

US Economic Indicators Monthly Overview (December 2021)

ECONOMIC RESEARCH OFFICE (NEW YORK)

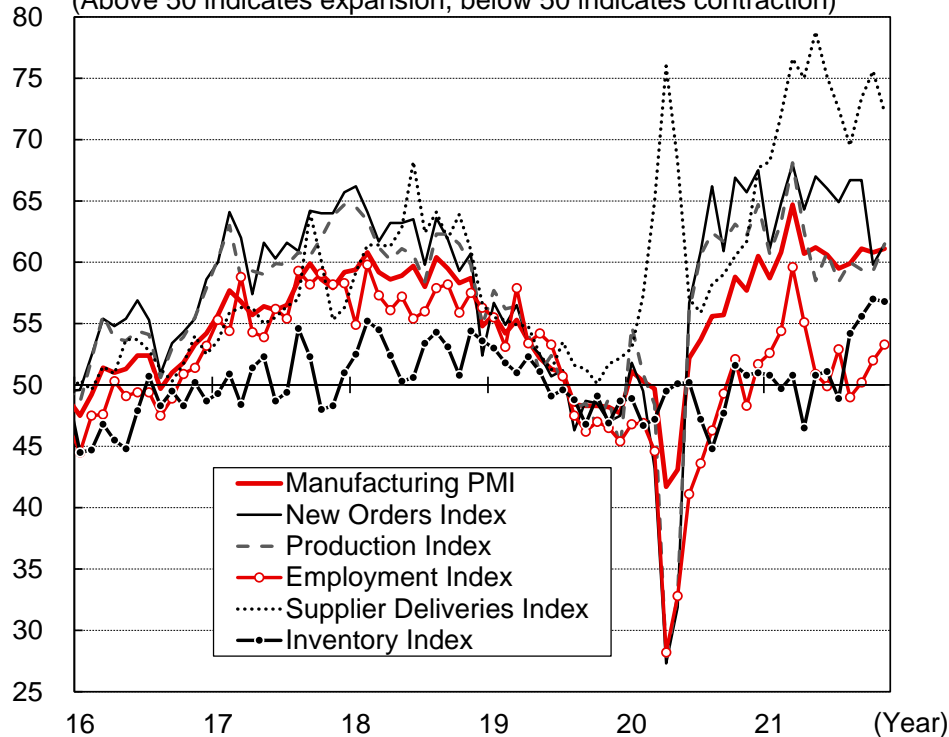
21st December 2021 (original Japanese version released on 16th December)

1. Business Activity

- ISM Manufacturing PMI, an indicator of business confidence and activity in the manufacturing sector, edged up 0.3 point MoM to 61.1 in November. Component breakdown shows that Production Index rose 2.2 points MoM to 61.5, New Orders Index rose 1.7 points to 61.5, and Employment Index rose 1.3 points to 53.3, while Supplier Deliveries Index fell 3.4 points to 72.2 and Inventory Index fell 0.2 point to 56.8. The headline index topped the expansion-contraction threshold of 50 for 18 consecutive months. Of the 18 manufacturing industries, 13 reported MoM expansion, two reported contraction and three reported no change (in October, 16 reported expansion and two reported contraction).
- ISM Services PMI rose 2.4 points MoM to 69.1 in November, a second straight month of record level. Component breakdown shows larger gains were recorded in Business Activity Index (up 4.8 points to 74.6) and Employment Index (up 4.9 points to 56.5). The headline index topped the expansion-contraction threshold of 50 for 18 consecutive months. All of the 18 services industries reported MoM expansion (same as in October).

ISM Manufacturing PMI

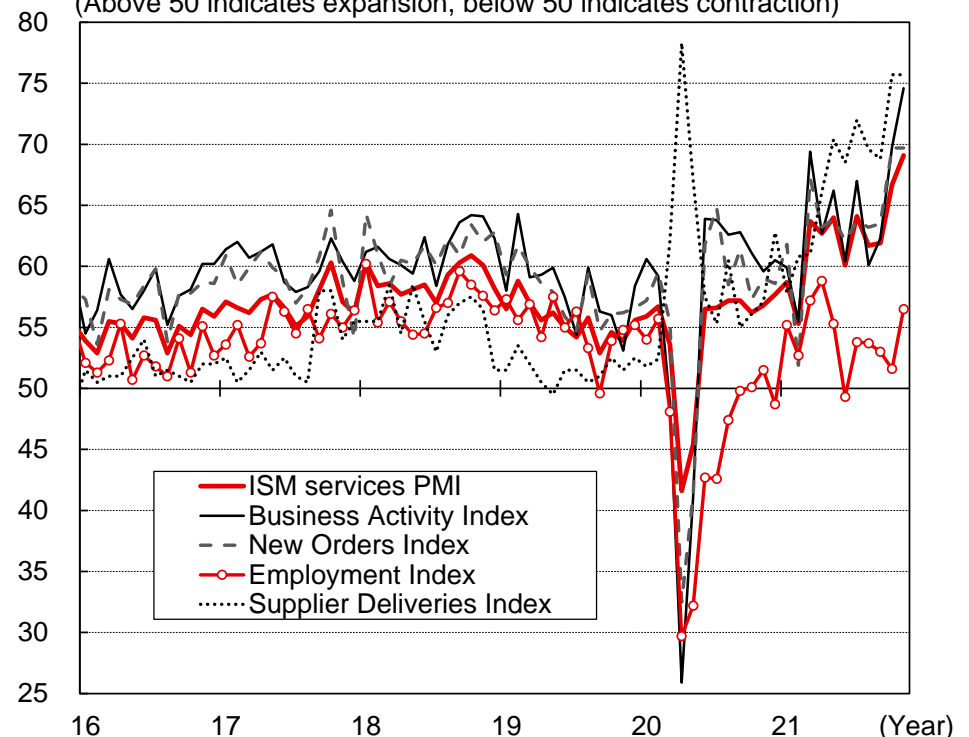
(Above 50 indicates expansion, below 50 indicates contraction)



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

ISM Services PMI

(Above 50 indicates expansion, below 50 indicates contraction)

