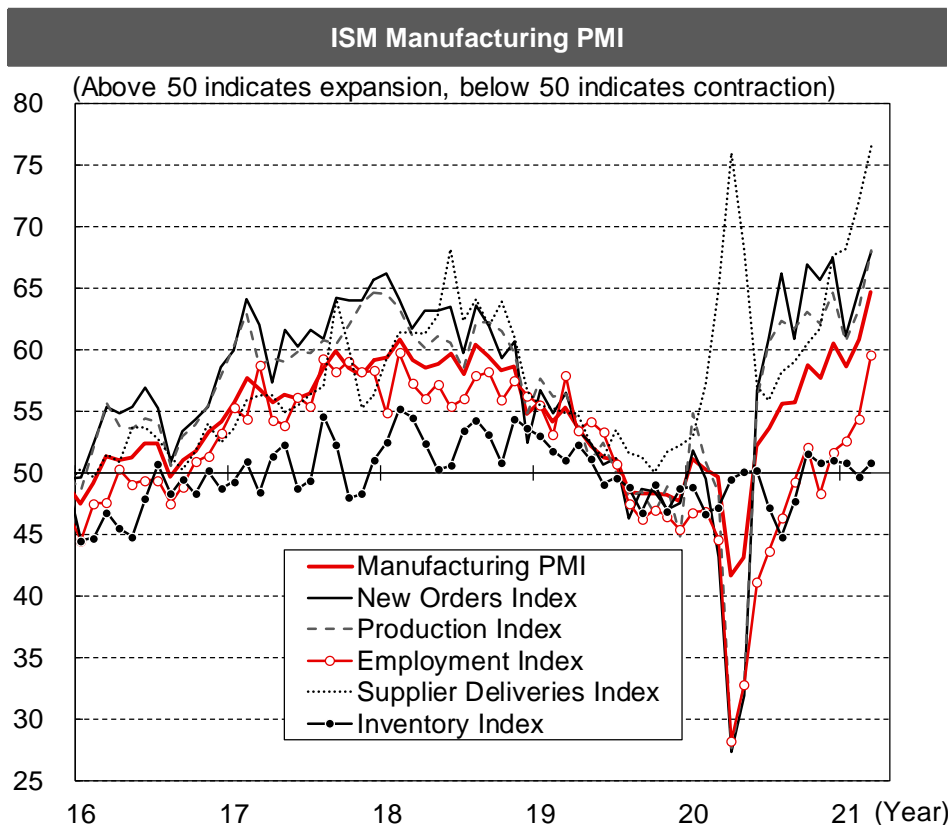
# US Economic Indicators Monthly Overview (April 2021)

ECONOMIC RESEARCH OFFICE (NEW YORK)

23 April 2021 (original Japanese version released on 15<sup>th</sup> April)

# 1. Business Activity

- ISM Manufacturing PMI, an indicator of business confidence and activity in the manufacturing sector, rose 3.9 points MoM to 64.7 in March, topping the expansion-or-contraction threshold of 50 for 10 consecutive months. Component breakdown shows all of the component indexes rose, with New Orders Index rising 3.2 points MoM to 68.0, Production Index rising 4.9 points to 68.1, Employment Index rising 5.2 points to 59.6, Supplier Deliveries Index rising 4.6 points to 76.6, and Inventory Index rising 1.1 points to 50.8. Of the 18 manufacturing industries, 17 reported MoM expansion and one – Wood Products – reported no MoM change overall.
- ISM Services PMI rose 8.4 points MoM in March to 63.7, topping the expansion-or-contraction threshold of 50 for 10 consecutive months and reaching the highest level since the index's inception in January 2008. Breakdown shows all of the component indexes rose, with Business Activity Index rising 13.9 points MoM to 69.4, New Orders Index rising 15.3 points to 67.2, Employment Index rising 4.5 points to 57.2, and Supplier Deliveries Index rising 0.2 point to 61.0. All of the 18 services industries reported MoM expansion (in February, 17 reported expansion and one reported contraction). As restrictions on economic activity are eased gradually, emergence of pent-up demand was among the factors that buoyed the services indexes.



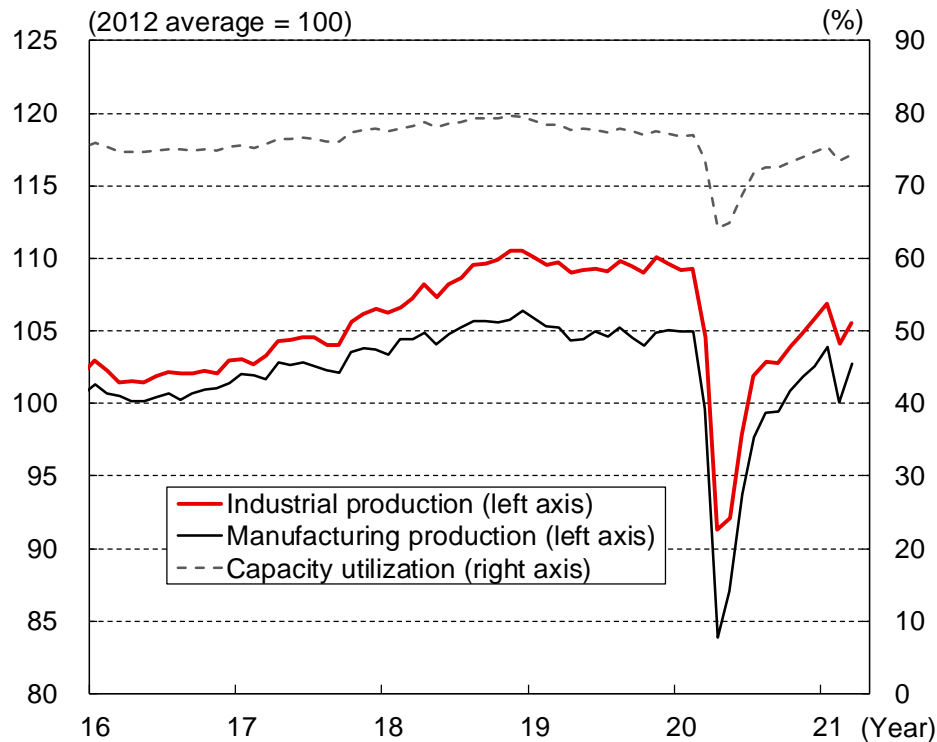
Source: Institute for Supply Management, MUFG Bank Economic Research Office

