

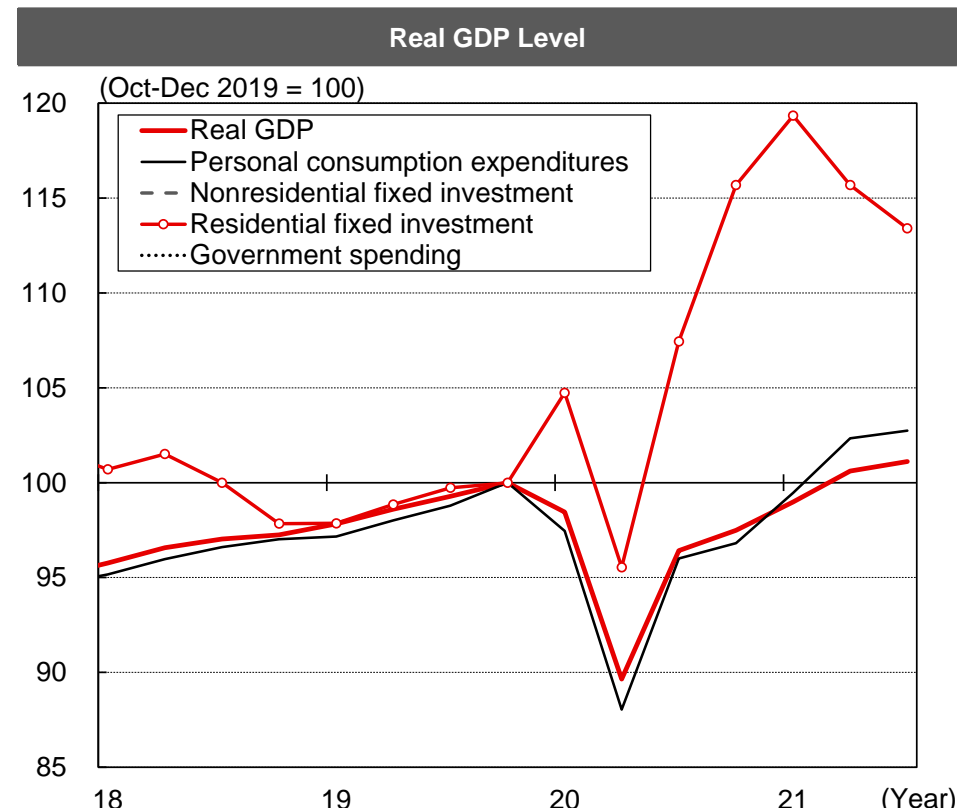
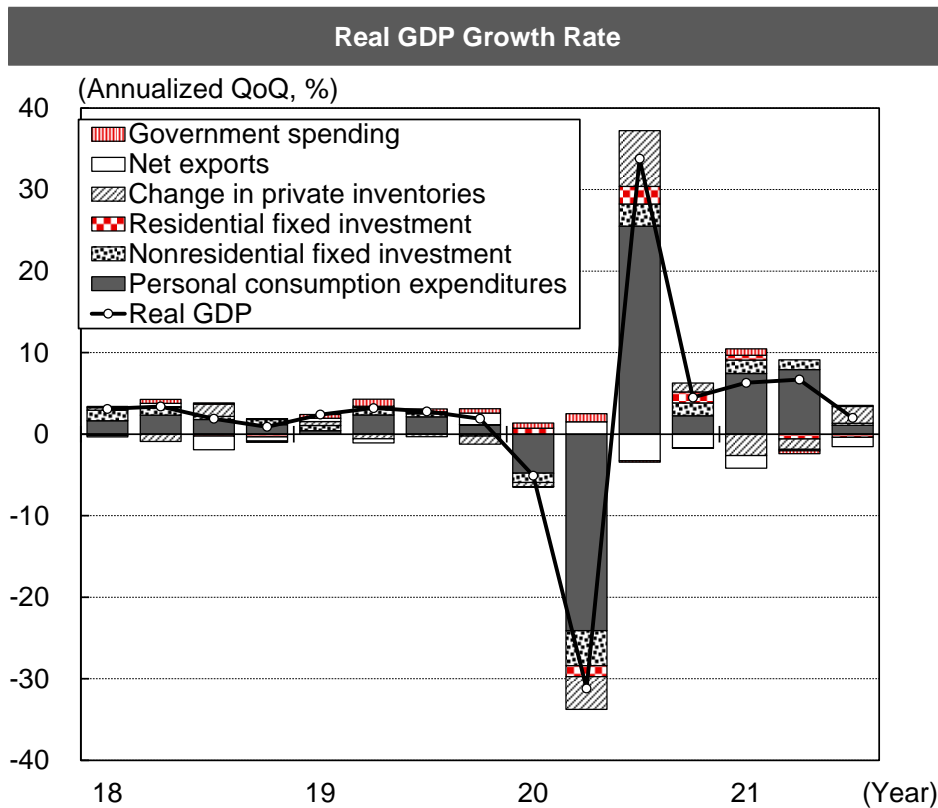
# US Economic Indicators Monthly Overview (November 2021)

ECONOMIC RESEARCH OFFICE (NEW YORK)

22<sup>nd</sup> November 2021 (original Japanese version released on 16<sup>th</sup> November)

# 1. GDP

- The real GDP grew 2.0% annualized QoQ in the July-September quarter, increasing for a fifth straight quarter, but this marked a considerable slowdown from the previous quarter's 6.7% rise.
- Breakdown by demand component shows that personal consumption expenditures rose 1.6%, slowing from the previous quarter's 12.0% growth. Consumer spending on services gained a solid 7.9%, while consumer spending on goods declined 9.2% mainly due to a sharp decline in motor vehicles & parts. Nonresidential fixed investment growth also slowed to 1.8%, from the previous quarter's 9.2% increase. Residential fixed investment declined for a second straight quarter, by 7.7%, following the previous quarter's 11.7% decline.
- Change in private inventories contributed positively, by 2.1% points, to the real GDP growth rate – reversing negative contribution of 1.3% points in the previous quarter – as businesses stockpiled inventory in the face of supply-chain issues.