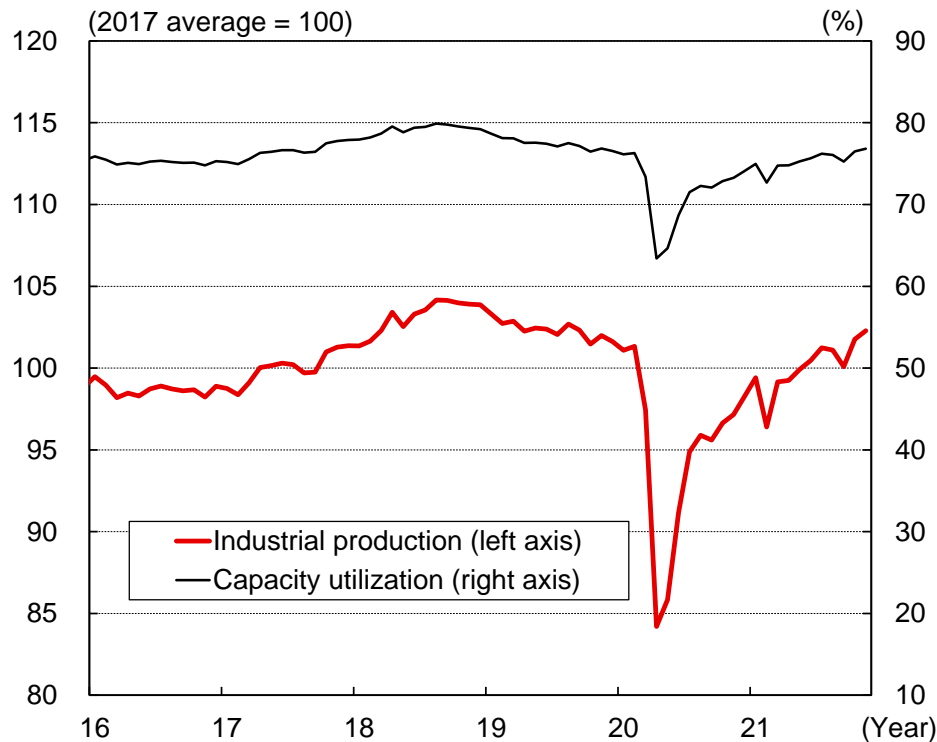


Source: Institute for Supply Management, MUFG Bank Economic Research Office

2. Production

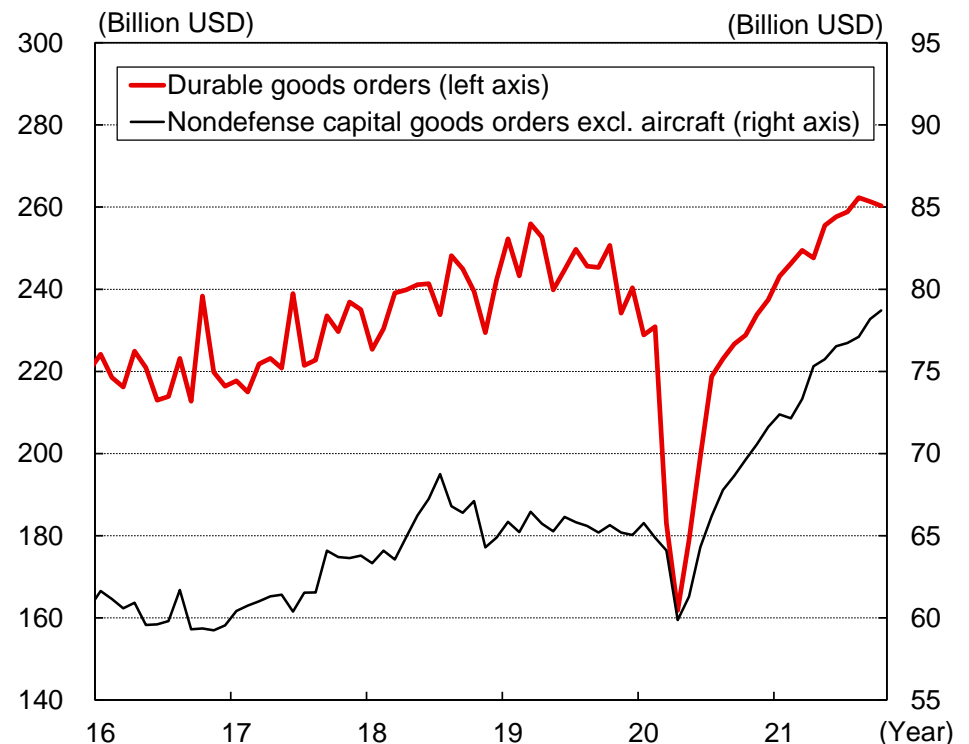
- Industrial production increased 0.5% MoM in November, rising for a second straight month. Industry breakdown shows that manufacturing and mining rose 0.7% MoM while utilities (electricity and natural gas) declined 0.8%. The capacity utilization rate rose 0.3% point MoM to 76.8% in November.
- Durable goods orders declined 0.4% MoM in October, falling for a second straight month. Industry breakdown shows that transportation equipment, which accounts for roughly 30% of all durable goods orders, decreased 2.6% MoM. Core capital goods orders (nondefense capital goods orders excluding aircraft), a leading indicator of capital investment, rose 0.7% MoM in October, climbing for an eighth straight month.

