

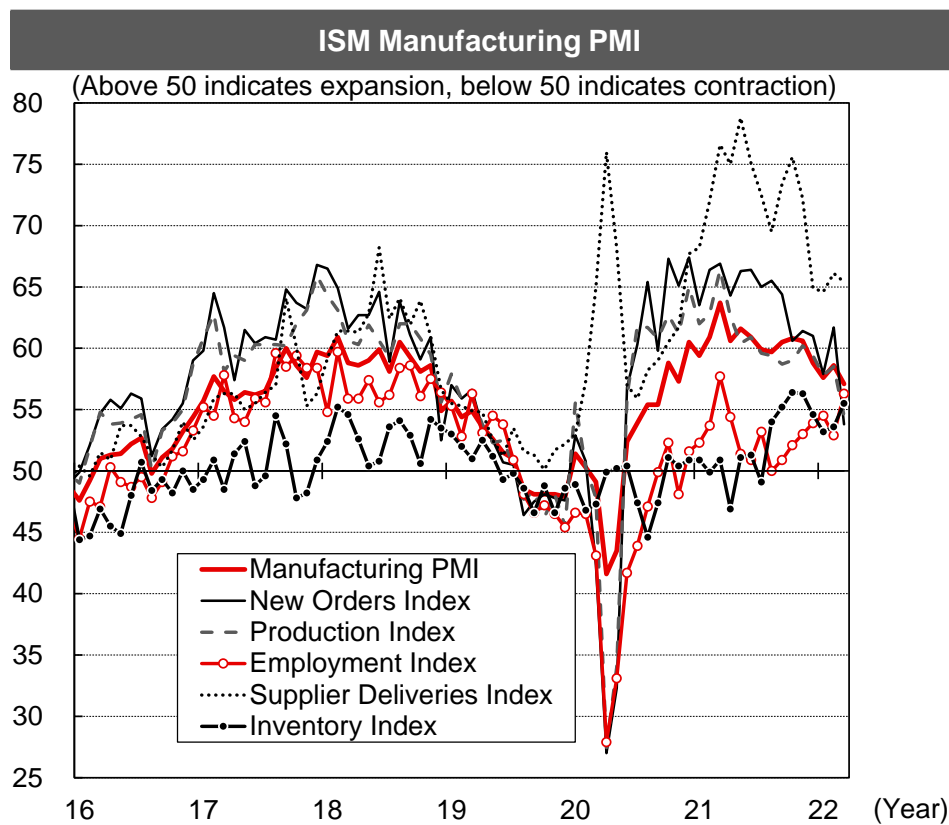
US Economic Indicators Monthly Overview (April 2022)

ECONOMIC RESEARCH OFFICE (NEW YORK)

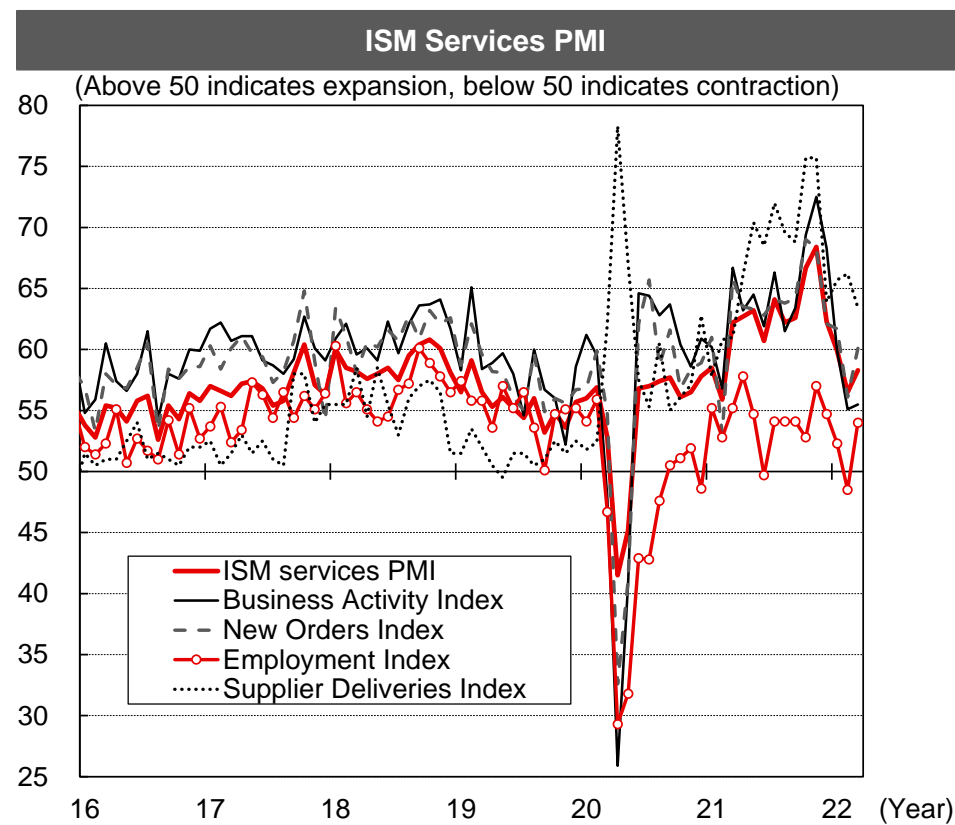
April 19th 2022 (original Japanese version released on April 15th)

1. Business Activity

- ISM Manufacturing PMI, an indicator of business confidence and activity in the manufacturing sector, declined 1.5 points MoM to 57.1 in March, falling after an increase in February. Component breakdown shows that Employment Index rose 3.4 points MoM to 56.3, while New Orders Index and Production Index fell sharply, by 7.9 points to 53.8 and 4.0 points to 54.5 respectively. The headline index topped the expansion-contraction threshold of 50 for 22 consecutive months. Of the 18 manufacturing industries, 15 reported expansion, two reported contraction and one reported no change (in February, 16 reported expansion, one contraction, and one no change).
- ISM Services PMI rose 1.8 points MoM to 58.3 in March, rising for the first time in four months. Component breakdown shows that Supplier Deliveries Index declined 2.8 points to 63.4, while Employment Index rose 5.5 points to 54.0 and New Orders Index rose 4.0 points to 60.1. Responses from companies included comments such as “labor shortages seem to be improving as omicron has waned.” The headline index topped the expansion-contraction threshold of 50 for 22 consecutive months. Of the 18 service industries, 17 reported expansion and one reported contraction (in February, 14 reported expansion and four contraction).