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## 2. Production

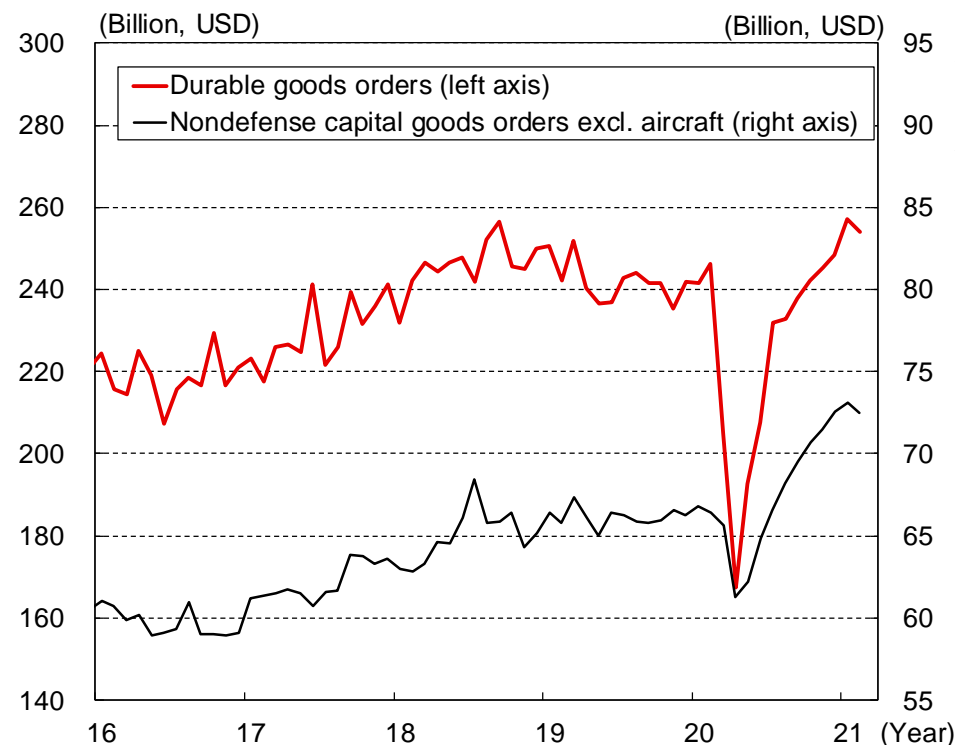
- Industrial production increased 1.4% MoM in March, rising after a 2.6% decline in February. Industry breakdown shows utilities declined 11.4% MoM while mining rose 5.7% and manufacturing rose 2.7%. Utilities' decline was a drop-off after a sharp rise in February, when severe winter weather boosted heating demand. The capacity utilization rose 1.0% point MoM to 74.4% in March.
- Durable goods orders declined 1.2% MoM in February, falling for the first time in 10 months, after a 3.6% rise in January. Industry breakdown shows electrical equipment, appliances & components was the only industry with a MoM increase. Primary metals, fabricated metal products, transportation equipment, machinery, computers & electronic products, and furniture & related products all declined MoM. Nondefense capital goods orders excluding aircraft, a leading indicator of capital investment, also declined for the first time in 10 months, by 0.9% MoM in February after a 0.7% rise in January.