Source: Department of Commerce, MUFG Bank Economic Research Office

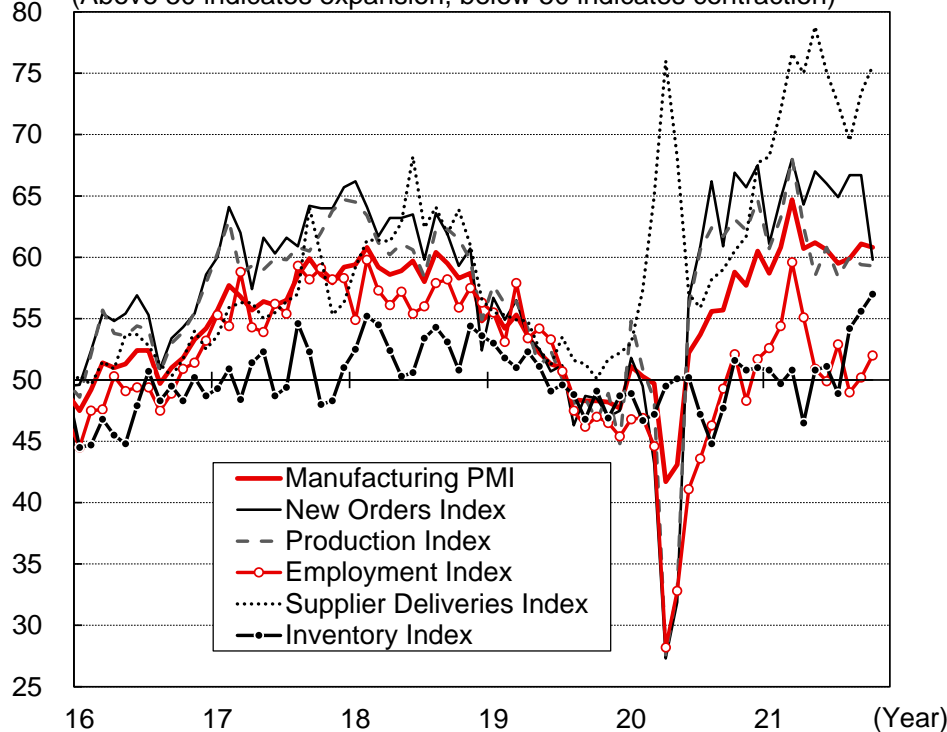
Source: Department of Commerce, MUFG Bank Economic Research Office

## 2. Business Activity

- ISM Manufacturing PMI, an indicator of business confidence and activity in the manufacturing sector, edged down 0.3 point MoM to 60.8 in October. Component breakdown shows that Supplier Deliveries Index rose 2.2 points MoM to 75.6, Employment Index rose 1.8 points to 52.0, and Inventory Index rose 1.4 points to 57.0, while New Orders Index fell sharply, by 6.9 points to 59.8. The headline index topped the expansion-contraction threshold of 50 for 17 consecutive months. Of the 18 manufacturing industries, 16 reported MoM expansion and two reported contraction (in September, 17 reported expansion and one reported contraction).
- ISM Services PMI rose 4.8 points MoM to a record 66.7 in October. Component breakdown shows larger gains were recorded in Business Activity Index (up 7.5 points to 69.8), Supplier Deliveries Index (up 6.9 points to 75.7) and New Orders Index (up 6.2 points to 69.7). All of the 18 services industries reported MoM expansion (in September, 17 reported expansion and one reported contraction).
- Supplier Deliveries Index rose in both manufacturing and service sectors in October, indicating that supply challenges continue. Survey respondents noted in their comments that supply chain issues will likely continue into 2022.

### ISM Manufacturing PMI

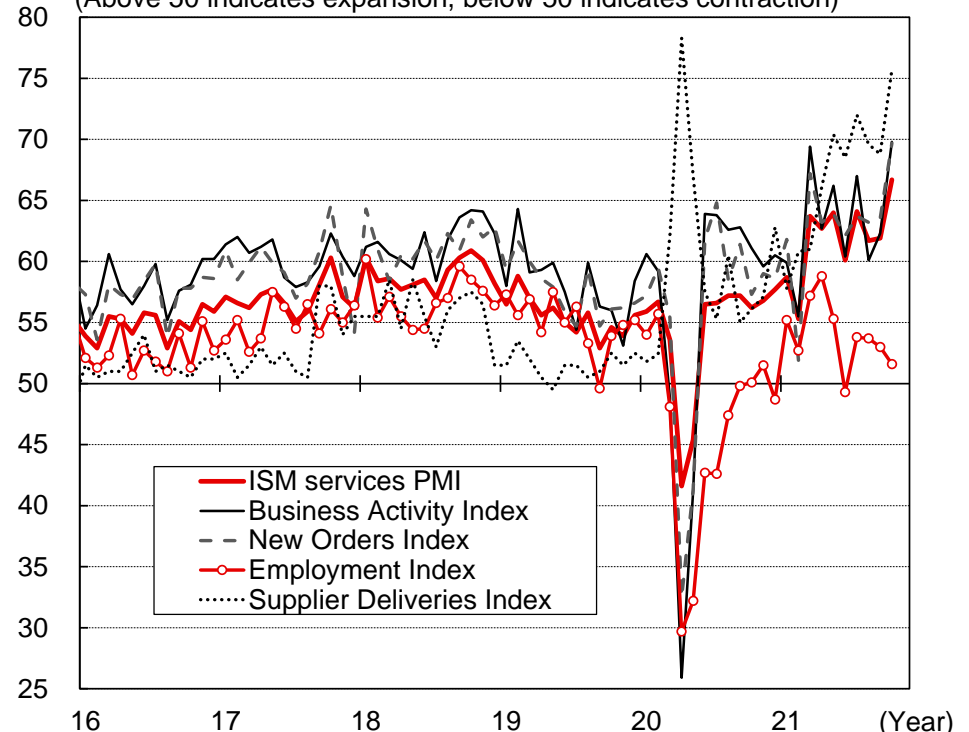
(Above 50 indicates expansion, below 50 indicates contraction)



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

### ISM Services PMI

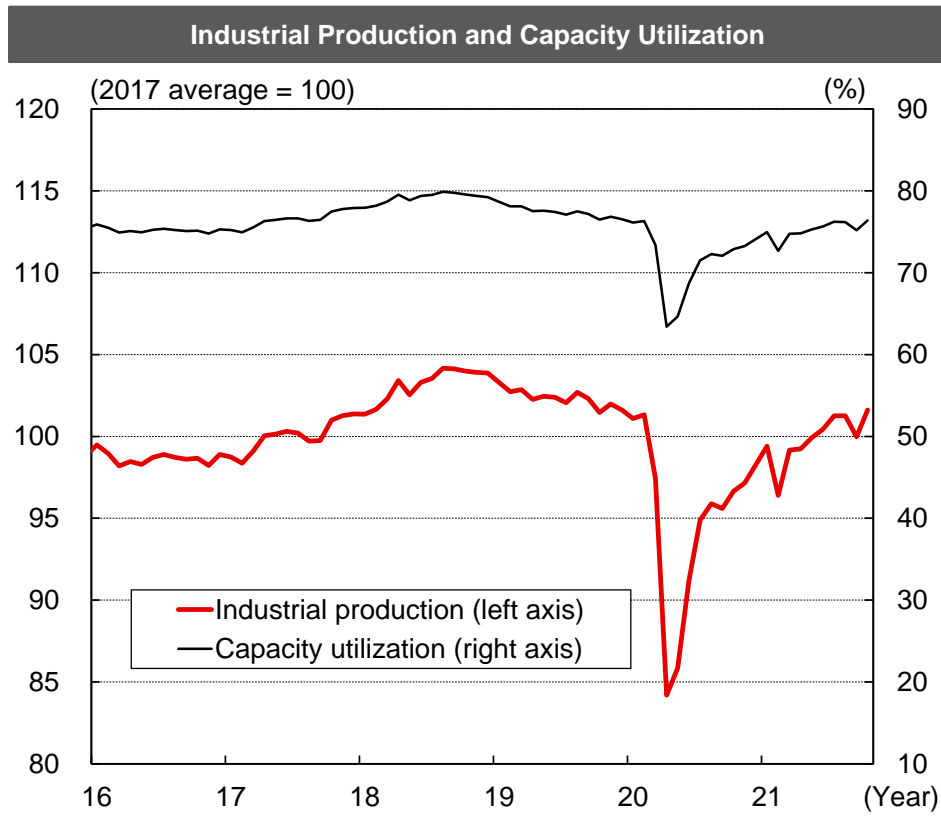
(Above 50 indicates expansion, below 50 indicates contraction)