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

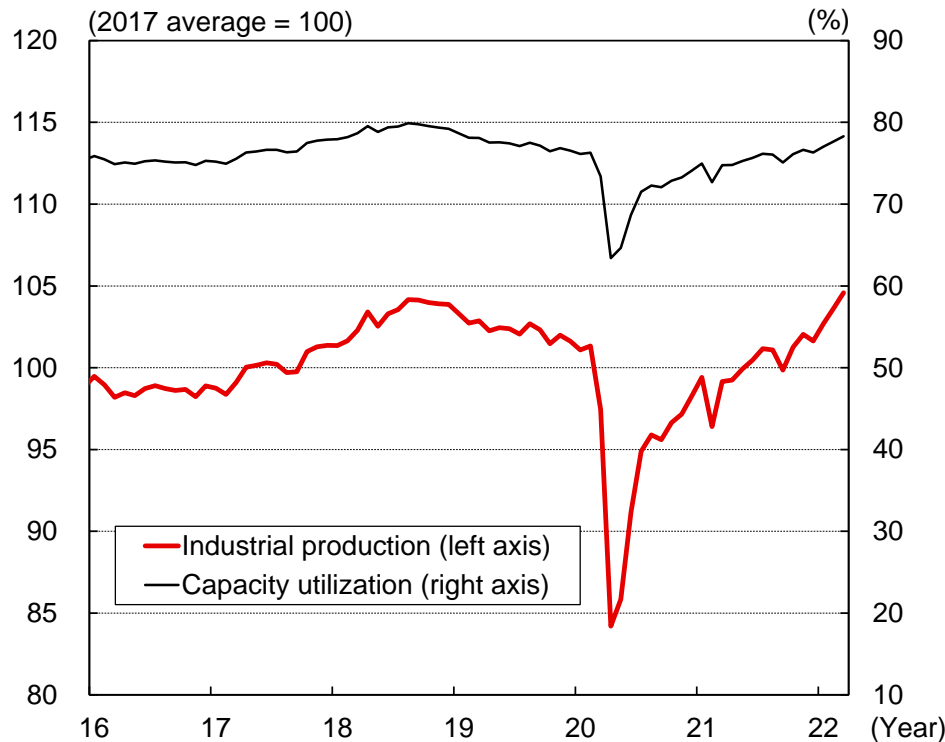


Source: Institute for Supply Management, MUFG Bank Economic Research Office

2. Production

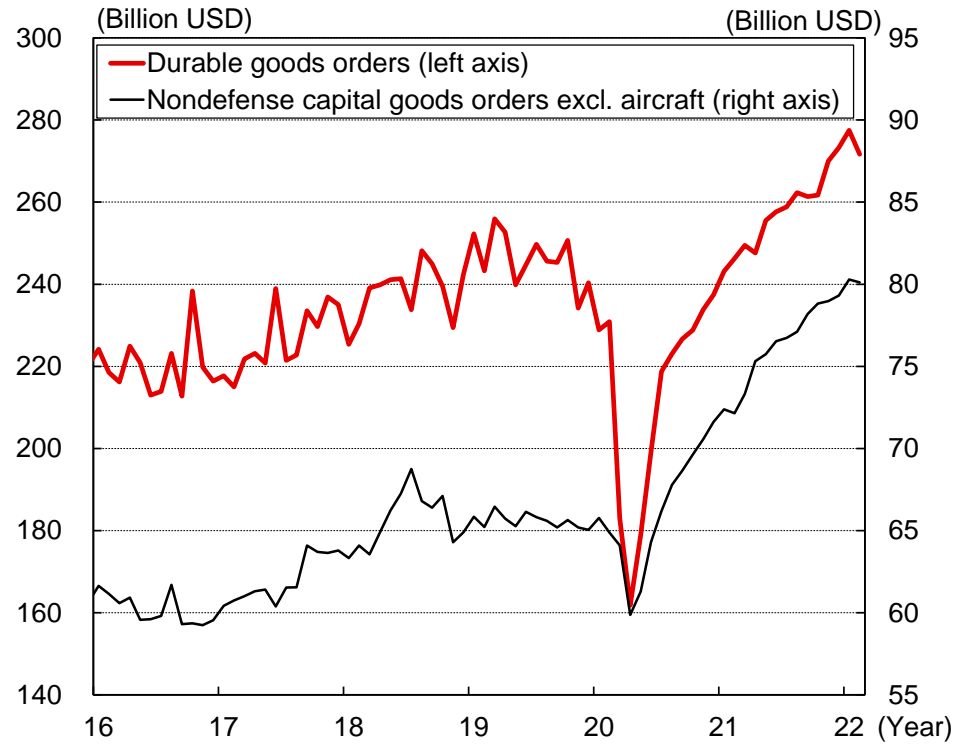
- Industrial production increased 0.9% MoM in March, rising for a third straight month. Industry breakdown shows that manufacturing production rose 0.9% MoM, led by a 7.8% increase in motor vehicles & parts. Mining rose 1.7% MoM and utilities (electricity and natural gas) increased 0.4%. The capacity utilization rate climbed 0.6% point MoM to 78.4% in March.
- Durable goods orders decreased 2.1% MoM in February, declining for the first time in five months. Industry breakdown shows that transportation equipment, which accounts for roughly 30% of all durable goods orders, decreased 5.3% MoM, with nondefense aircraft falling 30.4%. Meanwhile, core capital goods orders (nondefense capital goods orders excluding aircraft), a leading indicator of capital investment, edged down 0.2%, decreasing for the first time in 12 months.