Industrial Production and Capacity Utilization



Source: Federal Reserve, MUFG Bank Economic Research Office

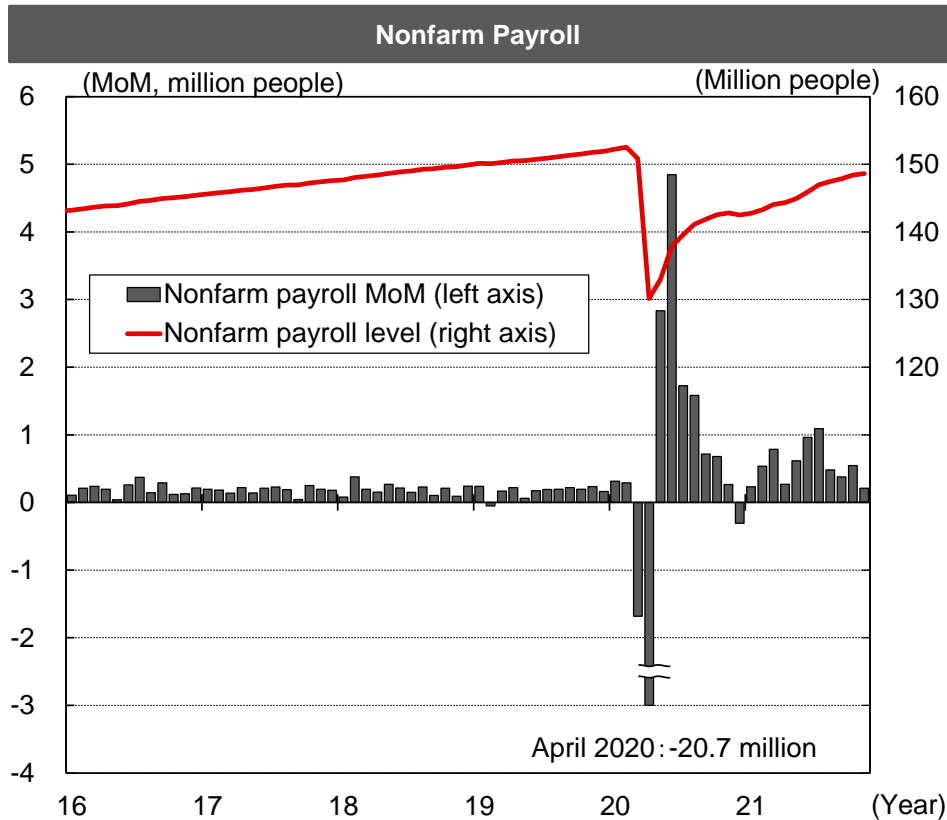
Durable Goods Orders



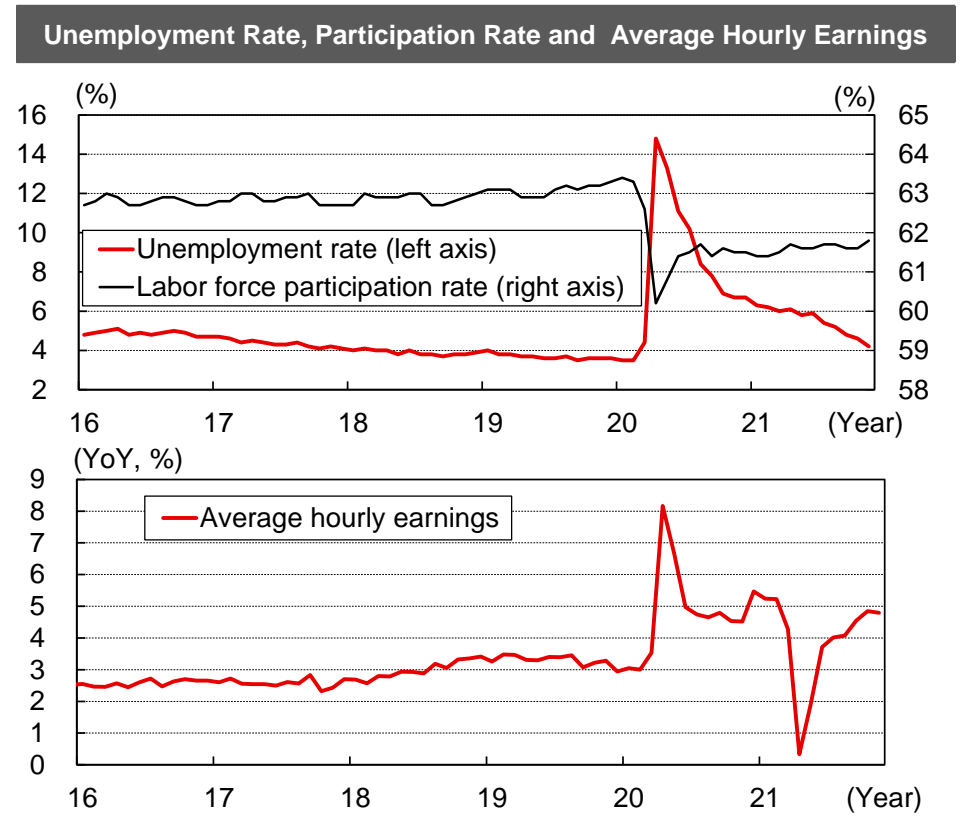
Source: Department of Commerce, MUFG Bank Economic Research Office

3. Employment

- Nonfarm payroll increased 210,000 MoM in November, slowing from October's 546,000 increase (revised up) and missing the market forecast of a 550,000 gain (estimates compiled by Bloomberg).
- Industry breakdown shows professional & business services rose 90,000 MoM, transportation & warehousing rose 50,000, construction rose 31,000, and manufacturing rose 31,000, while government declined 25,000 and retail trade declined 20,000. Nonfarm payroll stands 3,910,000 or 2.6% below the pre-pandemic level of February 2020.
- Unemployment rate declined 0.4% point to 4.2% in November. Unemployed persons decreased 542,000 MoM to 6,877,000 in November. Labor force participation rate rose 0.2% point MoM to 61.8% in November. Average hourly earnings for all private-sector employees rose 4.8% YoY in November, the same rate as October.



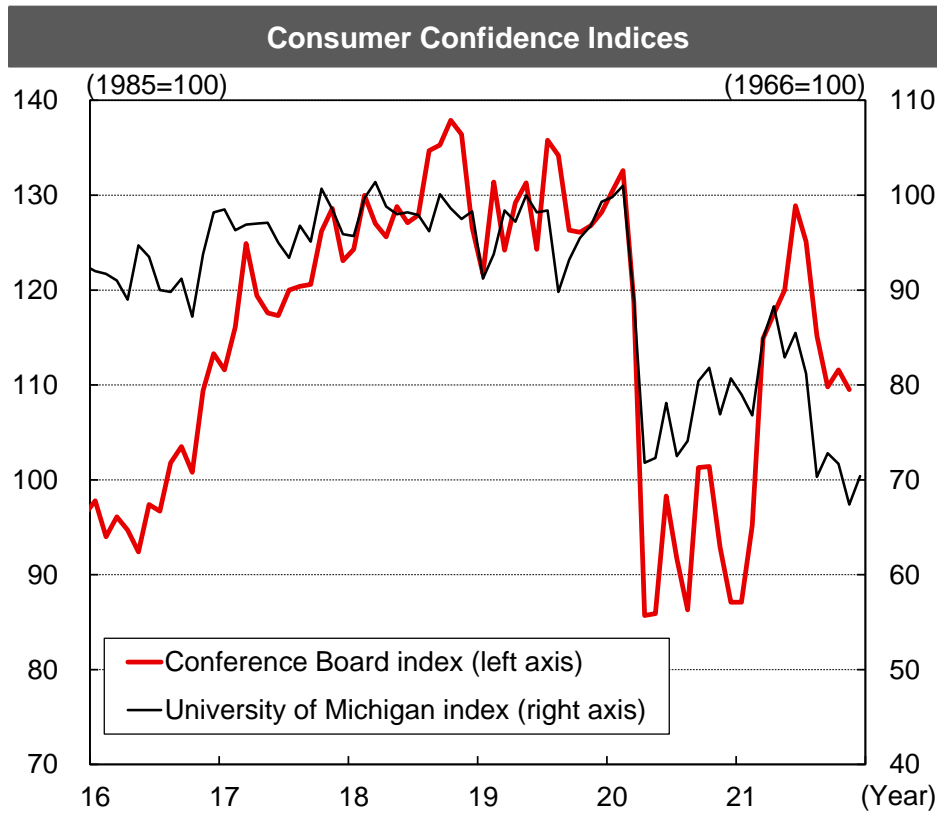
Source: Department of Labor, MUFG Bank Economic Research Office