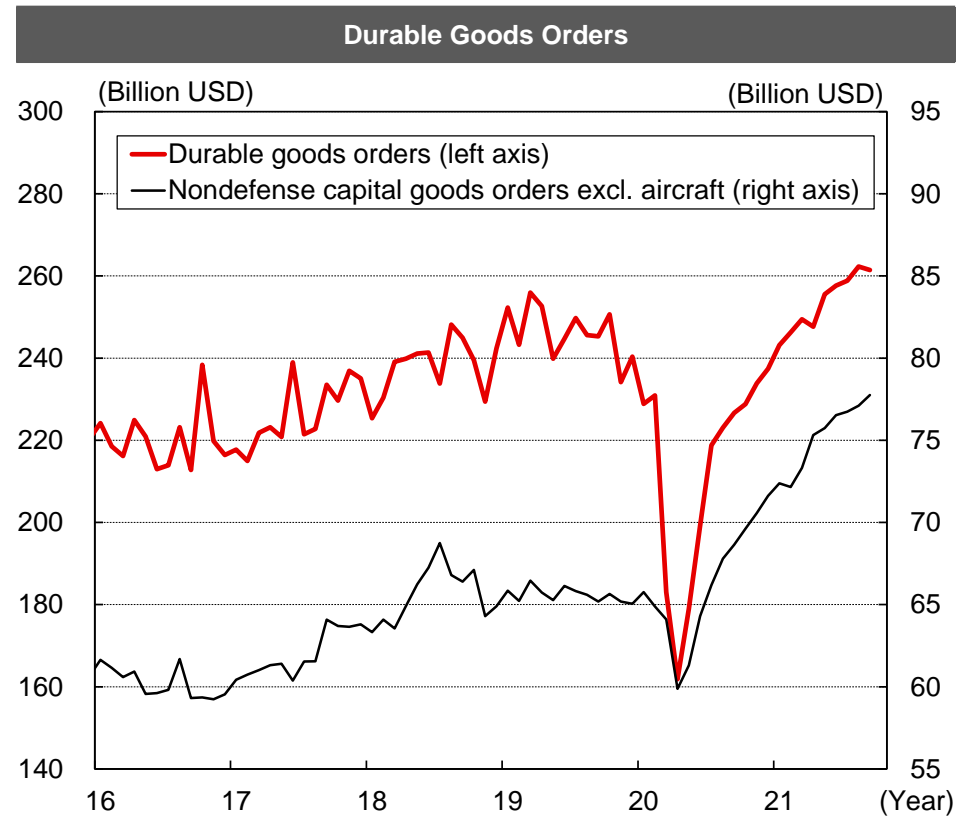
Source: Institute for Supply Management, MUFG Bank Economic Research Office

### 3. Production

- Industrial production increased 1.6% MoM in October, rising for the first time in two months. About half of the gain was linked to recovery from the effects of Hurricane Ida (Federal Reserve estimate). Industry breakdown shows that manufacturing rose 1.2% MoM as motor vehicles & parts production increased 11.0% following a drop in the previous month. Mining rose 4.1% MoM, and Utilities (electricity and natural gas) rose 1.2%. The capacity utilization rate rose 1.2% points MoM to 76.4% in October.
- Durable goods orders declined 0.3% MoM in September, falling for the first time in five months. Industry breakdown shows that transportation equipment, which accounts for roughly 30% of all durable goods orders, decreased 2.3% MoM. Core capital goods orders (nondefense capital goods orders excluding aircraft), a leading indicator of capital investment, rose 0.8% MoM in September, climbing for a seventh straight month.



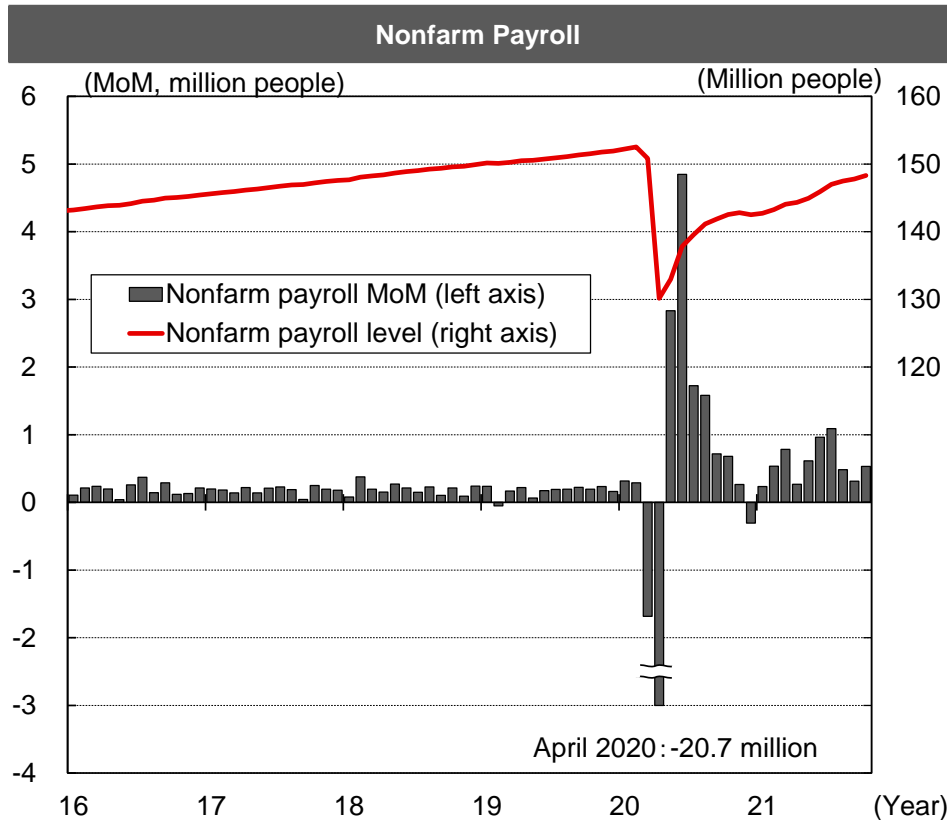
Source: Federal Reserve, MUFG Bank Economic Research Office