Industrial Production and Capacity Utilization



Source: Federal Reserve, MUFG Bank Economic Research Office

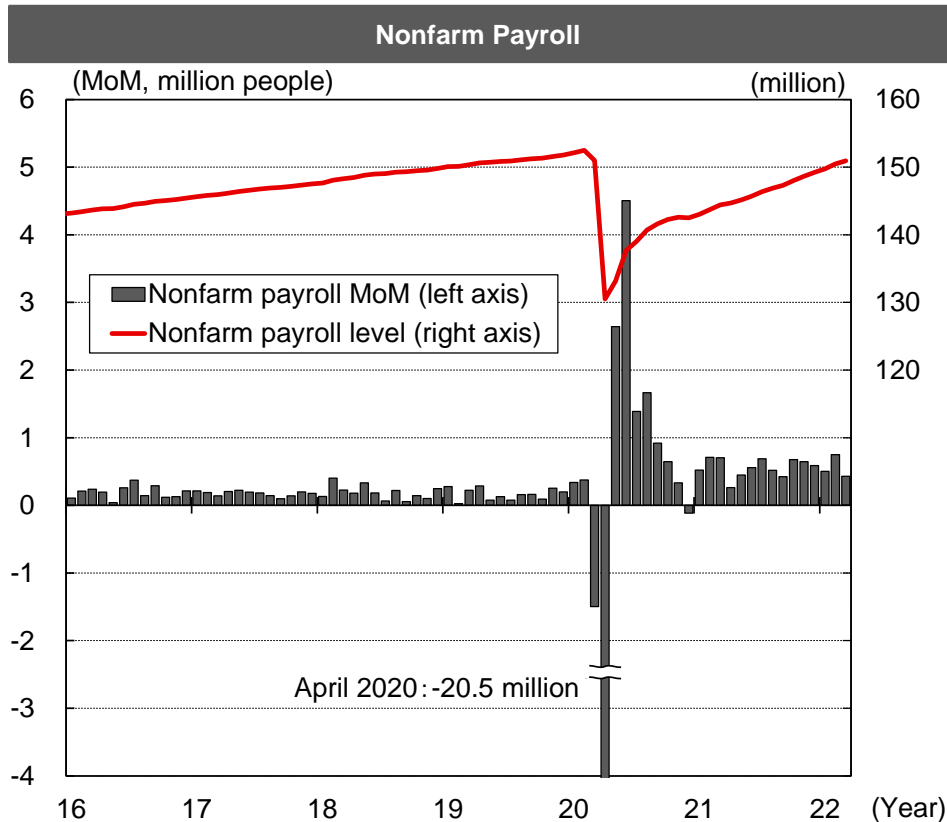
Durable Goods Orders



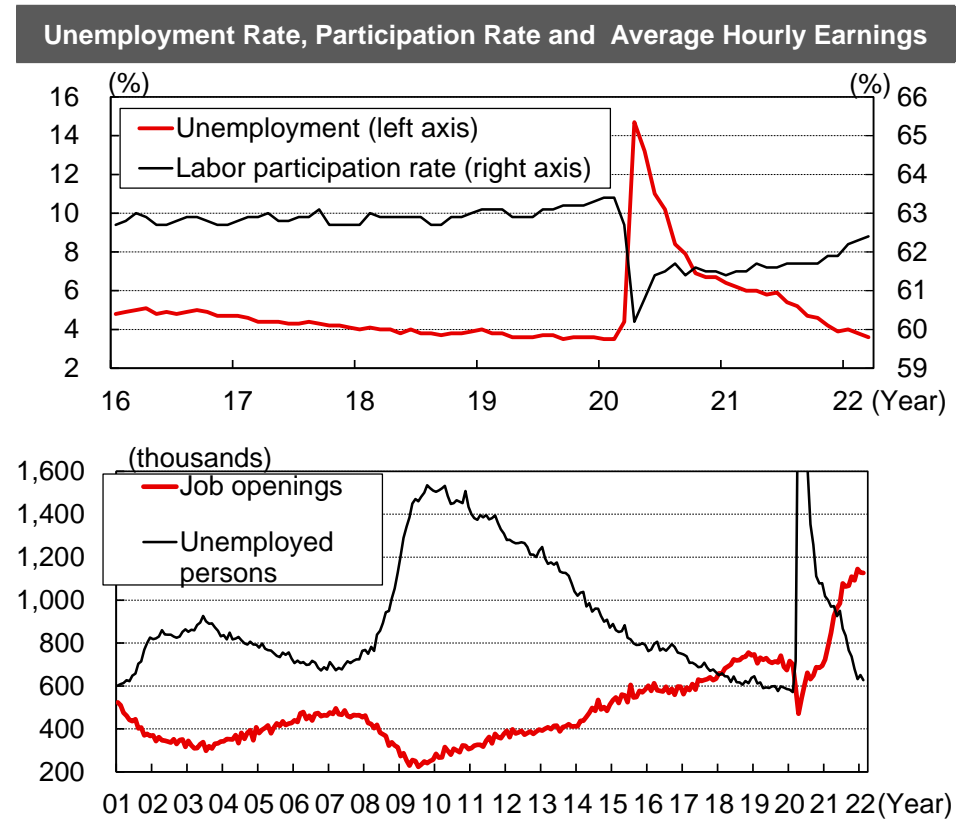
Source: Department of Commerce, MUFG Bank Economic Research Office

3. Employment

- Nonfarm payroll increased steadily in March, rising 431,000 MoM (February's gain was revised up to 750,000). Industry breakdown shows leisure & hospitality rose 112,000 MoM, professional & business services rose 102,000, retail trade rose 49,000, and manufacturing increased 38,000, along with many other industries that recorded an increase. Nonfarm payroll stands 1,580,000 or 1.0% below the pre-pandemic level of February 2020.
- Unemployment rate fell 0.2% point to 3.6% in March. Unemployed persons decreased 318,000 MoM to 5,950,000 in March. Labor force participation rate rose 0.1% point to 62.4%. Average hourly earnings for all private-sector employees rose 5.6% YoY in March, accelerating from February's 5.2% increase.
- Job openings in February edged down 17,000 MoM to 11.3 million. Still, the number of openings topped 10 million for eight straight months and is far above the number of unemployed persons, reflecting a continued imbalance of labor supply and demand.



