

US Economic Indicators Monthly Overview (June 2022)

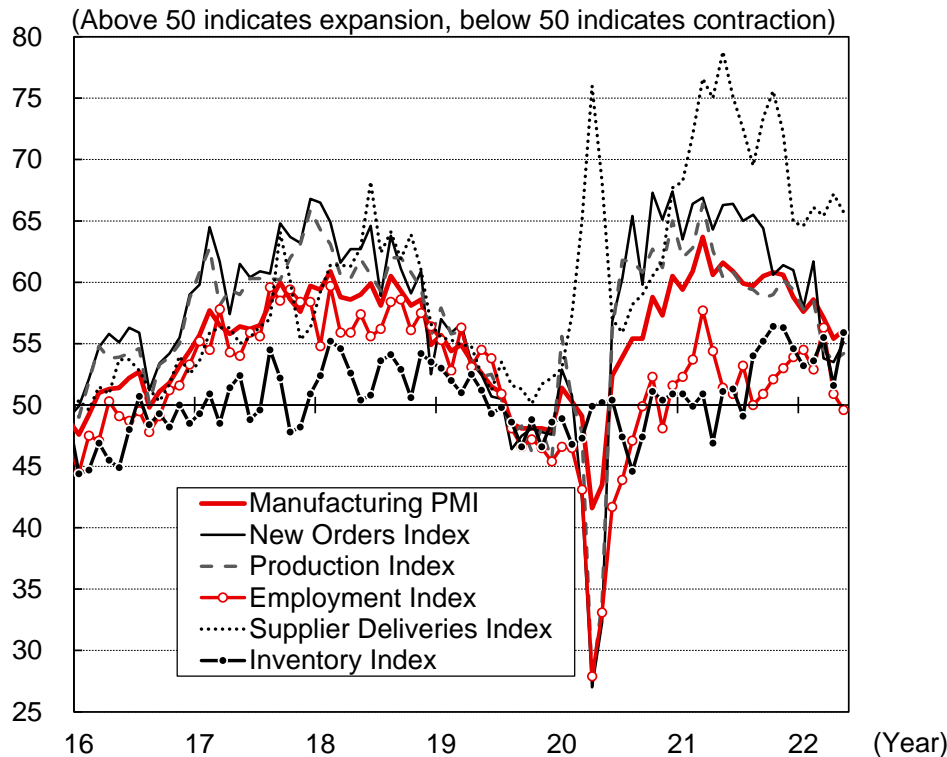
ECONOMIC RESEARCH OFFICE (NEW YORK)

June 23rd 2022 (original Japanese version released on June 17th)