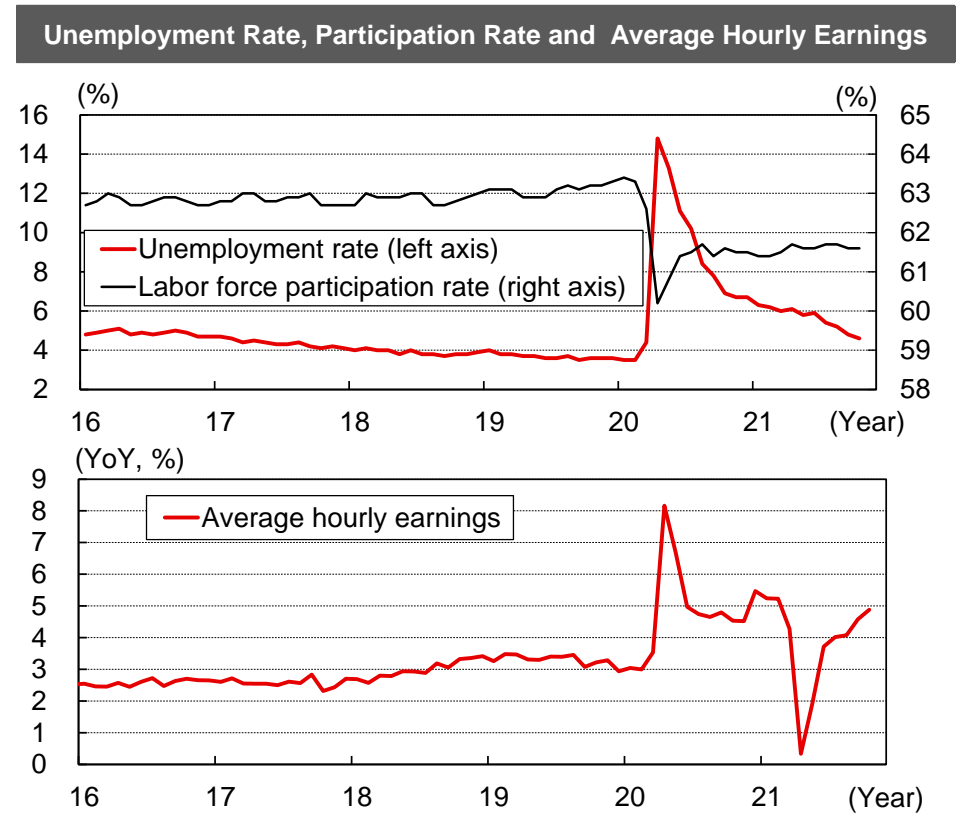
Source: Department of Commerce, MUFG Bank Economic Research Office

## 4. Employment

- Nonfarm payroll increased 531,000 MoM in October, accelerating from September's 312,000 increase (revised up) and beating the market forecast of a 450,000 gain (estimates compiled by Bloomberg).
- Industry breakdown shows leisure & hospitality rose 164,000 MoM, professional & business services rose 100,000, manufacturing rose 60,000, and transportation & warehousing rose 54,000. Meanwhile, government declined 73,000 MoM, mainly due to declines in state and local education (as was the case in September). Nonfarm payroll stands 4,200,000 or 2.8% below the pre-pandemic level of February 2020.
- Unemployment rate declined to 4.6% in October from 4.8% in September. Unemployed persons decreased 255,000 MoM to 7,419,000 in October. Labor force participation rate was unchanged MoM at 61.6% in October. Average hourly earnings for all private-sector employees rose 4.9% YoY in October, accelerating from September's 4.6%.



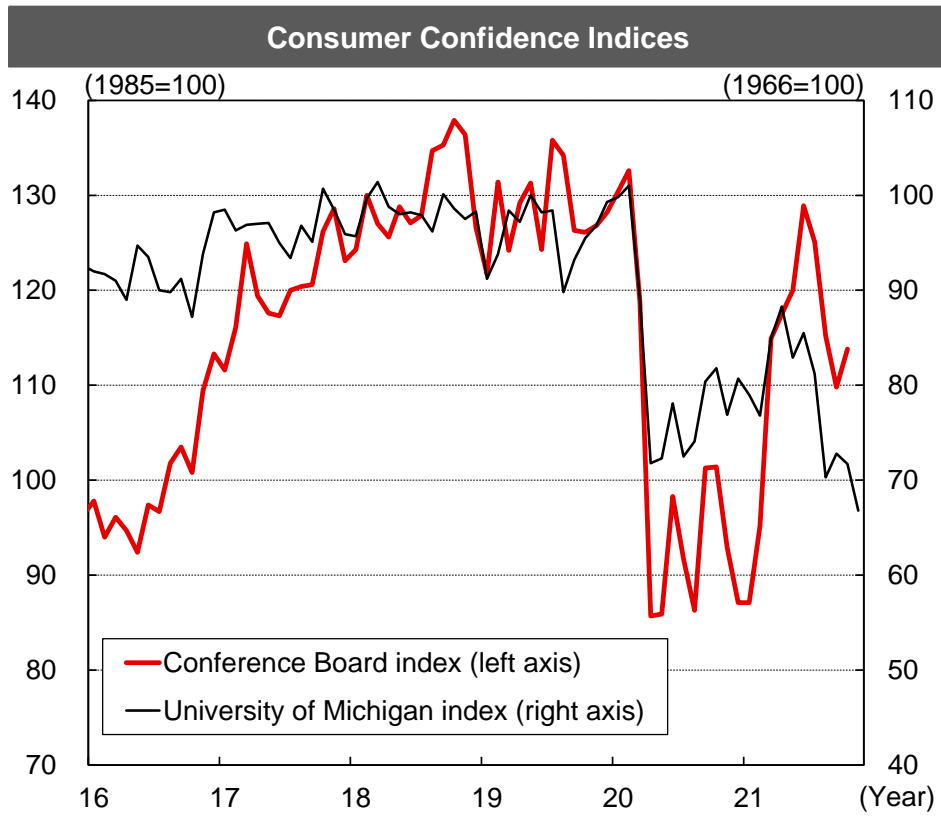
Source: Department of Labor, MUFG Bank Economic Research Office