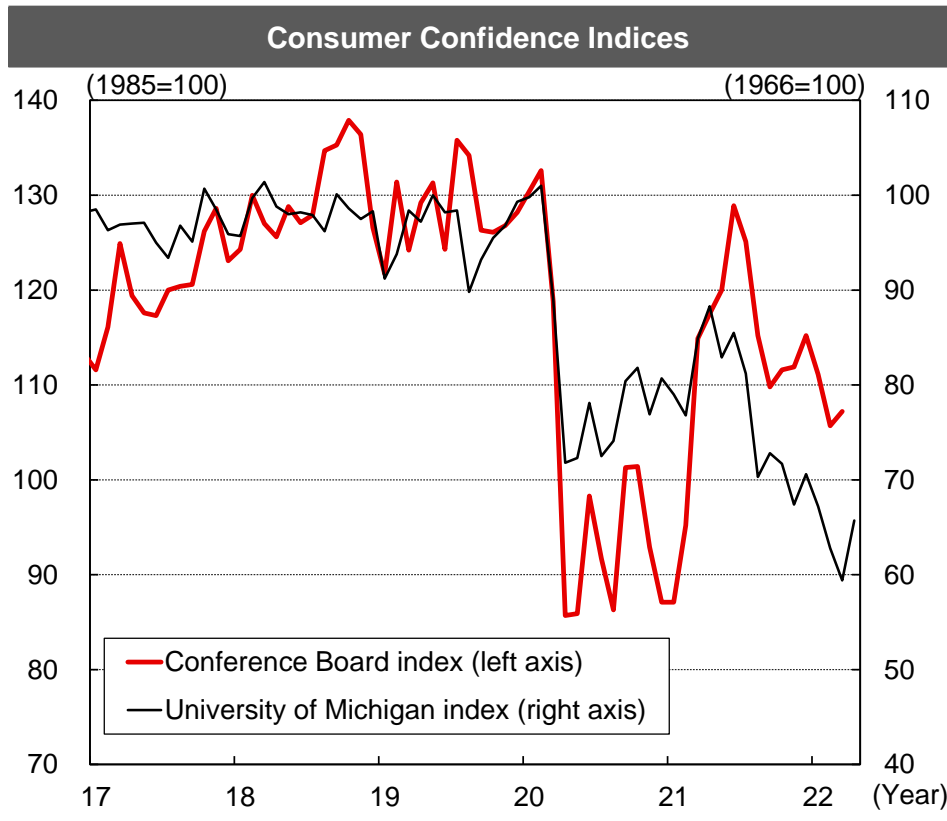
Source: Department of Labor, MUFG Bank Economic Research Office



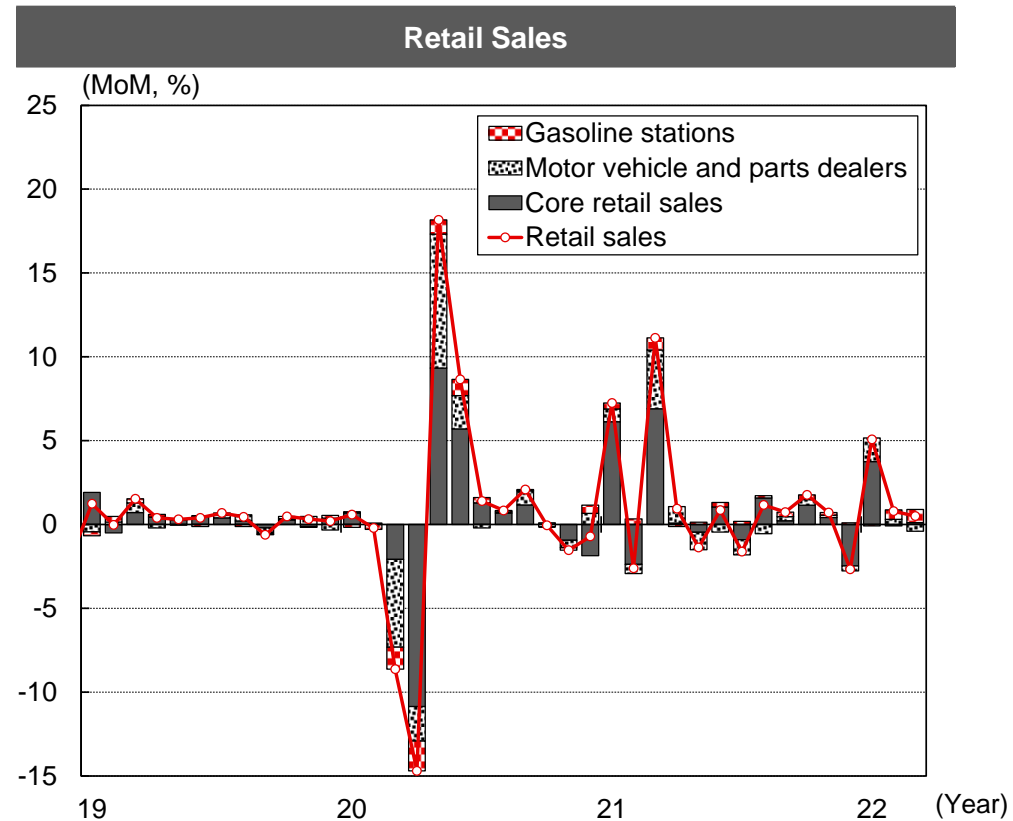
Source: Department of Labor, MUFG Bank Economic Research Office

4. Consumer Spending

- The Conference Board Consumer Confidence Index increased 1.5 points MoM to 107.2 in March, rising for the first time in three months. Meanwhile, the University of Michigan Index of Consumer Sentiment (preliminary) rose 6.3 points MoM to 65.7 in April, climbing for the first time in four months. The improvement in sentiment can be attributed to a strong labor market and eased concerns about energy price increases as the gasoline price declined after peaking in March.
- Retail sales increased 0.5% MoM in March, rising for a third straight month after February's 0.8% increase (revised up). Breakdown by the type of business shows that nonstore retailer sales, which have fared well during the pandemic, declined 6.4% MoM, marking a second straight monthly decrease. Meanwhile, gasoline station sales jumped 8.9% MoM due to higher crude oil prices. General merchandise store sales increased 5.4% and electronics & appliance store sales rose 3.3%. Core retail sales, which exclude the two volatile categories of motor vehicle & parts dealers and gasoline stations, increased 0.2% after February's 0.1% decline (revised up).