Industrial Production and Capacity Utilization



Source: Federal Reserve, MUFG Bank Economic Research Office

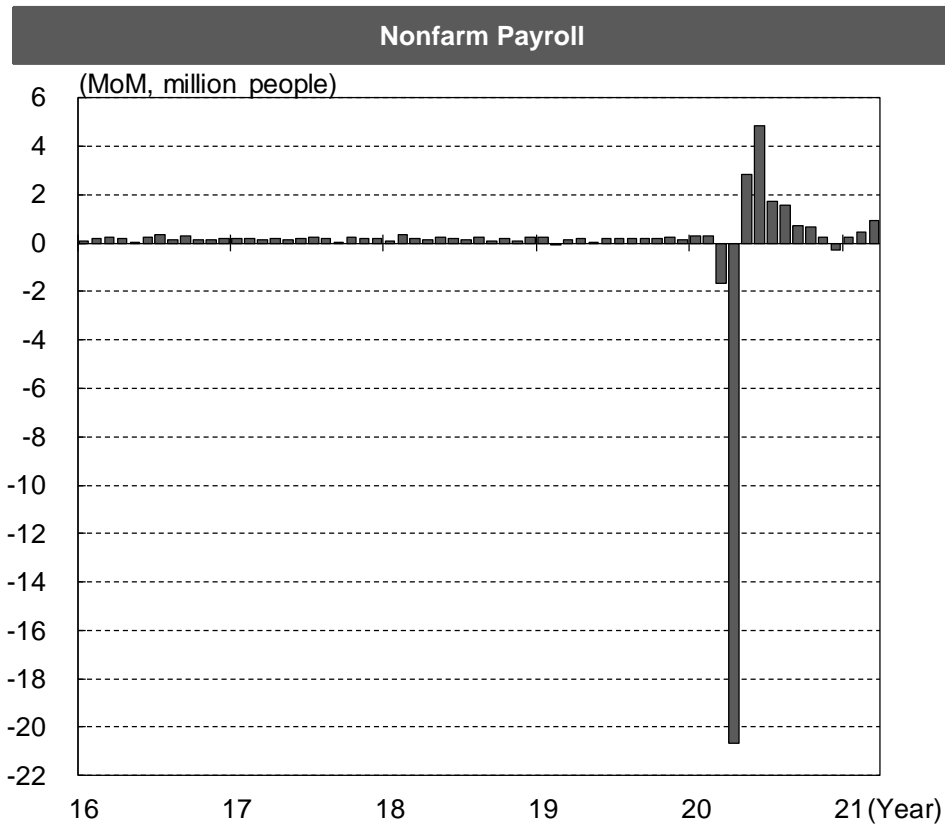
Durable Goods Orders



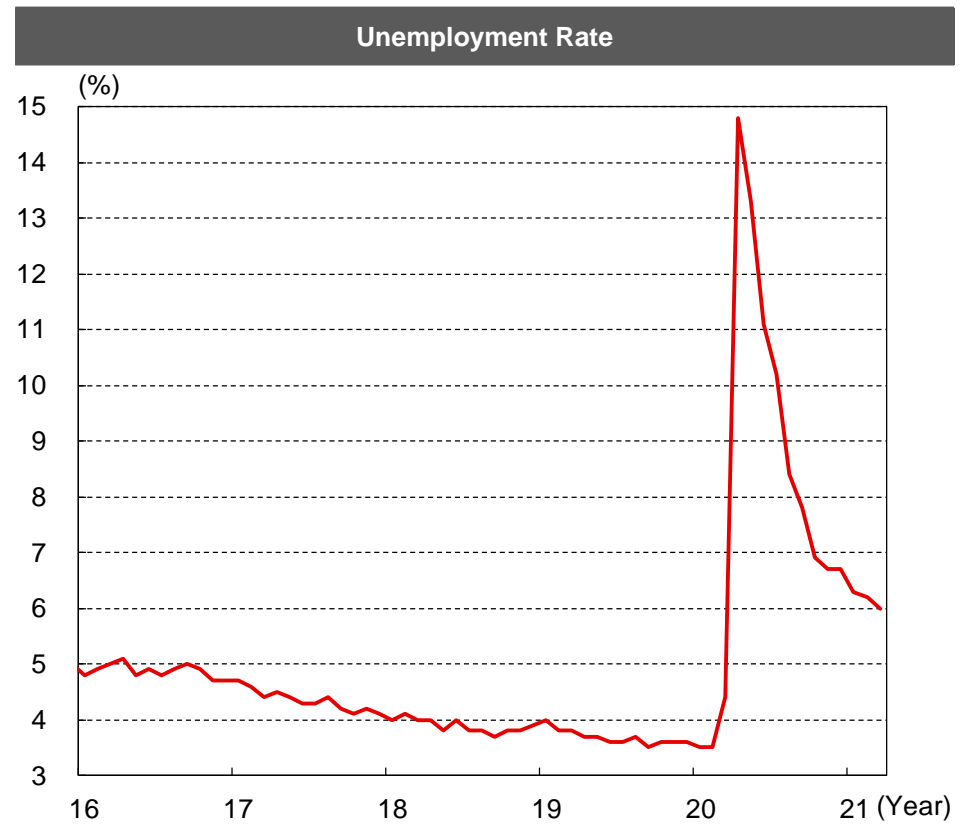
Source: Department of Commerce, MUFG Bank Economic Research Office

### 3. Employment

- Nonfarm payroll increased 916,000 MoM in March, rising for a third straight month and accelerating from a 468,000 increase in February.
- Industry breakdown shows that leisure & hospitality, which has been most severely hit by the pandemic, rose 280,000 MoM after a 384,000 jump in February. Other industries with increases include government, which rose 136,000 MoM, construction, which rose 110,000, and education & health services, which rose 101,000.
- Unemployment rate fell to 6.0% in March from 6.2% in February, and participation rate rose slightly to 61.5% from 61.4% in February. Average hourly earnings for all private-sector employees declined 0.1% MoM in March after a 0.3% rise in February, and rose 4.2% YoY in March after a 5.2% rise in February.