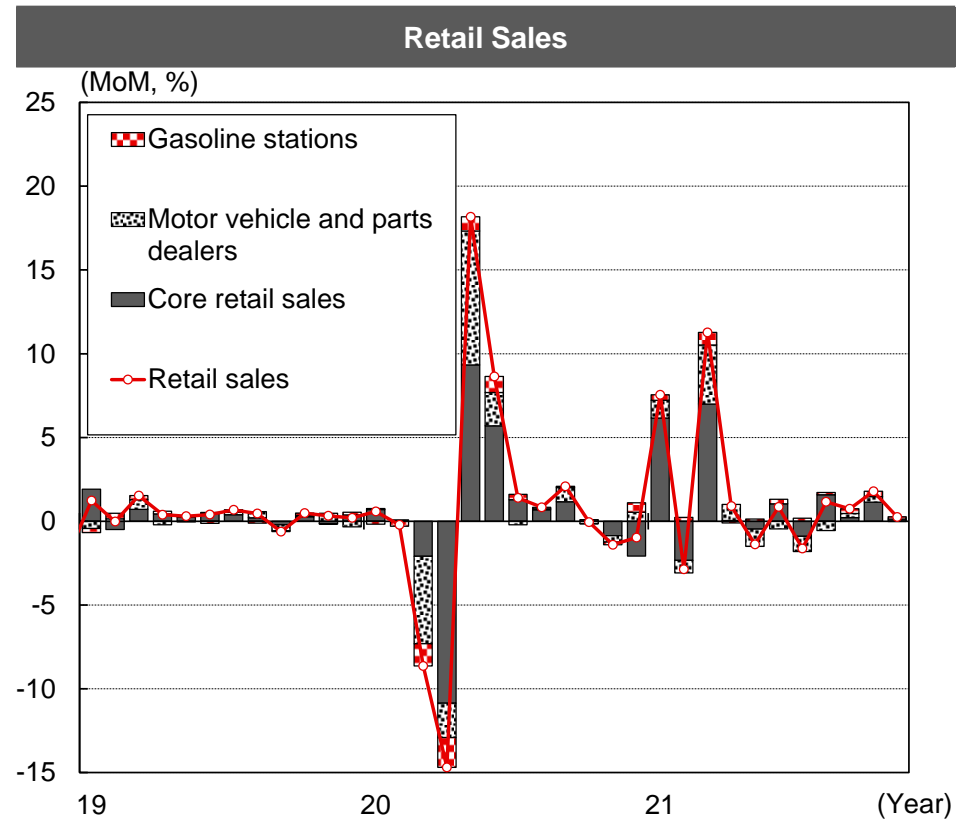
Source: Department of Labor, MUFG Bank Economic Research Office

4. Consumer Spending

- The Conference Board Consumer Confidence Index decreased 2.1 points MoM to 109.5 in November, declining after a rise in October. Meanwhile, the University of Michigan Index of Consumer Sentiment (preliminary) was 70.4 in December, rising 3.0 points MoM but remaining at a historically low level due to concerns of inflation, among other factors.
- Retail sales increased 0.3% MoM in November, marking a fourth straight month of increase but slowing from October's 1.8% rise. Breakdown by the type of business shows food services & drinking places accelerated sales growth to 1.0% MoM (vs. October's 0.3% rise), while nonstore retailers' sales were flat (vs. October's 4.1% rise). Electronics & appliance store sales declined 4.6% (vs. October's 3.1% rise), general merchandise store sales declined 1.2% (vs. October's 1.5% rise), and motor vehicle & parts dealers sales declined 0.1% (vs. October's 1.7% rise). Core retail sales, which excludes gasoline stations and motor vehicle & parts dealers, also saw slower sales growth of 0.2% (vs. October's 1.6% rise).