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

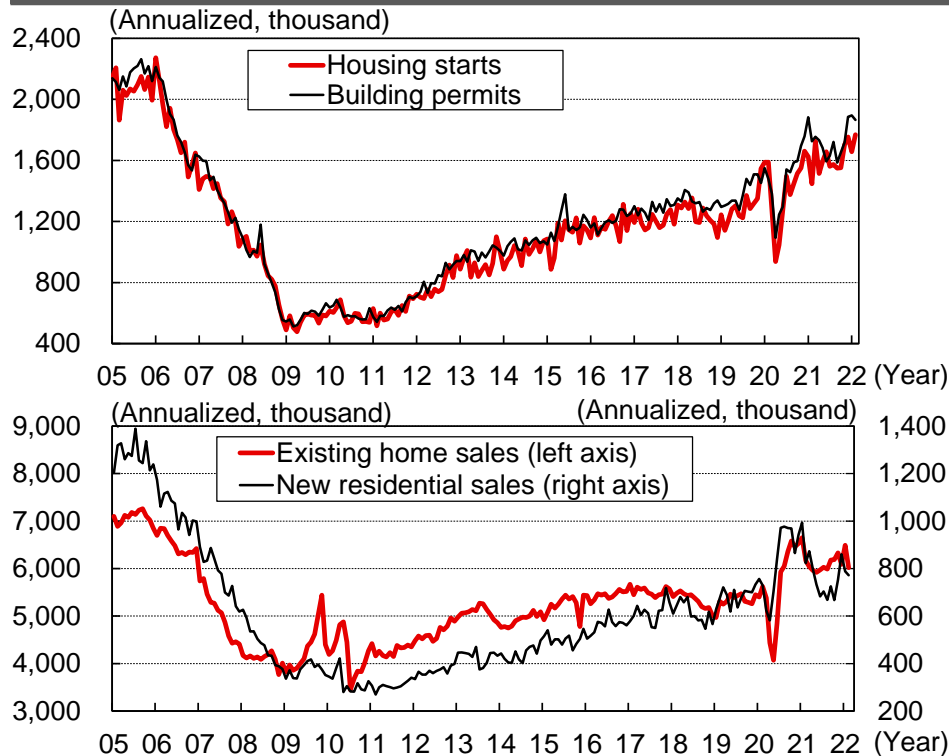


Source: Department of Commerce, MUFG Bank Economic Research Office

5. Housing Market

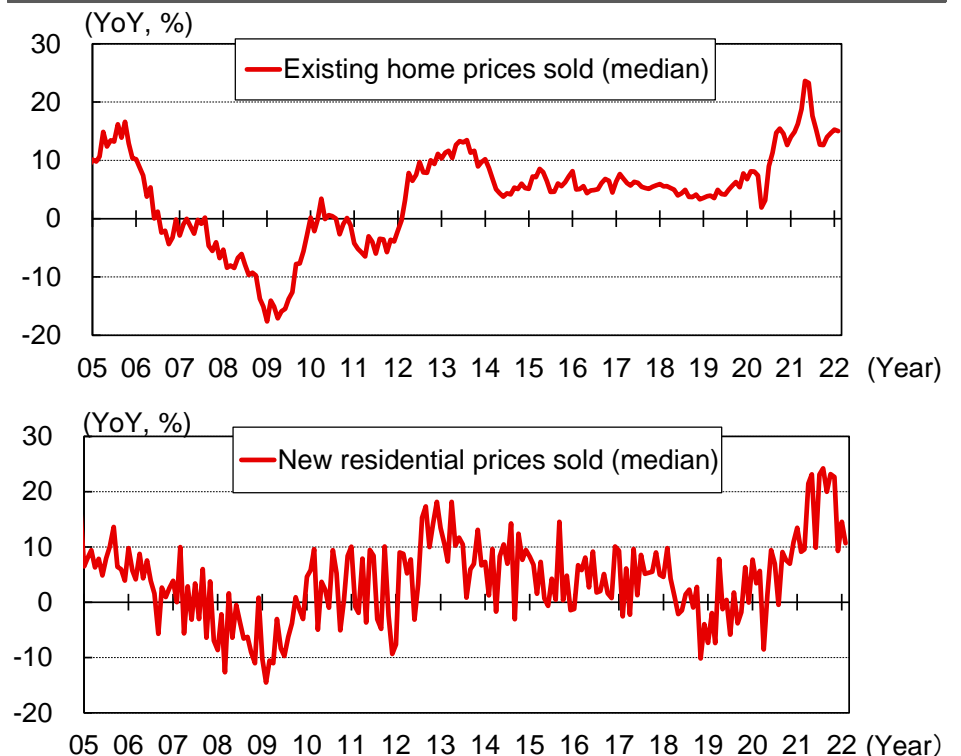
- Housing starts increased 6.8% MoM to a seasonally adjusted annualized rate (SAAR) of 1,769,000 in February, after a decline in January. Single-family housing starts rose 5.7% MoM while buildings with two or more units increased 9.3%. Building permits, a leading indicator of housing starts, decreased 1.6% MoM to 1,865,000 (SAAR), falling for the first time in five months.
- Existing home sales decreased 7.2% MoM to 6,020,000 (SAAR) in February after a rise in January, while new residential sales declined 2.0% to 772,000 (SAAR), down for a second straight month. The median price of existing homes sold was 357,300 in February, up 15.0% YoY, decelerating from January's 15.3% increase. The median price of new homes sold was \$400,600, up 10.7% YoY, decelerating from January's 14.5% increase.
- The inventory-to-sales ratio for existing homes rose to 1.9 months (seasonally adjusted) in February from January's 1.8 months, while the ratio for new homes rose to 6.3 months (seasonally adjusted) from January's 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