Source: Department of Labor, MUFG Bank Economic Research Office

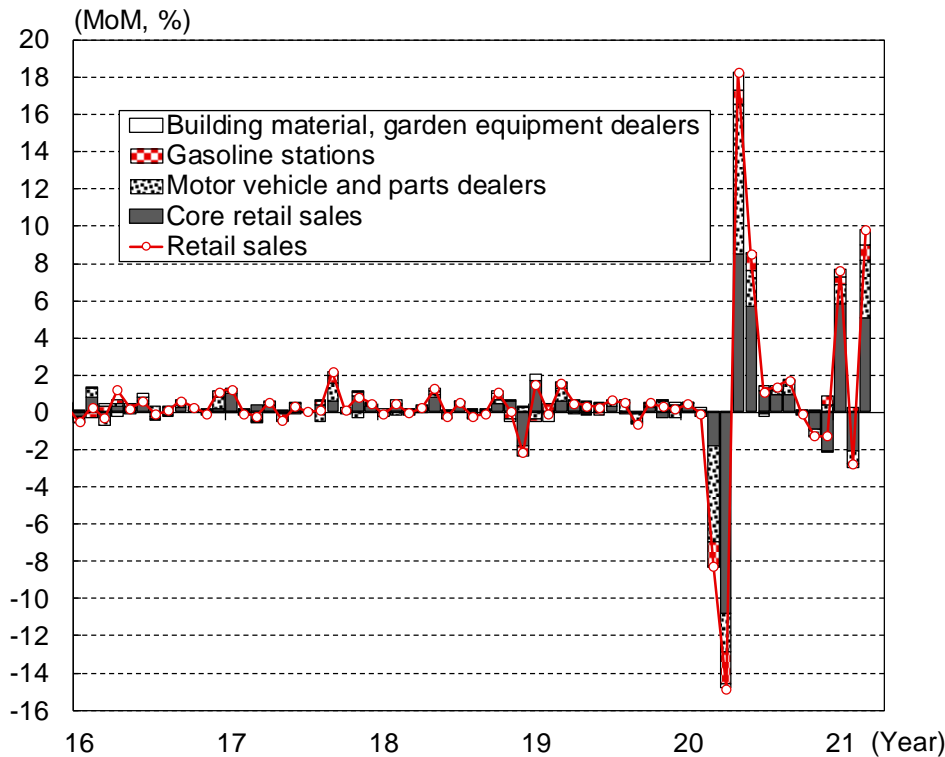


Source: Department of Labor, MUFG Bank Economic Research Office

## 4. Consumer Spending

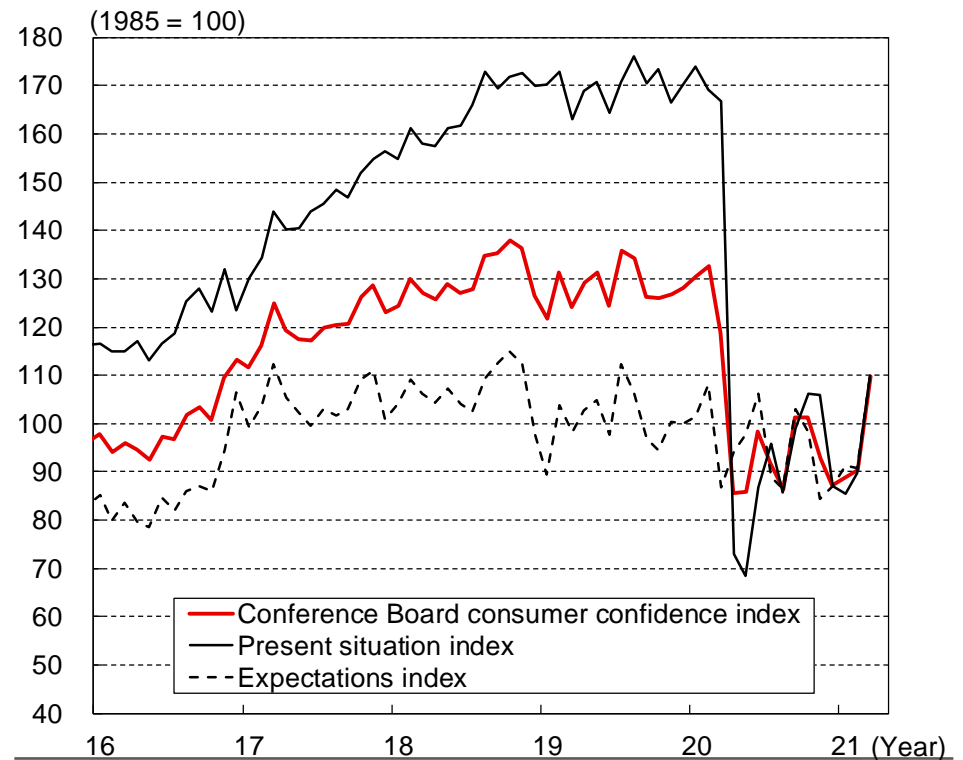
- Retail sales increased 9.8% MoM in March, rising after a 2.7% decline in February. Breakdown shows that all of the major types of business increased MoM, with notable gains in sporting goods, hobby, musical instrument & book stores, which rose 23.5%, clothing & clothing accessories stores, which rose 18.3%, motor vehicle & parts dealers, which rose 15.1%. Food services & drinking places – which have been severely affected by the pandemic – also rose 13.4% MoM. Sales at food services & drinking places are now just 4.8% below the pre-pandemic level of February 2020.
- The Conference Board Consumer Confidence Index rose 19.3 points MoM to 109.7 in March, the highest level in a year. The Present Situation Index rose 20.4 points MoM to 110, while the Expectations Index rose 18.7 points to 109.6. Improvements in views on business conditions and job market contributing to the rise in both of the indexes. As consumer confidence improves, inflation expectation is also rising of late. “Concerns of inflation in the short-term rose... and may temper spending intentions in the months ahead,” the Conference Board press release noted.