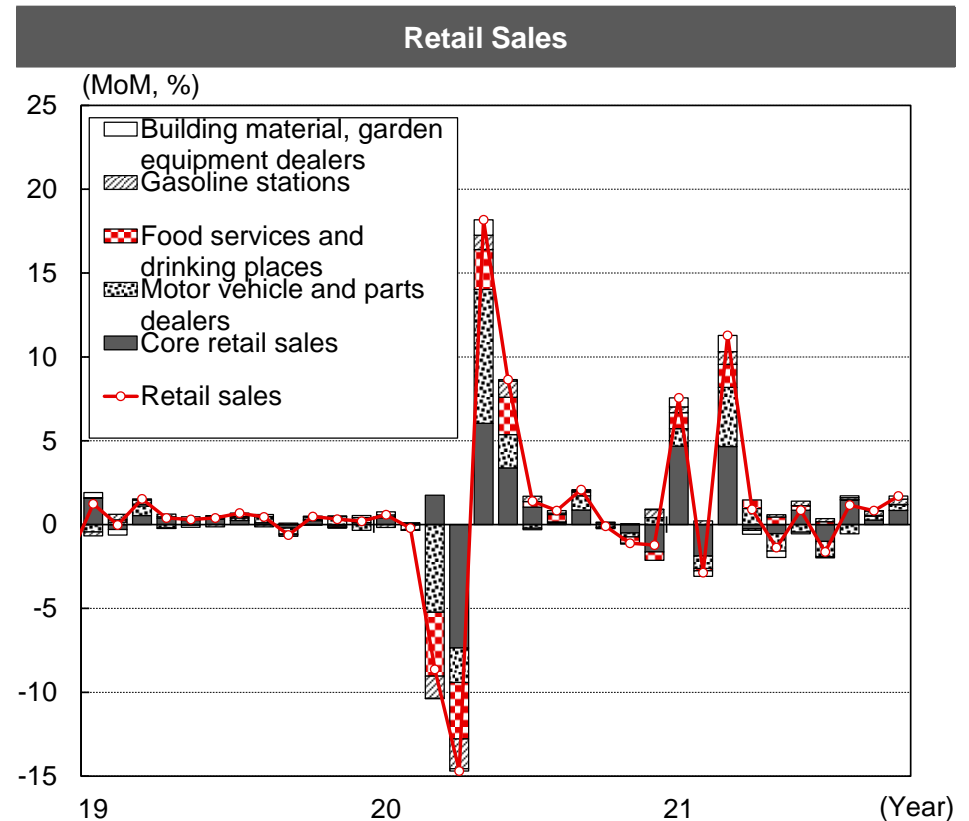
Source: Department of Labor, MUFG Bank Economic Research Office

## 5. Consumer Spending

- The Conference Board Consumer Confidence Index increased 4.0 points MoM to 113.8 in October, rising for the first time in four months. Meanwhile, the University of Michigan Index of Consumer Sentiment declined to 66.8 in November, the lowest level since November 2011. Concerns of inflation were cited as a factor.
- Retail sales increased 1.7% MoM in October, rising for a third straight month following a 0.8% rise in September. Breakdown by the type of business shows health & personal care stores and clothing & clothing accessories stores declined MoM. Meanwhile, nonstore retailers, gasoline stations, electronics & appliance stores, motor vehicle & parts dealers, sporting goods, hobby, musical instrument, & book stores, and food & beverage stores saw increased sales.



Source: Department of Commerce, MUFG Bank Economic Research Office

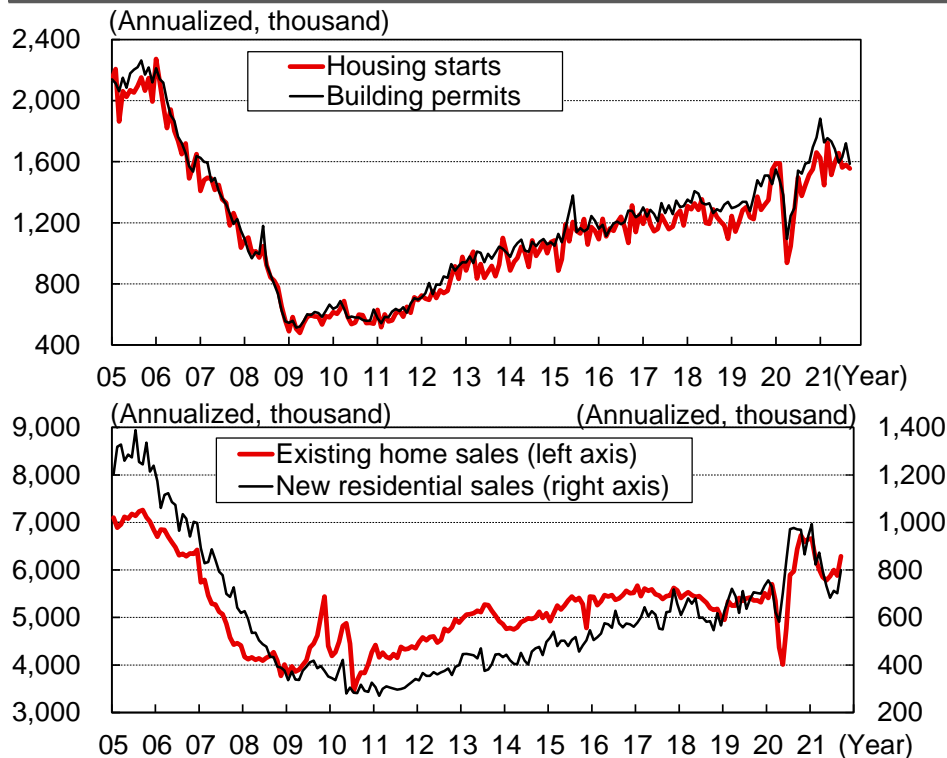


Source: Conference Board, University of Michigan, MUFG Bank Economic Research Office