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

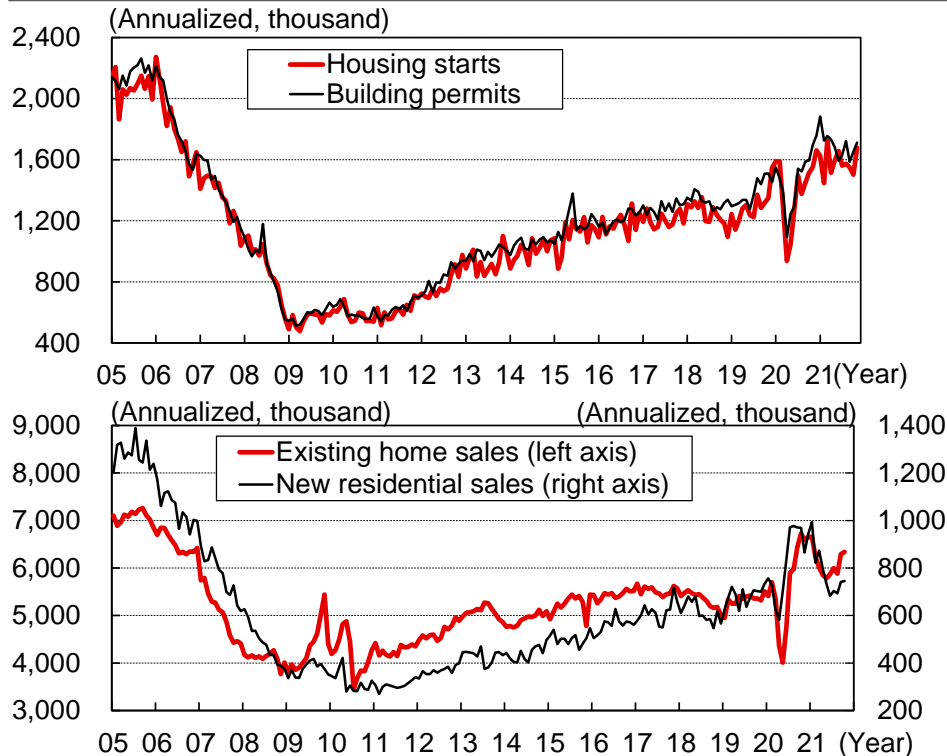


Source: Department of Commerce, MUFG Bank Economic Research Office

5. Housing Market

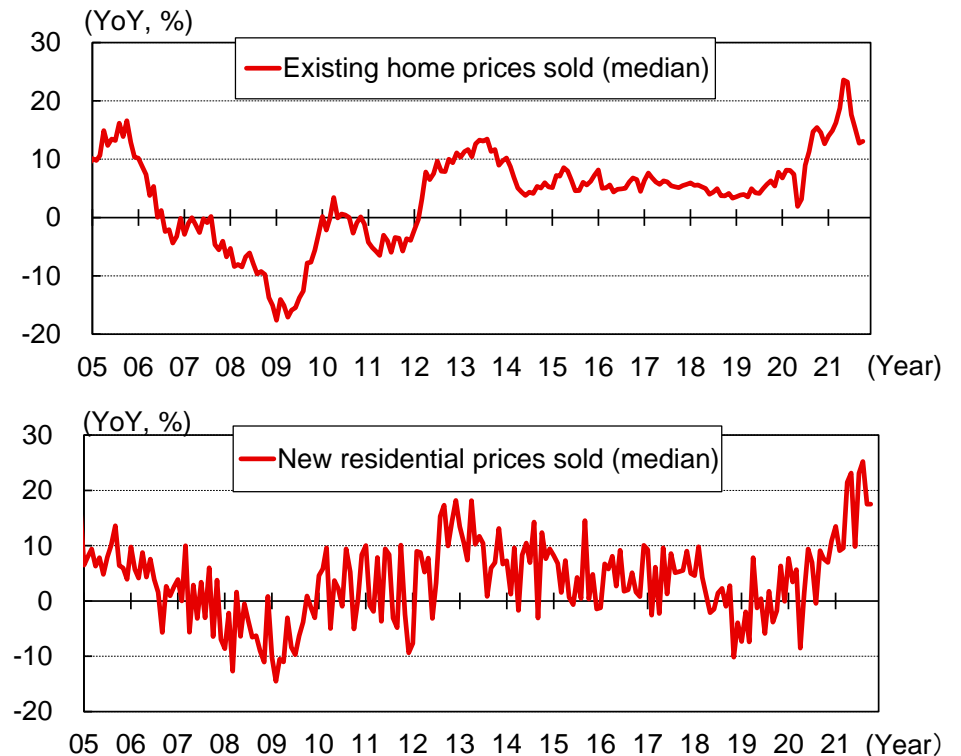
- Housing starts increased 11.8% MoM to a seasonally adjusted annualized rate (SAAR) of 1,679,000 in November, rising for the first time in three months. Single-family housing starts rose 11.3% MoM, while buildings with two or more units increased 12.9%. Building permits, a leading indicator of housing starts, increased 3.6% MoM to 1,712,000 (SAAR), rising for a second straight month.
- As for home sales, existing home sales edged up 0.8% MoM to 6,340,000 (SAAR) in October, while new residential sales also rose slightly, by 0.4% to 745,000 (SAAR). The median price of existing homes sold was 353,900 in October, up 13.1% YoY (accelerating from September's 12.7%). The median price of new homes sold was \$407,700, up 17.5% YoY (the same rate as September).
- The inventory-to-sales ratios for existing homes fell in October to 2.3 months from September's 2.4 months, while the ratio for new homes rose to 6.3 months from 6.1 months.