Retail Sales



Source: Department of Commerce, MUFG Bank Economic Research Office

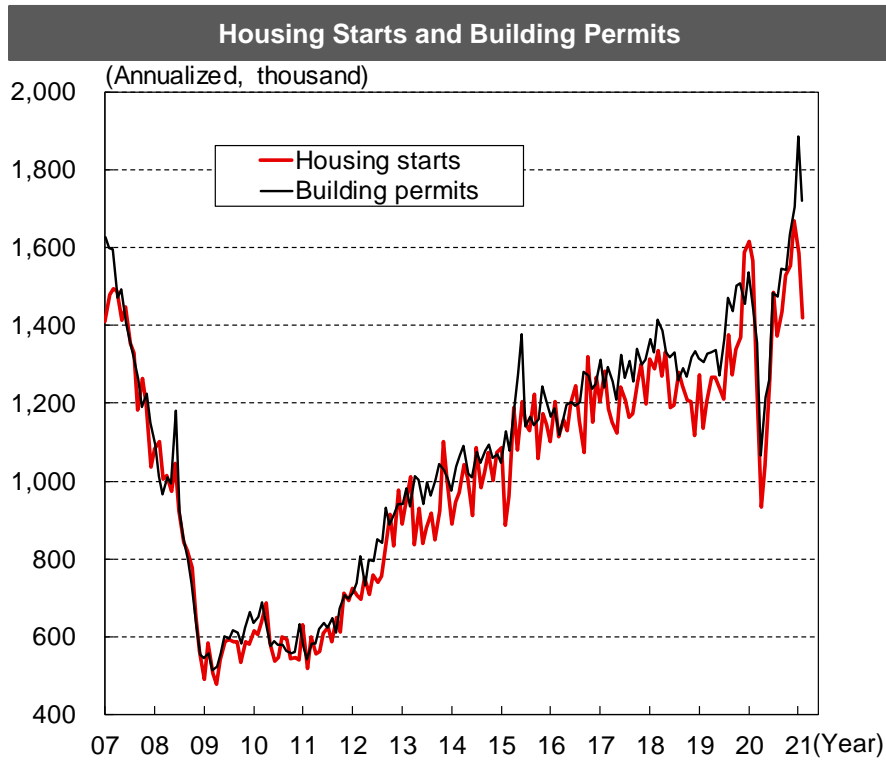
Consumer Confidence Indexes



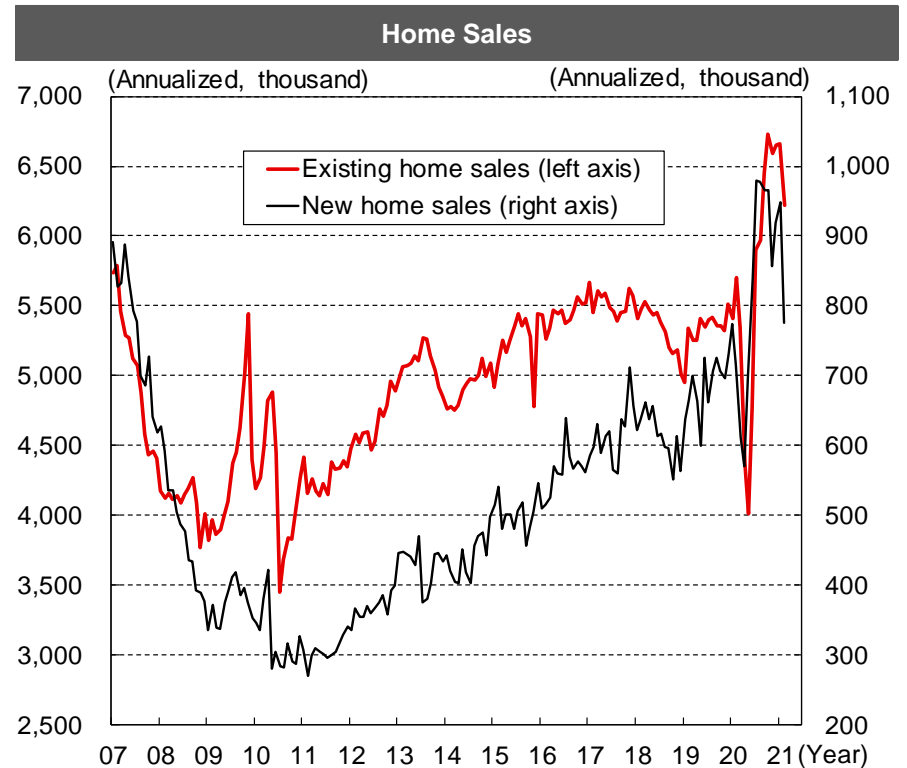
Source: Conference Board, University of Michigan, MUFG Bank Economic Research Office

## 5. Housing Market

- Housing starts in February decreased 10.3% MoM to a seasonally adjusted annualized rate (SAAR) of 1,421,000, falling for a second straight month after a 5.1% decrease in January. Single-family housing starts decreased 8.5% MoM, while buildings with two or more units, which tend to fluctuate widely, decreased 15.0%. Building permits, a leading indicator of housing starts, decreased 8.8% MoM to 1,720,000 (SAAR), declining for the first time in four months after a 10.7% rise in January.
- Existing home sales, which account for roughly 90% of the overall home sales, decreased 6.6% MoM in February to 6,220,000 (SAAR), declining for the first time in three months. The inventory-to-sales ratio fell further to 2.0 months (seasonally adjusted) from January's 2.1 months. Median sales price rose 15.8% YoY to \$313,000 (not seasonally adjusted), accelerating from January's 14.0% increase.
- New residential sales decreased 18.2% MoM in February to 775,000 (SAAR), declining for the first time in three months after a 3.2% increase in January. Inventory-to-sales ratio rose for the first time in three months to 4.8 months (seasonally adjusted), after 3.8 months in January. Median sales price rose 5.3% YoY to \$349,400 (seasonally adjusted), slowing from January's 7.4% increase.
- The February declines of housing starts and home sales may be attributed to factors such as severe winter weather, low housing inventory, high home prices, and a rise in mortgage interest rates.