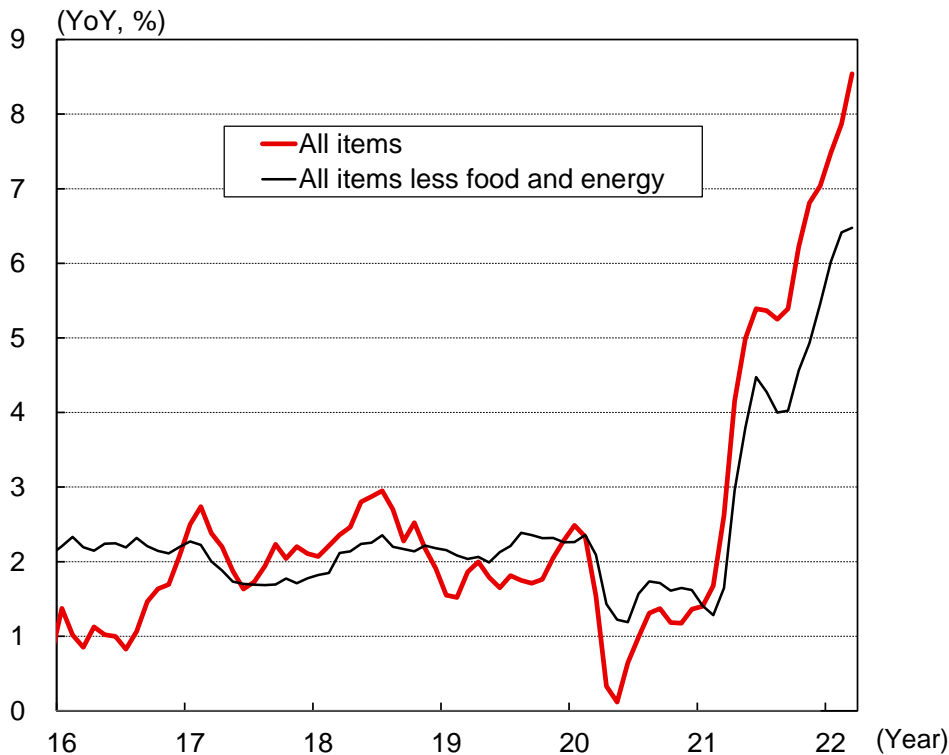


Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

6. Prices

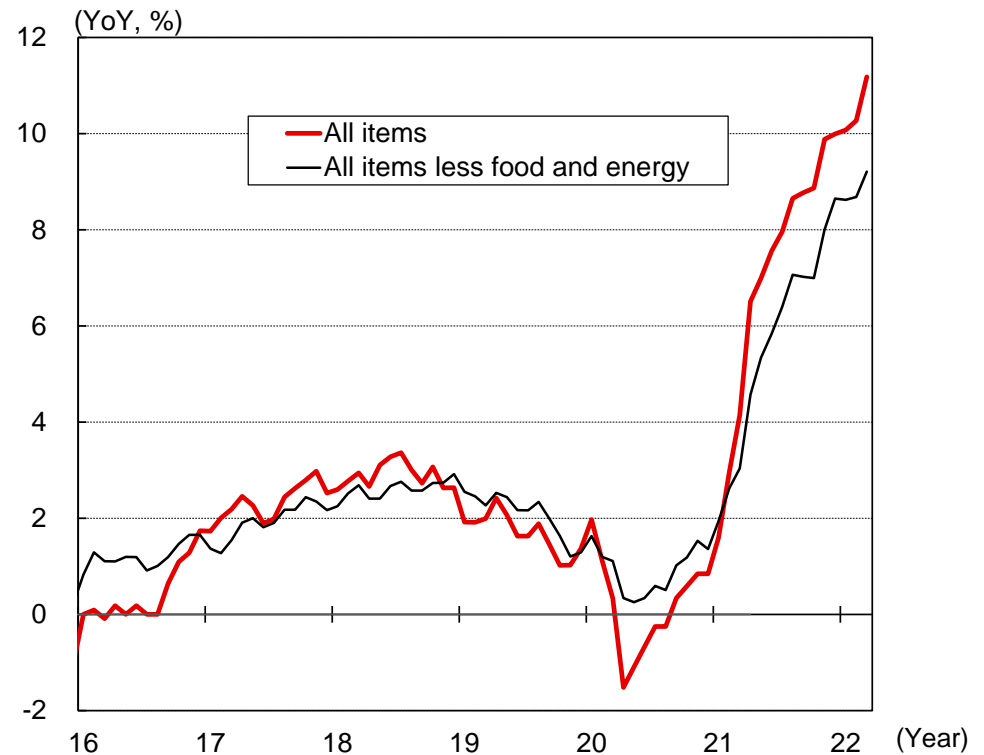
- The Consumer Price Index (CPI) rose 8.5% YoY in March, accelerating from February's 7.9% to the largest 12-month percentage increase since December 1981. The core CPI (all items less food and energy) rose 6.5% YoY, up from February's 6.4% and the largest percentage increase since August 1982. With Russian invasion of Ukraine as the backdrop, energy price increase accelerated to 32.0% YoY from February's 25.6%, while food price increase accelerated to 8.8% from February's 7.9%. Meanwhile, price increase for used cars & trucks slowed down to 35.3% from February's 41.2%.
- The Producer Price Index (PPI) rose 11.2% YoY in March, marking the largest 12-month increase since the current statistics started in November 2010 (January: 10.3% increase). Breakdown by item shows that goods index accelerated to 15.7% YoY from February's 14.4%, while service index also accelerated to 8.7% YoY from 8.2%. Core PPI (all items less food and energy) accelerated to 9.2% gain from February's 8.7%.