## 6. Housing Market

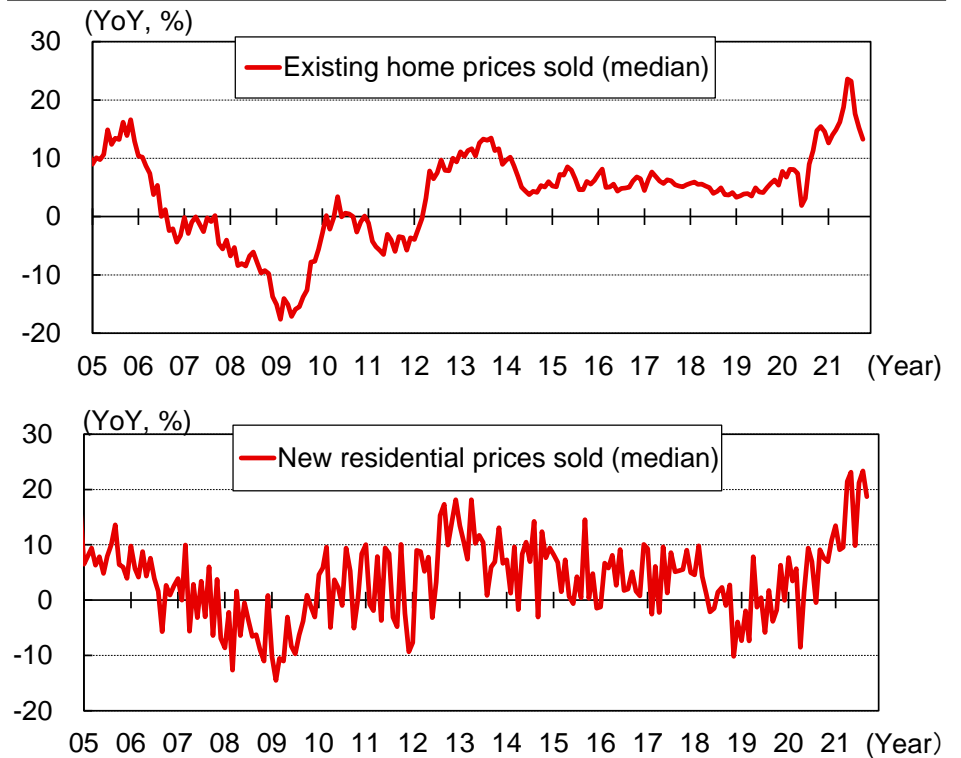
- Housing starts decreased 1.6% MoM to a seasonally adjusted annualized rate (SAAR) of 1,555,000 in September, following an increase in August. Single-family housing starts were flat MoM, while buildings with two or more units decreased 5.0%. Building permits, a leading indicator of housing starts, decreased 7.8% MoM to 1,586,000 (SAAR), declining for the first time in three months.
- As for home sales, existing home sales increased 7.0% MoM to 6,290,000 (SAAR) in September, while new residential sales rose 14.0% to 800,000 (SAAR) – both reversing a decline in August. The median price of existing homes sold was 352,800 in September, up 13.3% YoY (slowing from August's 15.2%). The median price of new homes sold was \$408,800, up 18.7% YoY (slowing from August's 23.3%).
- The inventory-to-sales ratios fell MoM for both existing and new homes. The ratio for existing homes came to 2.4 months (seasonally adjusted), and the ratio for new homes came to 5.7 months (seasonally adjusted) in September.

Housing Starts, Building Permits and Home Sales



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

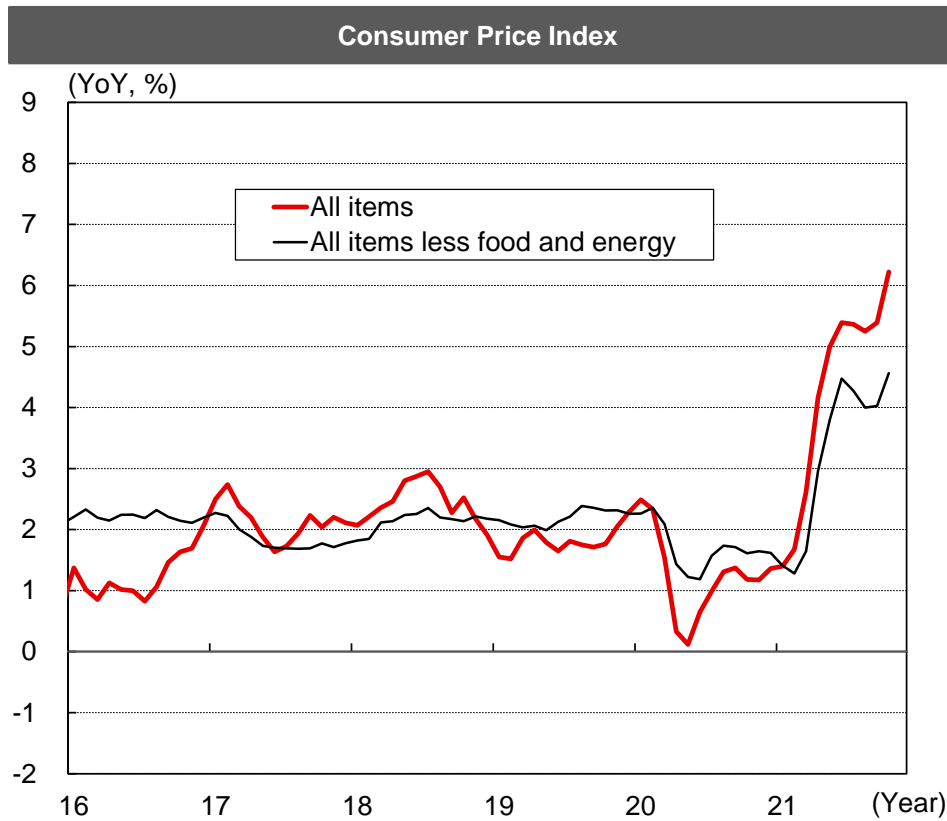
Home Prices



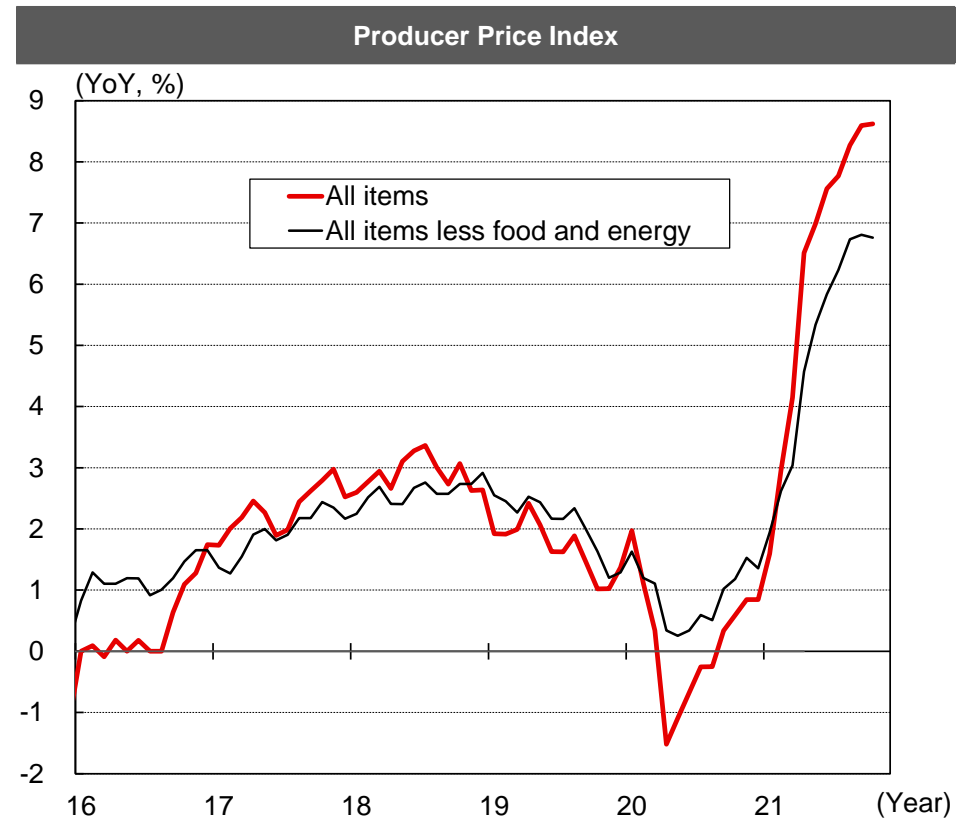
Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