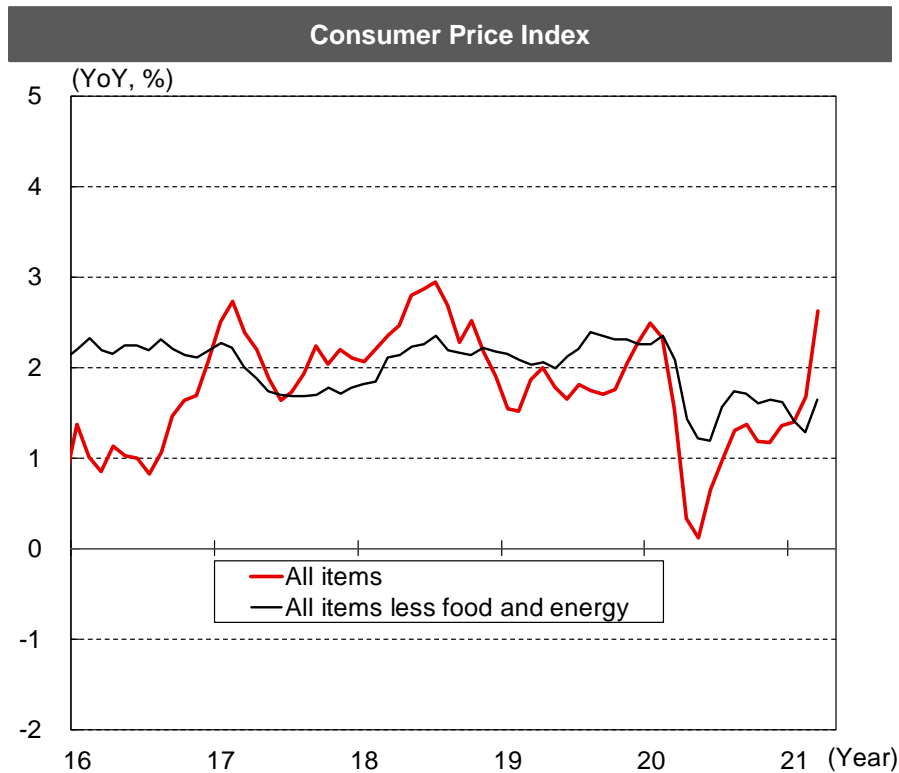
Source: Department of Commerce, MUFG Bank Economic Research Office



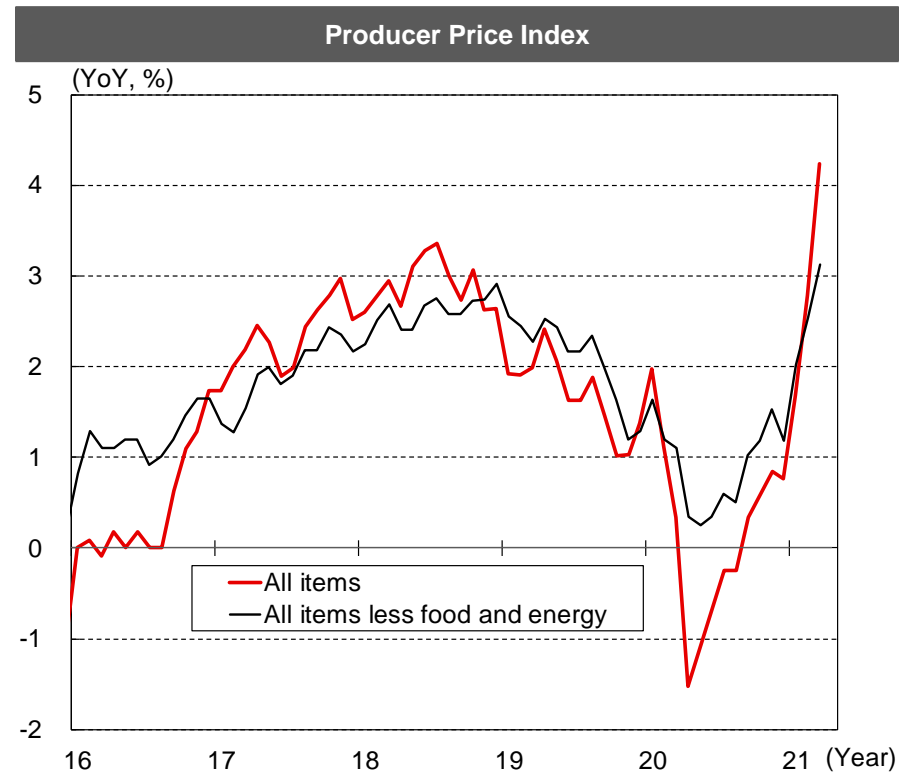
Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

## 6. Inflation

- The Consumer Price Index (CPI) rose 0.6% MoM in March, the sharpest monthly increase since August 2012. The CPI rose 2.6% YoY in March, accelerating from a 1.7% increase in February. Breakdown by item shows that the pace of increase slowed for food, which rose 3.5% YoY and for medical services, which rose 2.7%. Meanwhile, the increase for energy accelerated considerably to 13.2% YoY from February. The Core CPI (all items less food and energy) rose 0.3% MoM in March after a 0.1% rise in February, and increased 1.6% YoY in March after a 1.3% rise in February.
- The Producer Price Index (PPI) rose 1.0% MoM in March, accelerating from a 0.5% increase in February. The PPI rose 4.2% YoY in March, the sharpest increase since September 2011, after a 2.8% increase in February. Breakdown by item shows that the pace of increase accelerated considerably for energy, which rose 24.3% YoY. Transportation & warehousing rose 2.2% YoY in March after a decline in February, and the pace of increase accelerated also for construction, which rose 1.5% YoY in March. The core PPI (all items less food and energy) rose 0.7% MoM after a 0.2% rise in February, and rose 3.1% YoY in March after a 2.5% rise in February. As vaccine administration progresses and movement restrictions ease, domestic demand appears to be growing. Yet persistent strain on supply chains appear to be limiting supply, and such conditions appear to be contributing to the acceleration of PPI 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 4.8% MoM in February to \$71.1 billion. Trade deficit on goods widened 3.3% MoM to \$88.0 billion, and trade surplus on services narrowed 2.7% to \$16.9 billion.
- Exports declined 2.6% MoM and imports declined 0.7%. In goods exports, notable declines were seen in capital goods (excluding automobiles) with a 5.9% decline, consumer goods with a 5.8% decline, and automotive vehicles etc., with a 5.6% decline. In goods imports, notable increases were seen in such categories as industrial supplies (including petroleum), which increased 8.2%, while automotive vehicles etc., with a decline of 10.7%, was among the categories that declined.
- Breakdown by destination shows that the goods trade deficit with China, which accounts for roughly a third of US goods deficit, widened 11.3% or \$3.1 billion MoM to \$30.3 billion in February.