Consumer Price Index



Source: Department of Labor, MUFG Bank Economic Research Office

Producer Price Index

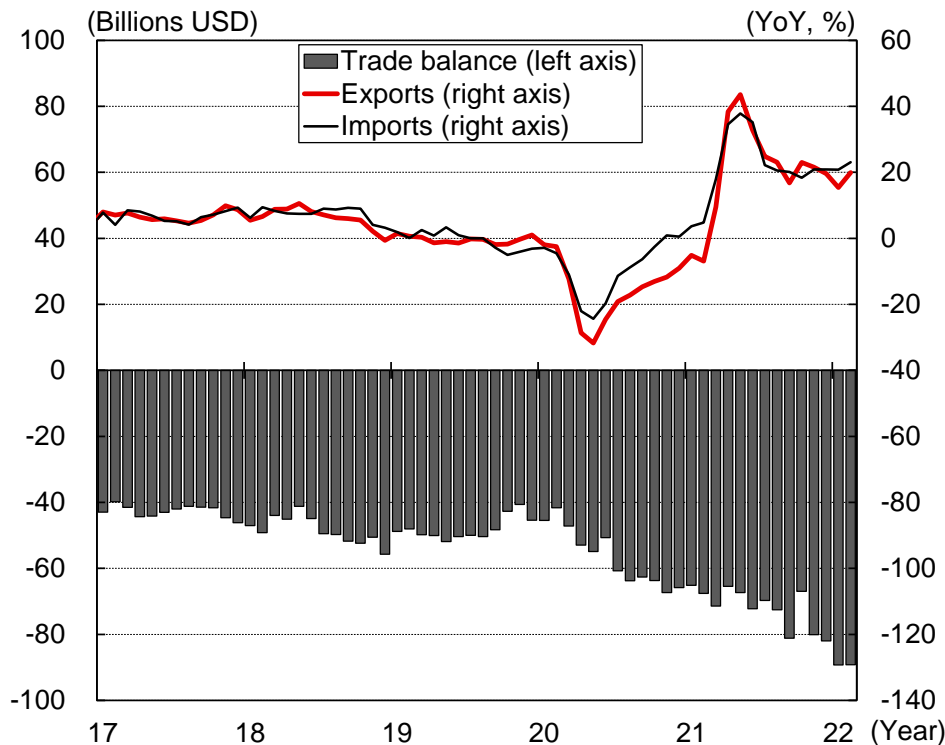


Source: Department of Labor, MUFG Bank Economic Research Office

7. Balance of Payments

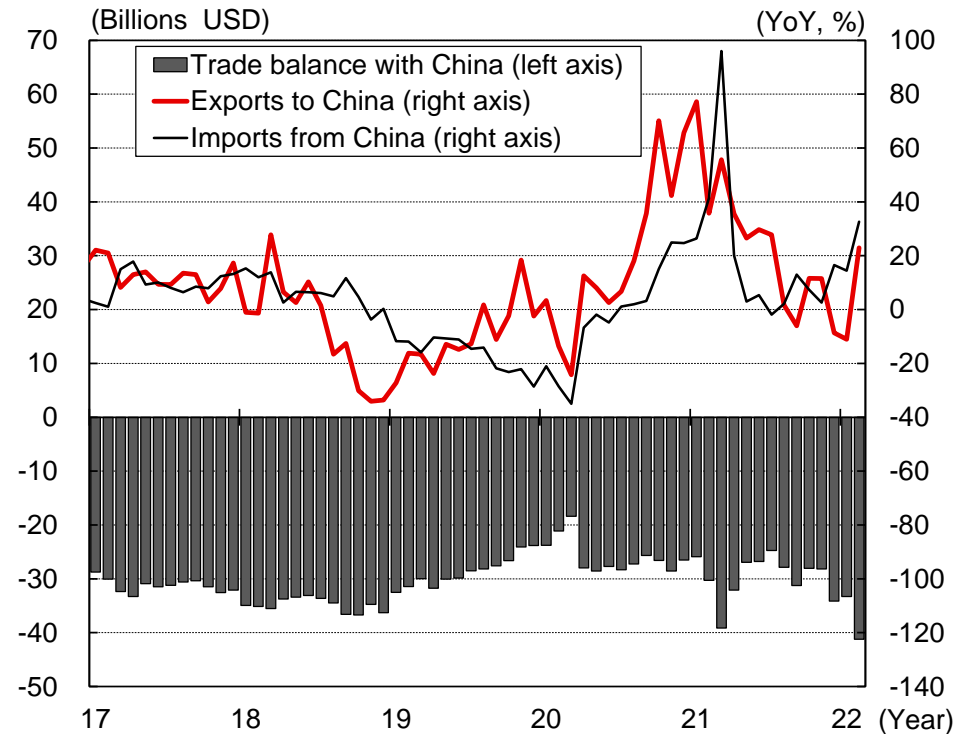
- Trade deficit on goods and services was flat MoM at \$89.2 billion in February as exports rose 1.8% and imports rose 1.3%. On a YoY basis, exports rose 19.9% and imports rose 23.1%.
- For goods trade, breakdown by destination shows that the deficit with China, which accounts for roughly a third of US goods deficit, widened 23.8% or \$7.9 billion MoM to \$41.2 billion in February. Exports to China rose 1.6% MoM and imports from China 17.6%. On a YoY basis, exports to China declined 22.9% while imports from China rose 32.6%.