## 7. Prices

- The Consumer Price Index (CPI) rose 6.2% YoY in October, accelerating from September's 5.4% to the largest 12-month percentage increase since November 1990. The core CPI (all items less food and energy) rose 4.6% YoY, up from September's 4.0% and the largest percentage increase since August 1991. Many items accelerated in October, including energy (up 30.0% YoY), food (up 5.3%), used cars & trucks (up 26.4%), new vehicles (up 9.8%) and shelter (up 3.5%).
- The Producer Price Index (PPI) rose 8.6% YoY and core PPI (all items less food and energy) rose 6.8% in October, both the same rates as in September. Breakdown by item shows that goods price increase accelerated to 14.2% YoY while services price increase slowed to 5.9%.



Source: Department of Labor, MUFG Bank Economic Research Office

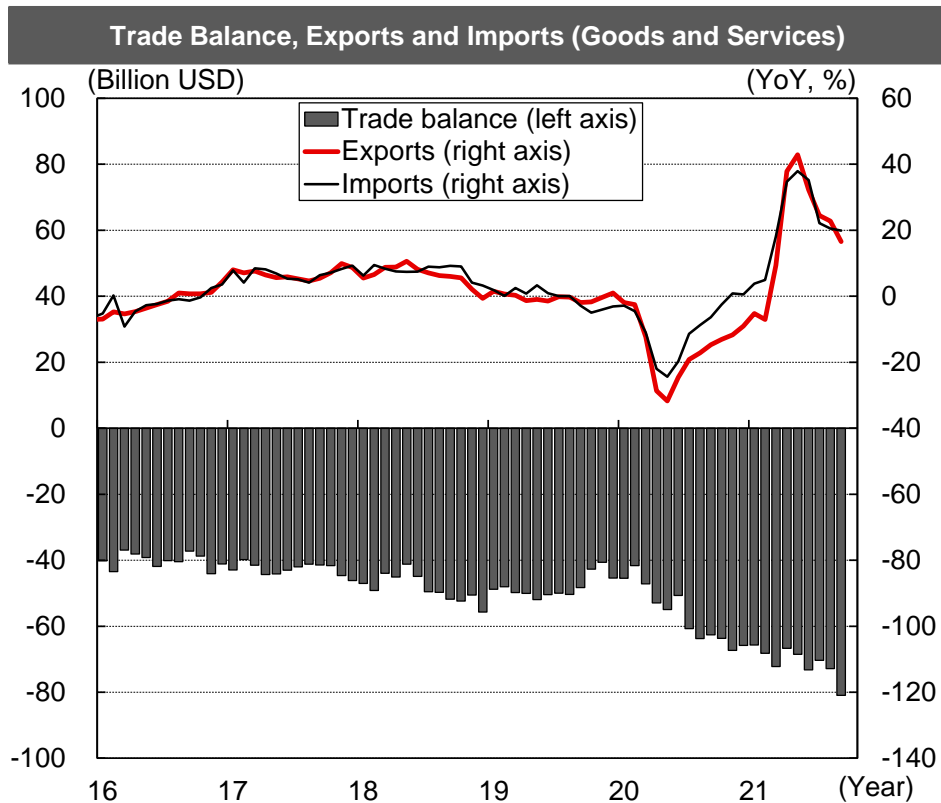


Source: Department of Labor, MUFG Bank Economic Research Office



## 8. Balance of Payments

- Trade deficit on goods and services widened 11.2% MoM to \$80.9 billion in September. Imports rose 0.6% MoM while exports declined 3.0%. Breakdown of exports shows that crude oil fell 15.1% and petroleum products declined 14.8% -- likely reflecting the impact of mining production disruption due to Hurricane Ida, which struck at the end of August.
- For goods trade, breakdown by destination shows that the deficit with China, which accounts for roughly a third of US goods deficit, widened 12.0% or \$3.4 billion MoM to \$31.5 billion in September. On a YoY basis, exports to China declined 6.2% while imports from China rose 13.7%.



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

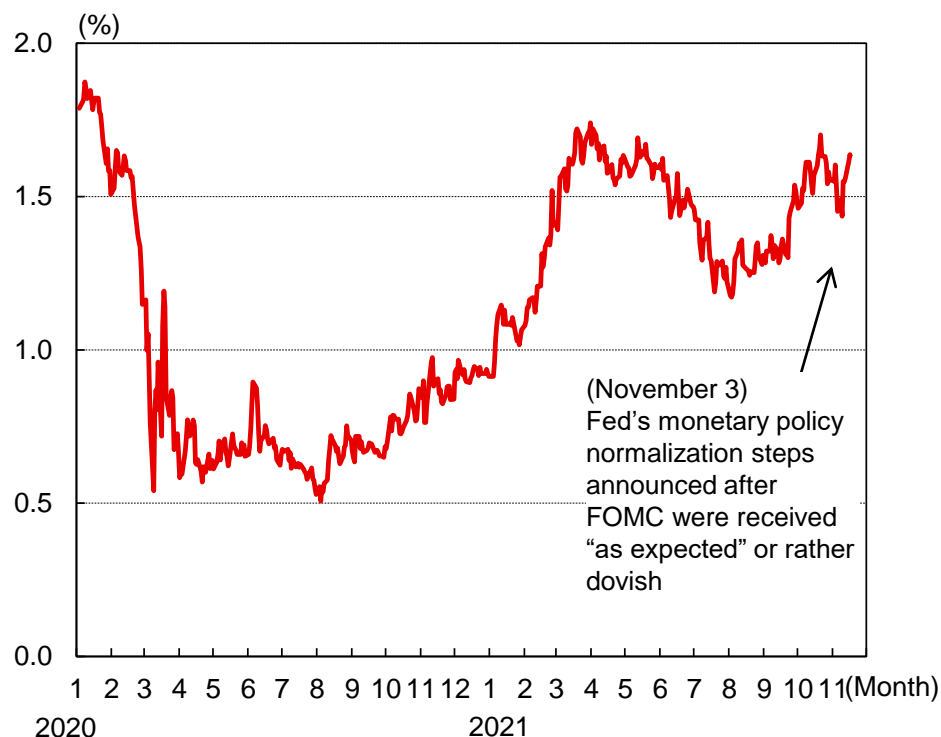


Note: Census basis  
Source: Department of Commerce, MUFG Bank Economic Research Office

## 9. Financial Markets

- The 10-year treasury yield has been on a downtrend and fell to 1.44% on November 9 after the Federal Reserve's FOMC meeting on November 3. Fed's announcement of tapering (gradual slowing of the pace of large-scale asset purchases) was generally in line with market expectations, and it was indicated that the start of tapering does not signal a rate hike. More recently, however, the 10-year treasury yield has reverted to an uptrend as the CPI accelerated. The yield is hovering at 1.6% levels.
- Dow Jones Industrial Average (DJIA) stock market index was showing signs of a correction through the middle of October, but lately the index has been on an uptrend again, supported by strong corporate earnings.