Housing Starts, Building Permits and Home Sales



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

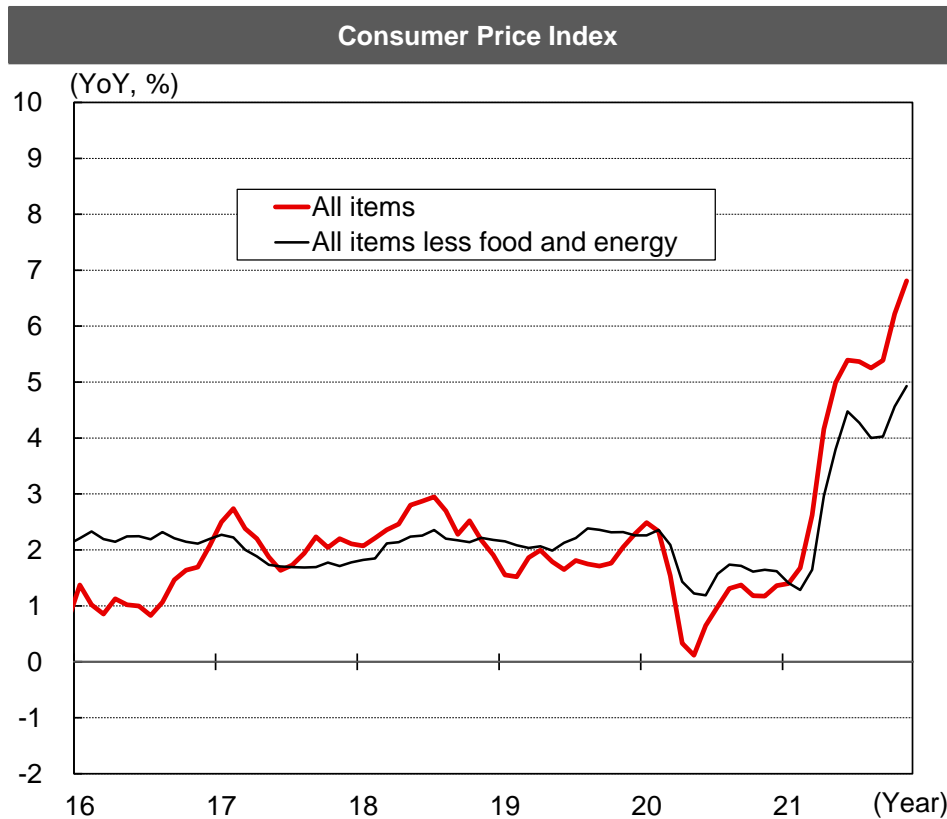
Home Prices



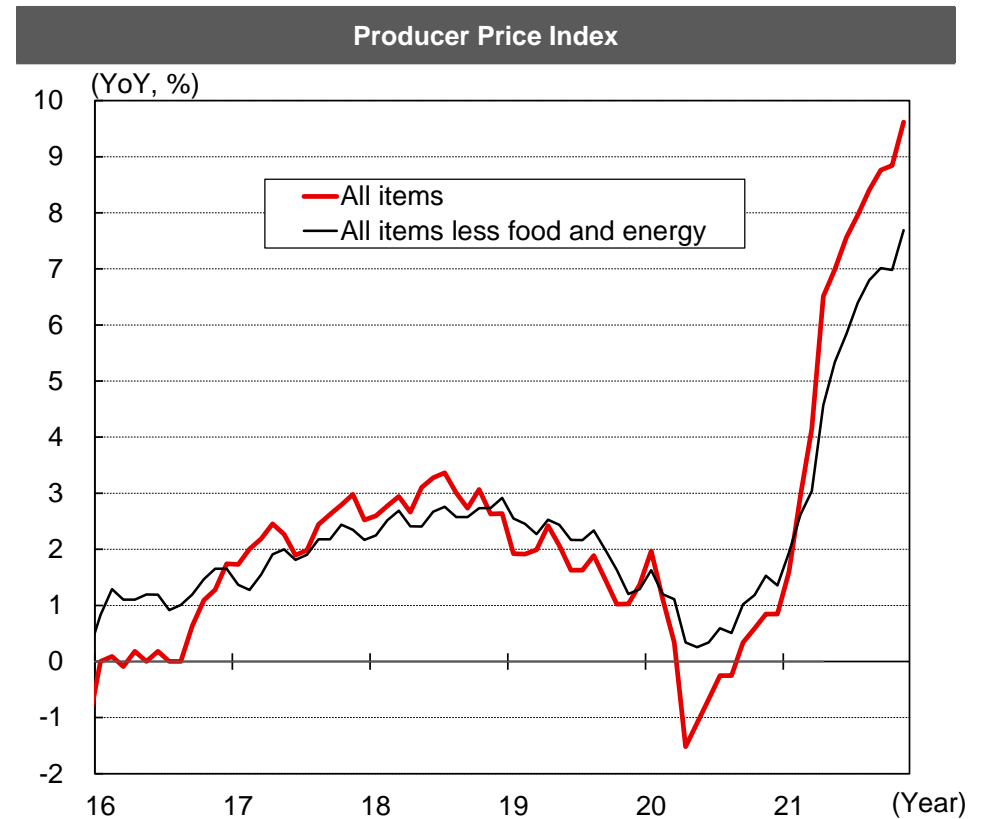
Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

6. Prices

- The Consumer Price Index (CPI) rose 6.8% YoY in November, accelerating from October's 6.2% to the largest 12-month percentage increase since June 1982. The core CPI (all items less food and energy) rose 4.9% YoY, up from October 4.6% and the largest percentage increase since June 1991. Many items accelerated in November, including energy (up 33.3% YoY), food (up 6.1%), used cars & trucks (up 31.4%), new vehicles (up 11.1%) and shelter (up 3.8%).
- The Producer Price Index (PPI) rose 9.6% YoY and core PPI (all items less food and energy) rose 7.0% in November, both record percentage increases since the current statistics on 12-months changes started in November 2010. Breakdown by item shows that both goods and services price increases accelerated from the previous month, to 14.9% YoY and 7.1% respectively.



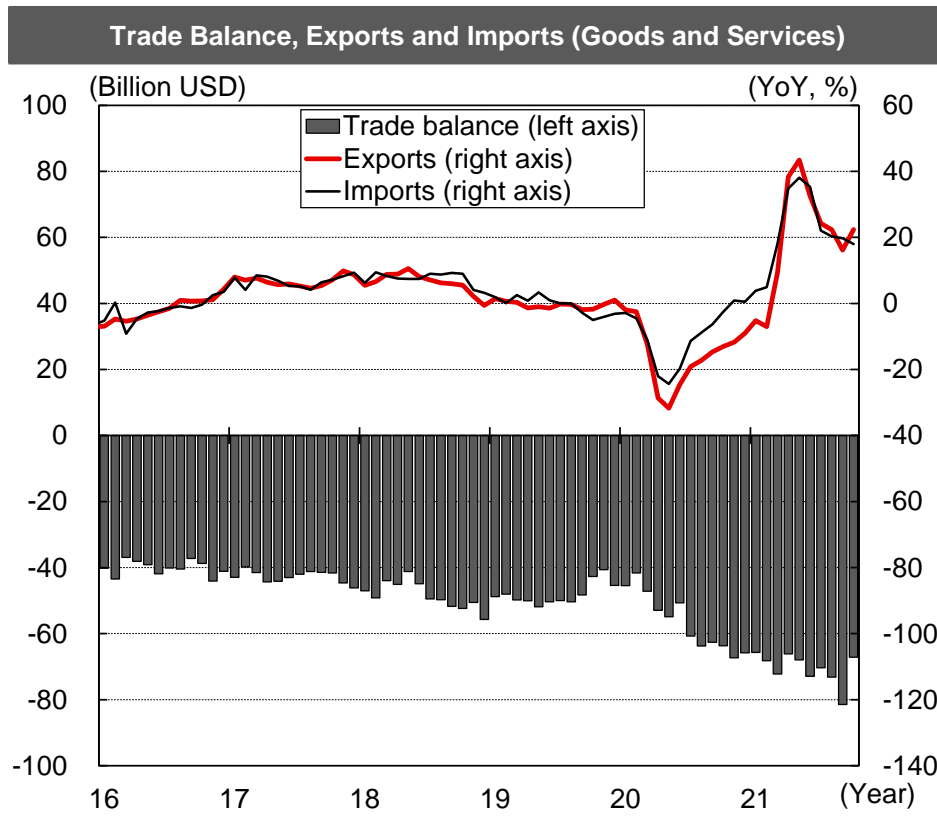
Source: Department of Labor, MUFG Bank Economic Research Office



Source: Department of Labor, MUFG Bank Economic Research Office

7. Balance of Payments

- Trade deficit on goods and services narrowed 17.6% MoM to \$67.1 billion in October as exports increased 8.1% while imports rose by a mere 0.9%. Breakdown of exports shows that foods & beverages rose 17.1% MoM, and automotive vehicles etc. rose 14.1%.
- For goods trade, breakdown by destination shows that the deficit with China, which accounts for roughly a third of US goods deficit, narrowed 10.1% or \$3.2 billion MoM to \$28.3 billion in October. Exports to China rose 25.4% MoM while imports from China decreased 0.9%. On a YoY basis, exports to China rose 11.4% and imports from China rose 8.0%.