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)

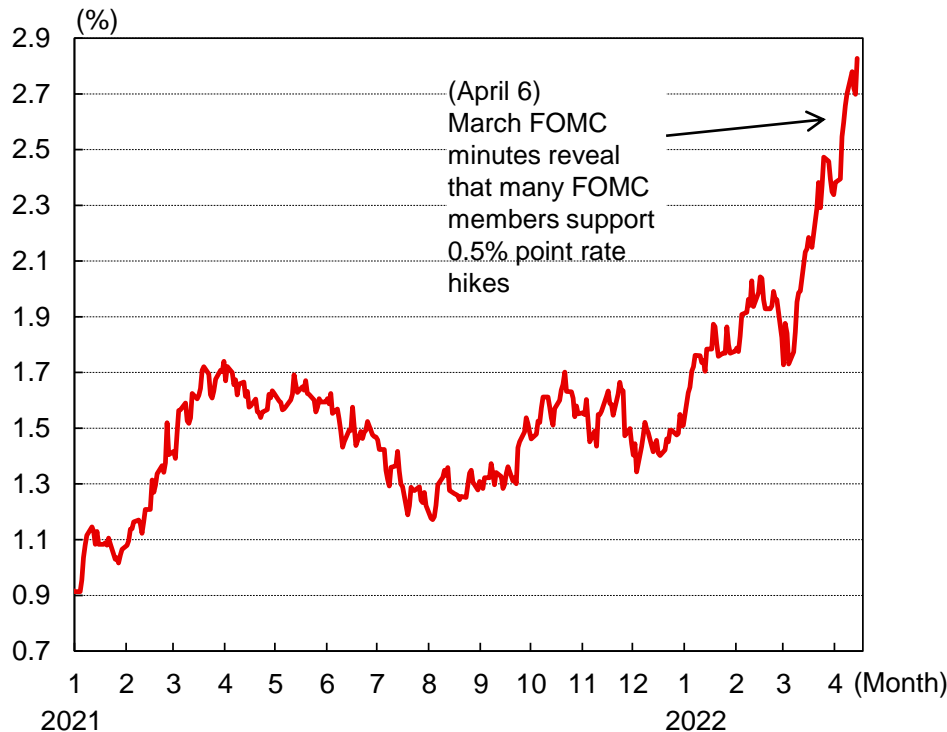


Note: Census basis
Source: Department of Commerce, MUFG Bank Economic Research Office

8. Financial Markets

- The 10-year treasury yield rose sharply as the March FOMC minutes (released on April 6) and remarks from Fed officials suggested that the Fed will raise interest rates at a faster pace. The treasury yield is now hovering at 2.8% levels.
- Dow Jones Industrial Average (DJIA) stock market index has been volatile since the end of February due to increased uncertainties related to the Russian invasion of Ukraine. Recently the index has been trending lower as the Fed has become more hawkish on monetary tightening.

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	
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	-
	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	-
	Industrial production (2012 ave = 100)	99.2	99.2	99.9	100.5	101.2	101.1	99.9	101.3	102.0	101.6	102.7	103.6	104.6	-
	MoM (%)	2.9	0.1	0.7	0.5	0.7	-0.1	-1.2	1.4	0.8	-0.4	1.0	0.9	0.9	-
	Capacity utilization (%)	74.8	74.8	75.3	75.7	76.2	76.1	75.1	76.1	76.6	76.3	77.0	77.7	78.3	-
	Manufactured goods new orders (Million USD)	488,073	487,409	498,587	506,128	509,490	514,637	517,066	523,433	533,104	536,660	544,717	541,993	-	-
	MoM (%)	1.4	-0.1	2.3	1.5	0.7	1.0	0.5	1.2	1.8	0.7	1.5	-0.5	-	-
	Durable goods orders (Million USD)	249,467	247,644	255,529	257,663	258,846	262,317	261,353	261,728	270,039	273,281	277,490	271,687	-	-
MoM (%)	1.3	-0.7	3.2	0.8	0.5	1.3	-0.4	0.1	3.2	1.2	1.5	-2.1	-	-	
Household	Nonfarm payroll (monthly change, thousand people)	704	263	447	557	689	517	424	677	647	588	504	750	431	-
	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	31.73	-
	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	21,052	21,153	-	-
	MoM (%)	21.0	-13.3	-2.0	0.3	1.3	0.4	-0.9	0.6	0.5	0.4	0.1	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	16,678	16,713	-	-
	MoM (%)	5.2	1.0	0.0	1.1	0.1	1.1	0.6	1.4	0.5	-0.9	2.7	0.2	-	-
	Saving rate (%)	26.6	12.6	10.4	9.5	10.5	9.8	8.1	7.3	7.3	8.4	6.1	6.3	-	-
	Retail sales (million USD)	622,897	628,751	620,119	625,405	615,250	622,383	626,999	638,102	642,636	625,459	657,207	662,417	-	-
	MoM (%)	11.1	0.9	-1.4	0.9	-1.6	1.2	0.7	1.8	0.7	-2.7	5.1	0.8	0.0	-
	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	-	-
	MoM (%)	10.7	3.7	-7.7	-8.4	-5.2	-10.8	-6.1	6.2	-0.1	-3.8	19.8	-7.0	-4.6	-
	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	107.2	-
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	65.7	

Source: Various statistics, MUFG Bank Economic Research Office

Table: Major Monthly Economic Indicators (continued)

Major Monthly Economic Indicators															
		Mar-21	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan-22	Feb	Mar	Apr
Housing	Housing starts (annualized, thousand units)	1,725	1,514	1,594	1,657	1,562	1,573	1,550	1,552	1,703	1,754	1,657	1,769	-	-
	MoM (%)	19.2	-12.2	5.3	4.0	-5.7	0.7	-1.5	0.1	9.7	3.0	-5.5	6.8	-	-
	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	-	-	-
	MoM (%)	-2.1	-1.3	-0.7	0.8	1.0	-0.7	3.2	0.2	2.3	-3.8	6.568144	-7.2	-	-
	New home sales (annualized, thousand units)	873	796	733	683	704	668	725	667	753	860	788	772	-	-
MoM (%)	6.1	-8.8	-7.9	-6.8	3.1	-5.1	8.5	-8.0	12.9	14.2	-8.37209	-2.0	-	-	
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	-
	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	-
	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	-
	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	134.4	136.8	-
	MoM (%)	0.7	1.0	1.0	0.8	0.9	0.9	0.5	0.7	1.0	0.6	1.2	0.9	1.4	-
YoY (%)	4.1	6.5	7.0	7.6	8.0	8.7	8.8	8.9	9.9	10.0	10.1	10.3	11.2	-	
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	158.8	-	-
	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	266.2	-	-
	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	-107.5	-	-
	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	-89.2	-	-

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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