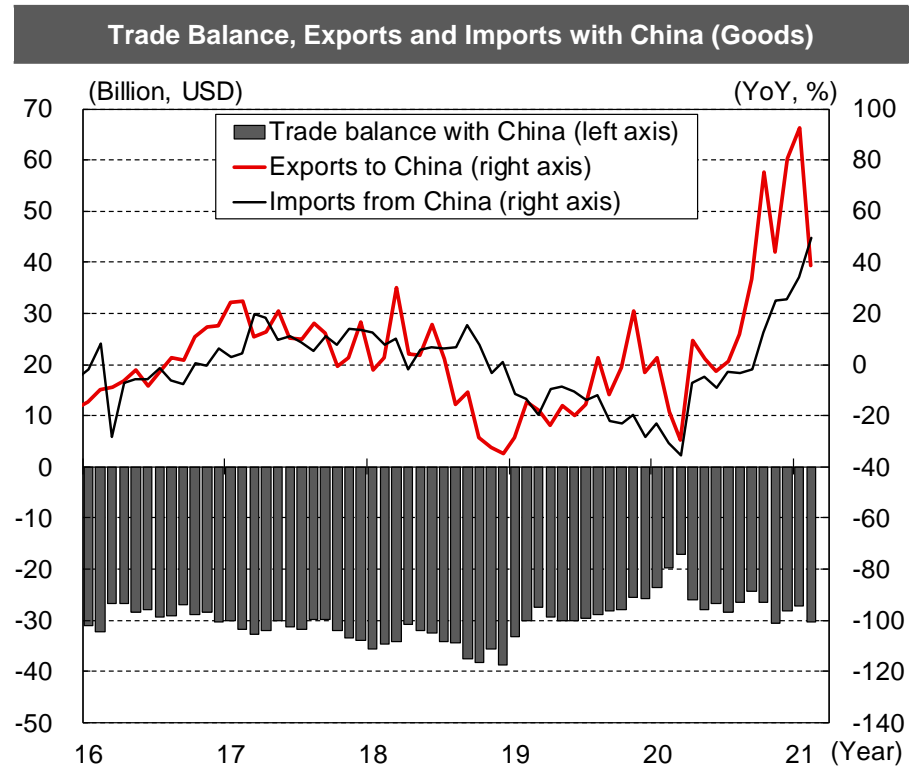
Note 1: Trade balance is on a balance of payment (BOP) basis but breakdown by country is on a Census basis.

Note 2: Trade deficit on goods (Census basis) totaled \$905 billion in 2020, and the deficit with China accounted for \$310.8 billion or 34%.



Note: Balance of payments basis

Source: Department of Commerce, MUFG Bank Economic Research Office



Note: Census basis

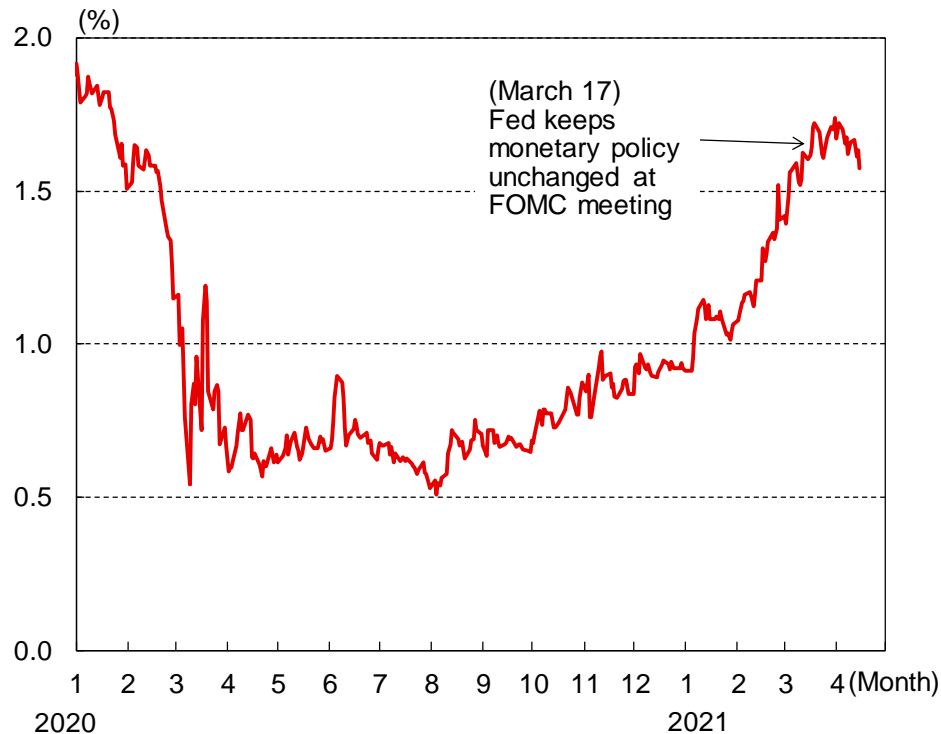
Source: Department of Commerce, MUFG Bank Economic Research Office



## 8. Financial Markets

- The 10-year treasury yield has been on an uptrend this year on hopes for economic recovery, reaching the mid-1.7% level at the end of March. The yield has since fallen slightly, hovering at around 1.5% levels lately.
- Dow Jones Industrial Average (DJIA) stock market index remained on an uptrend owing to strong economic indicators released at the start of April, including the employment statistics and ISM manufacturing and services PMIs, as well as the recent decline in long-term interest rates.