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

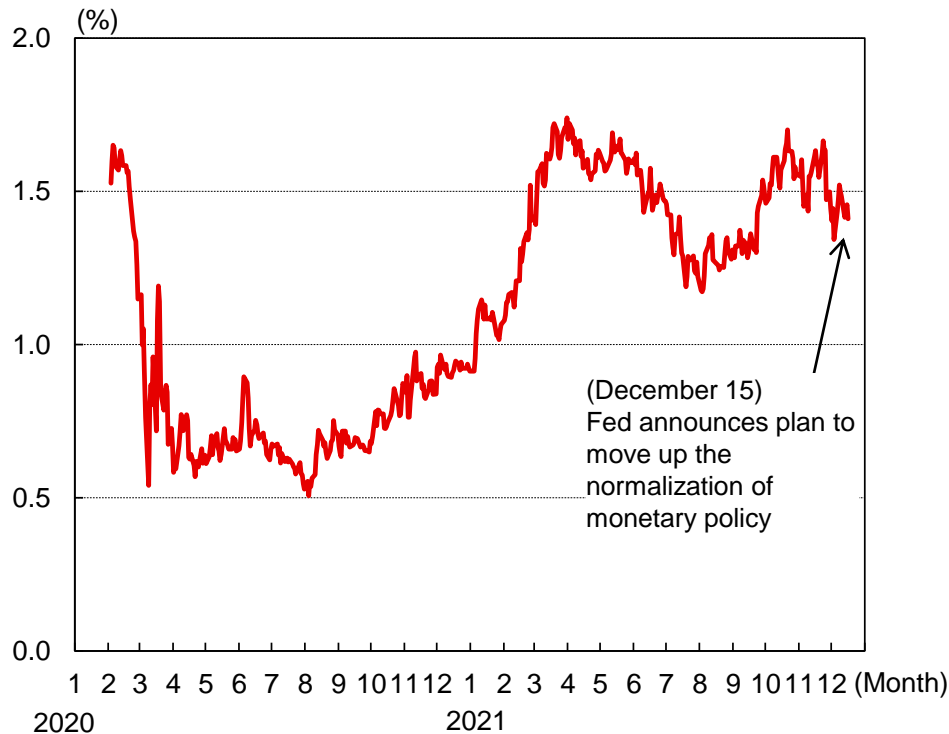


Note: Census basis
Source: Department of Commerce, MUFG Bank Economic Research Office

8. Financial Markets

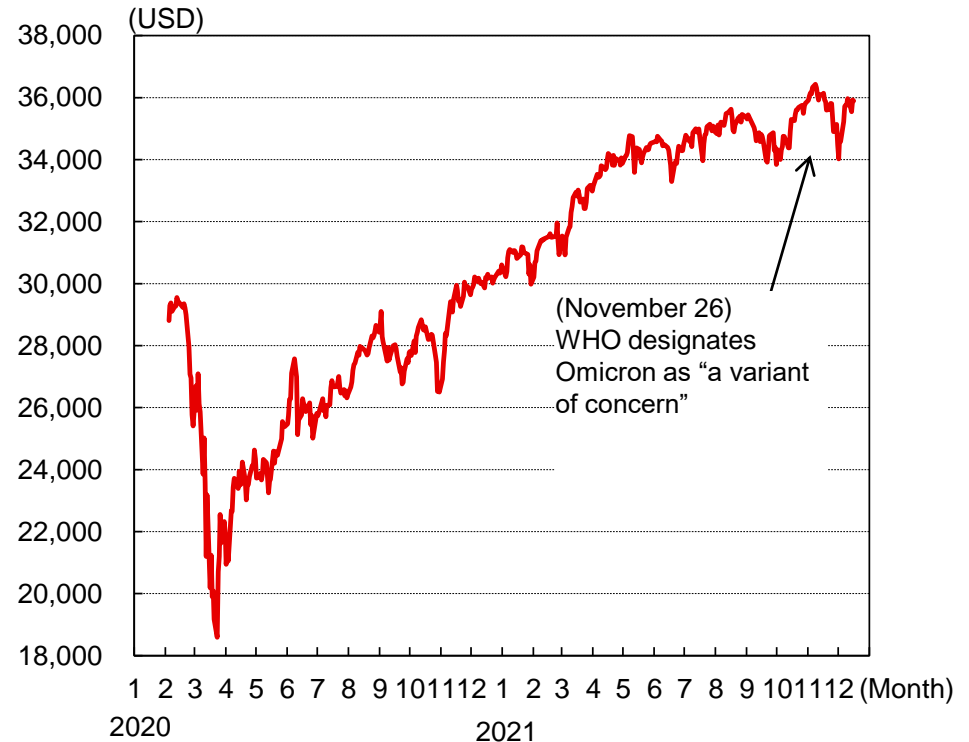
- The 10-year treasury yield rose to 1.6% levels in mid-November due to concerns of prolonged inflation. The yield has since fallen to 1.3% levels following the emergence of the Omicron variant, and is currently hovering around 1.4%. The Federal Reserve announced on December 15 a more hawkish stance after FOMC, signaling a faster pace of tapering and an earlier start of rate hikes than previously expected, but market reaction was subdued because such steps were already priced in.
- Dow Jones Industrial Average (DJIA) stock market index declined to around 34,000 as market participants grew more risk-averse following the emergence of the Omicron variant. But the index has since picked up and is now hovering around 36,000.