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														
		Nov-21	Dec	Jan-21	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov
Businesses	ISM Manufacturing PMI	57.7	60.5	58.7	60.8	64.7	60.7	61.2	60.6	59.5	59.9	61.1	60.8	-
	ISM Services PMI	56.8	57.7	58.7	55.3	63.7	62.7	64.0	60.1	64.1	61.7	61.9	66.7	-
	Industrial production (2012 ave = 100)	97.2	98.3	99.4	96.4	99.2	99.2	99.9	100.4	101.3	101.3	100.0	101.6	-
	MoM (%)	0.5	1.2	1.1	-3.0	2.9	0.1	0.7	0.5	0.8	0.0	-1.3	1.6	-
	Capacity utilization (%)	73.3	74.1	75.0	72.7	74.8	74.8	75.3	75.6	76.2	76.2	75.2	76.4	-
	Manufactured goods new orders (Million USD)	460,424	468,324	479,160	481,195	488,073	487,409	498,587	506,128	509,490	514,637	515,892	-	-
	MoM (%)	1.6	1.7	2.3	0.4	1.4	-0.1	2.3	1.5	0.7	1.0	0.2	-	-
	Durable goods orders (Million USD)	233,838	237,428	243,160	246,261	249,467	247,644	255,529	257,663	258,846	262,317	261,433	-	-
MoM (%)	2.2	1.5	2.4	1.3	1.3	-0.7	3.2	0.8	0.5	1.340952	-0.337	-	-	
Household	Nonfarm payroll (monthly change, thousand people)	264	-306	233	536	785	269	614	962	1,091	483	312	531	-
	Average hourly earnings (USD)	29.61	29.91	29.92	30.00	29.97	30.17	30.31	30.44	30.55	30.67	30.85	30.96	-
	YoY (%)	4.5	5.5	5.2	5.2	4.3	0.3	1.9	3.7	4.0	4.1	4.6	4.9	-
	Unemployment rate (%)	6.7	6.7	6.3	6.2	6.0	6.1	5.8	5.9	5.4	5.2	4.8	4.6	-
	Personal income (annualized, billion USD)	19,435	19,562	21,505	19,955	24,142	20,863	20,414	20,449	20,667	20,709	20,493	-	-
	MoM (%)	-1.0	0.7	9.9	-7.2	21.0	-13.6	-2.2	0.2	1.1	0.2	-1.0	-	-
	Consumer spending (annualized, billion USD)	14,467	14,390	14,858	14,700	15,459	15,619	15,624	15,802	15,812	15,967	16,060	-	-
	MoM (%)	-0.5	-0.5	3.3	-1.1	5.2	1.0	0.0	1.1	0.1	1.0	0.6	-	-
	Saving rate (%)	13.0	14.0	19.9	13.5	26.6	12.4	10.0	9.0	10	9	8	-	-
	Retail sales (million USD)	542,583	535,972	576,466	559,970	623,119	628,751	620,119	625,405	615,250	622,383	627,536	638,189	-
	MoM (%)	-1.1	-1.2	7.6	-2.9	11.3	0.9	-1.4	0.9	-1.6	1.2	0.8	1.7	-
	Auto sales (annualized, million units)	15.9	16.3	16.8	15.9	17.6	18.3	16.9	15.5	14.7	13.1	12.2	13.0	-
	MoM (%)	-3.2	2.7	2.9	-5.1	10.7	3.7	-7.7	-8.4	-5.2	-10.8	-6.7	6.3	-
	Conference Board Consumer Confidence Index	92.9	87.1	87.1	95.2	114.9	117.5	120.0	128.9	125.1	115.2	109.8	113.8	-
University of Michigan Index of Consumer Sentiment	76.9	80.7	79.0	76.8	84.9	88.3	82.9	85.5	81.2	70.3	72.8	71.7	66.8	

Source: Various statistics, MUFG Bank Economic Research Office

# Table: Major Monthly Economic Indicators (continued)

Major Monthly Economic Indicators														
		Nov-21	Dec	Jan-21	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov
Housing	Housing starts (annualized, thousand units)	1,551	1,661	1,625	1,447	1,725	1,514	1,594	1,657	1,562	1,580	1,555	-	-
	MoM (%)	2.4	7.1	-2.2	-11.0	19.2	-12.2	5.3	4.0	-5.7	1.2	-1.6	-	-
	Existing home sales (annualized, thousand units)	6,590	6,650	6,660	6,240	6,010	5,850	5,780	5,870	6,000	5,880	6,290	-	-
	MoM (%)	-2.1	0.9	0.2	-6.3	-3.7	-2.7	-1.2	1.6	2.2	-2.0	7.0	-	-
	New home sales (annualized, thousand units)	865	943	993	823	873	796	733	683	712	702	800	-	-
	MoM (%)	-10.7	9.0	5.3	-17.1	6.1	-8.8	-7.9	-6.8	4.2	-1.4	14.0	-	-
Prices	Consumer Price Index (1982-1984 = 100)	260.2	260.5	261.6	263.0	264.9	267.1	269.2	271.7	273.0	273.6	274.3	276.6	-
	MoM (%)	0.2	0.2	0.3	0.4	0.6	0.8	0.6	0.9	0.5	0.3	0.4	0.9	-
	YoY (%)	1.2	1.4	1.4	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	-
	Producer Price Index (Nov 2009 = 100)	119.3	119.4	120.9	121.9	123.0	124.3	125.5	126.6	127.6	128.3	128.9	129.8	-
	MoM (%)	0.0	0.3	1.2	0.7	0.8	1.0	0.9	0.9	0.7	0.7	0.5	0.6	-
	YoY (%)	0.8	0.8	1.6	3.0	4.1	6.5	7.0	7.6	7.8	8.3	8.6	8.6	-
Trade	Exports (goods, billion USD)	126.8	131.5	134.4	130.3	143.6	145.1	145.6	145.9	148.6	149.8	142.7	-	-
	Imports (goods, billion USD)	213.0	216.3	221.0	219.6	236.6	232.1	235.0	239.2	236.4	239.0	240.9	-	-
	Trade balance (goods, billion USD)	-86.2	-84.8	-86.6	-89.3	-93.0	-87.1	-89.3	-93.3	-87.8	-89.2	-98.2	-	-
	Trade balance (goods and services, billion USD)	-67.3	-65.8	-65.7	-68.2	-72.2	-66.7	-68.5	-73.2	-70.3	-72.8	-80.9	-	-

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)