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												
		May-20	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-21	Feb	Mar
<b>Businesses</b>	ISM Manufacturing PMI	43.1	52.2	53.7	55.6	55.7	58.8	57.7	60.5	58.7	60.8	64.7
	ISM Services PMI	45.4	56.5	56.6	57.2	57.2	56.2	56.8	57.7	58.7	55.3	63.7
	Industrial production (2012 ave = 100)	92.1	97.8	101.9	102.9	102.8	103.9	104.8	105.9	106.9	104.1	105.6
	MoM (%)	0.9	6.2	4.2	1.0	-0.1	1.1	0.9	1.0	0.9	-2.6	1.4
	Capacity utilization (%)	64.8	68.9	71.8	72.5	72.5	73.2	73.9	74.7	75.3	73.4	74.4
	Manufactured goods new orders (Million USD)	411,695	438,247	466,927	469,802	475,929	482,228	488,307	496,322	509,736	505,680	-
	MoM (%)	7.7	6.4	6.5	0.6	1.3	1.3	1.3	1.6	2.7	-0.8	-
	Durable goods orders (Million USD)	192,605	207,474	231,914	232,933	237,786	242,098	245,247	248,307	257,242	254,082	-
MoM (%)	15.0	7.7	11.8	0.4	2.1	1.8	1.3	1.2	3.6	-1.2	-	
<b>Household</b>	Nonfarm payroll (monthly change, thousand people)	2,833	4,846	1,726	1,583	716	680	264	-306	233	468	916
	Average hourly earnings (USD)	29.74	29.35	29.37	29.47	29.50	29.52	29.61	29.91	29.92	30.00	29.96
	YoY(%)	6.7	5.0	4.7	4.7	4.8	4.5	4.5	5.5	5.2	5.2	4.2
	Unemployment rate (%)	13.3	11.1	10.2	8.4	7.8	6.9	6.7	6.7	6.3	6.2	6.0
	Personal income (annualized, billion USD)	20,246	20,033	20,174	19,624	19,762	19,629	19,386	19,491	21,462	19,946	-
	MoM (%)	-4.0	-1.1	0.7	-2.7	0.7	-0.7	-1.2	0.5	10.1	-7.1	-
	Consumer spending (annualized, billion USD)	13,165	14,015	14,225	14,397	14,583	14,627	14,533	14,451	14,939	14,790	-
	MoM (%)	8.7	6.5	1.5	1.2	1.3	0.3	-0.6	-0.6	3.4	-1.0	-
	Saving rate (%)	24.7	19.0	18.4	14.6	14.1	13.1	12.5	13.5	19.8	13.6	-
	Retail sales (million USD)	488,218	529,962	535,923	543,404	552,767	552,193	545,248	538,338	579,552	563,733	619,105
	MoM (%)	18.3	8.6	1.1	1.4	1.7	-0.1	-1.3	-1.3	7.7	-2.7	9.8
	Auto sales (annualized, million units)	12.1	13.0	14.6	15.1	16.3	16.4	15.7	16.2	16.7	15.8	17.7
	MoM (%)	38.9	7.5	12.3	3.3	7.9	0.4	-4.0	3.3	3.1	-5.8	12.6
	Conference Board Consumer Confidence Index	85.9	98.3	91.7	86.3	101.3	101.4	92.9	87.1	88.9	90.4	109.7
University of Michigan Index of Consumer Sentiment	72.3	78.1	72.5	74.1	80.4	81.8	76.9	80.7	79.0	81.0	84.9	

Source: Various statistics, MUFG Bank Economic Research Office

# Table: Major Monthly Economic Indicators (continued)

Major Monthly Economic Indicators												
		May-20	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-21	Feb	Mar
<b>Housing</b>	Housing starts (annualized, thousand units)	1,038	1,265	1,487	1,373	1,437	1,530	1,553	1,670	1,584	1,421	-
	MoM (%)	11.1	21.9	17.5	-7.7	4.7	6.5	1.5	7.5	-5.1	-10.3	-
	Existing home sales (annualized, thousand units)	4,010	4,770	5,900	5,970	6,440	6,730	6,590	6,650	6,660	6,220	-
	MoM (%)	-8.2	19.0	23.7	1.2	7.9	4.5	-2.1	0.9	0.2	-6.6	-
	New home sales (annualized, thousand units)	698	840	979	977	965	965	857	919	948	775	-
MoM (%)	22.5	20.3	16.5	-0.2	-1.2	0.0	-11.2	7.2	3.2	-18.2	-	
<b>Prices</b>	Consumer Price Index (1982-1984 = 100)	256.4	257.8	259.1	259.9	260.3	260.4	260.2	260.5	261.6	263.0	264.9
	MoM (%)	-0.1	0.5	0.5	0.4	0.2	0.1	0.2	0.2	0.3	0.4	0.6
	YoY (%)	0.1	0.6	1.0	1.3	1.4	1.2	1.2	1.4	1.4	1.7	2.6
	Producer Price Index (Nov 2009 = 100)	117.3	117.7	118.4	118.5	118.7	119.5	119.3	119.3	121.0	121.7	123.1
	MoM (%)	0.4	0.3	0.5	0.2	0.3	0.6	0.0	0.3	1.3	0.5	1.0
YoY (%)	-1.1	-0.7	-0.3	-0.3	0.3	0.6	0.8	0.8	1.7	2.8	4.2	
<b>Trade</b>	Exports (goods, billion USD)	89.8	102.8	115.3	118.8	122.5	126.3	127.6	133.6	135.9	131.1	-
	Imports (goods, billion USD)	166.5	175.3	196.9	203.3	203.9	208.2	214.5	217.7	221.1	219.1	-
	Trade balance (goods, billion USD)	-76.7	-72.4	-81.5	-84.5	-81.4	-81.9	-86.9	-84.1	-85.2	-88.0	-
	Trade balance (goods and services, billion USD)	-56.3	-51.8	-62.1	-66.1	-63.2	-64.0	-69.0	-67.0	-67.8	-71.1	-

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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