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														
		Dec	Jan-21	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Businesses	ISM Manufacturing PMI	60.5	58.7	60.8	64.7	60.7	61.2	60.6	59.5	59.9	61.1	60.8	61.1	-
	ISM Services PMI	57.7	58.7	55.3	63.7	62.7	64.0	60.1	64.1	61.7	61.9	66.7	69.1	-
	Industrial production (2012 ave = 100)	98.3	99.4	96.4	99.2	99.2	99.9	100.5	101.2	101.1	100.1	101.8	102.3	-
	MoM (%)	1.2	1.1	-3.0	2.9	0.1	0.7	0.5	0.8	-0.1	-1.0	1.7	0.5	-
	Capacity utilization (%)	74.1	75.0	72.7	74.8	74.8	75.3	75.7	76.2	76.1	75.3	76.5	76.8	-
	Manufactured goods new orders (Million USD)	468,324	479,160	481,195	488,073	487,409	498,587	506,128	509,490	514,637	517,066	522,138	-	-
	MoM (%)	1.7	2.3	0.4	1.4	-0.1	2.3	1.5	0.7	1.0	0.5	1.0	-	-
	Durable goods orders (Million USD)	237,428	243,160	246,261	249,467	247,644	255,529	257,663	258,846	262,317	261,353	260,285	-	-
MoM (%)	1.5	2.4	1.3	1.3	-0.7	3.2	0.8	0.5	1.340952	-0.36749	-0.4	-	-	
Household	Nonfarm payroll (monthly change, thousand people)	-306	233	536	785	269	614	962	1,091	483	379	546	210	-
	Average hourly earnings (USD)	29.91	29.92	30.00	29.97	30.17	30.31	30.44	30.55	30.67	30.84	30.95	31.03	-
	YoY (%)	5.5	5.2	5.2	4.3	0.3	1.9	3.7	4.0	4.1	4.5	4.8	4.8	-
	Unemployment rate (%)	6.7	6.3	6.2	6.0	6.1	5.8	5.9	5.4	5.2	4.8	4.6	4.2	-
	Personal income (annualized, billion USD)	19,562	21,505	19,955	24,142	20,925	20,515	20,570	20,825	20,894	20,690	20,783	-	-
	MoM (%)	0.7	9.9	-7.2	21.0	-13.3	-2.0	0.3	1.2	0.3	-1.0	0.5	-	-
	Consumer spending (annualized, billion USD)	14,390	14,858	14,700	15,459	15,619	15,624	15,802	15,805	15,976	16,076	16,291	-	-
	MoM (%)	-0.5	3.3	-1.1	5.2	1.0	0.0	1.1	0.0	1.1	0.6	1.3	-	-
	Saving rate (%)	14.0	19.9	13.5	26.6	12.6	10.4	9.5	11	10	8	7	-	-
	Retail sales (million USD)	535,972	576,466	559,970	623,119	628,751	620,119	625,405	615,250	622,383	626,999	638,190	639,829	-
	MoM (%)	-1.0	7.6	-2.9	11.3	0.9	-1.4	0.9	-1.6	1.2	0.7	1.8	0.3	-
	Auto sales (annualized, million units)	16.3	16.8	15.9	17.6	18.3	16.9	15.5	14.7	13.1	12.3	13.0	-	-
	MoM (%)	2.7	2.9	-5.1	10.7	3.7	-7.7	-8.4	-5.2	-10.8	-6.1	5.5	-0.7	-
Conference Board Consumer Confidence Index	87.1	87.1	95.2	114.9	117.5	120.0	128.9	125.1	115.2	109.8	111.6	109.5	-	
University of Michigan Index of Consumer Sentiment	80.7	79.0	76.8	84.9	88.3	82.9	85.5	81.2	70.3	72.8	71.7	67.4	70.4	

Source: Various statistics, MUFG Bank Economic Research Office

Table: Major Monthly Economic Indicators (continued)

Major Monthly Economic Indicators														
		Dec	Jan-21	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Housing	Housing starts (annualized, thousand units)	1,661	1,625	1,447	1,725	1,514	1,594	1,657	1,562	1,573	1,550	1,502	1,679	-
	MoM (%)	7.1	-2.2	-11.0	19.2	-12.2	5.3	4.0	-5.7	0.7	-1.5	-3.1	11.8	-
	Existing home sales (annualized, thousand units)	6,650	6,660	6,240	6,010	5,850	5,780	5,870	6,000	5,880	6,290	6,340	-	-
	MoM (%)	0.9	0.2	-6.3	-3.7	-2.7	-1.2	1.6	2.2	-2.0	7.0	0.8	-	-
	New home sales (annualized, thousand units)	943	993	823	873	796	733	683	704	693	742	745	-	-
	MoM (%)	9.0	5.3	-17.1	6.1	-8.8	-7.9	-6.8	3.1	-1.6	7.1	0.4	-	-
Prices	Consumer Price Index (1982-1984 = 100)	260.5	261.6	263.0	264.9	267.1	269.2	271.7	273.0	273.6	274.3	276.6	277.9	-
	MoM (%)	0.2	0.3	0.4	0.6	0.8	0.6	0.9	0.5	0.3	0.4	0.9	0.8	-
	YoY (%)	1.4	1.4	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8	-
	Producer Price Index (Nov 2009 = 100)	119.4	120.9	121.9	123.0	124.3	125.5	126.6	127.8	128.5	129.1	130.1	130.8	-
	MoM (%)	0.3	1.2	0.7	0.8	1.0	0.9	0.9	0.9	0.6	0.6	0.6	0.8	-
	YoY (%)	0.8	1.6	3.0	4.1	6.5	7.0	7.6	8.0	8.4	8.8	8.8	9.6	-
Trade	Exports (goods, billion USD)	131.5	134.4	130.3	143.6	145.1	145.7	146.0	148.8	149.9	142.9	158.7	-	-
	Imports (goods, billion USD)	216.3	221.0	219.6	236.6	232.2	235.0	239.2	236.4	239.1	240.9	242.7	-	-
	Trade balance (goods, billion USD)	-84.8	-86.6	-89.3	-93.0	-87.0	-89.3	-93.3	-87.7	-89.2	-98.0	-83.9	-	-
	Trade balance (goods and services, billion USD)	-65.8	-65.7	-68.2	-72.2	-66.2	-68.0	-72.9	-70.3	-73.2	-81.4	-67.1	-	-

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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