1. Business Activity

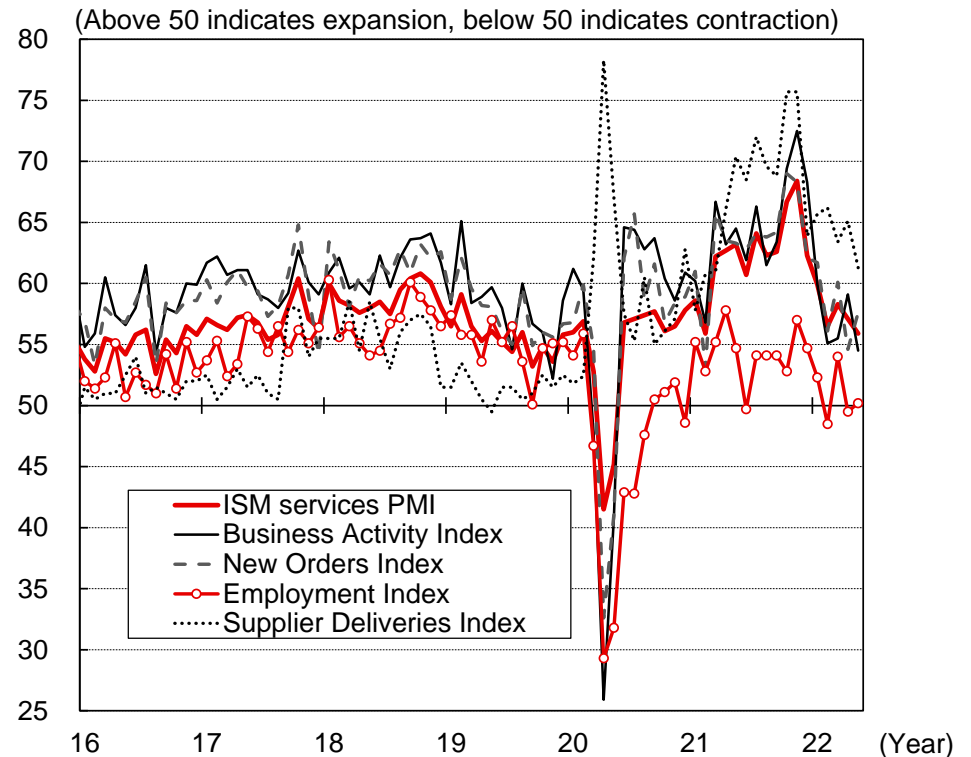
- ISM Manufacturing PMI, an indicator of business confidence and activity in the manufacturing sector, rose 0.7 points MoM to 56.1 in May, increasing for the first time in three months. Component breakdown shows that Employment Index declined 1.3 points MoM to 49.6, and Supplier Deliveries Index declined 1.5 points to 65.7, while New Orders Index rose 1.6 points to 55.1, Production Index rose 0.6 points to 54.2, and Inventory Index rose 4.3 points to 55.9. The headline index topped the expansion-contraction threshold of 50 for 24 consecutive months.
- ISM Services PMI declined 1.2 points MoM to 55.9 in May, falling for a second straight month. Component breakdown shows that New Orders Index rose 3.0 points to 57.6, and Employment Index rose 0.7 points to 50.2, while Business Activity Index declined 4.6 points to 54.5 and Supplier Deliveries Index fell 3.8 points to 61.3. The headline index topped the expansion-contraction threshold of 50 for 24 consecutive months.
- Responses from companies noted supply constraints as an ongoing key challenge, but some industries including computer & electronic products manufacturing and accommodation & food services commented on signs of improvement.

ISM Manufacturing PMI



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

ISM Services PMI

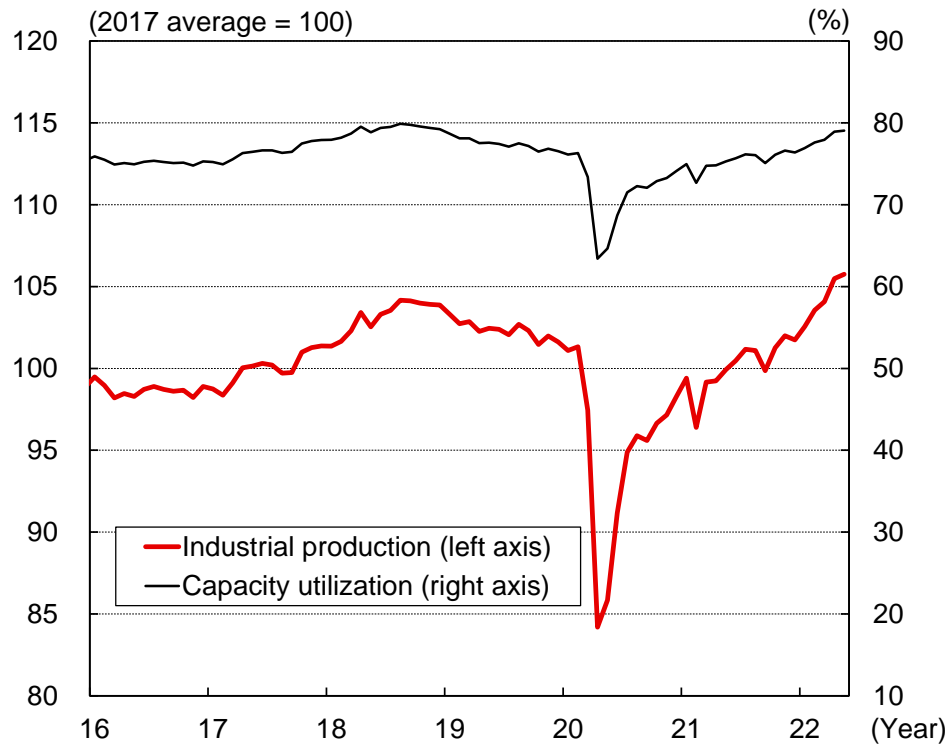


Source: Institute for Supply Management, MUFG Bank Economic Research Office

2. Production

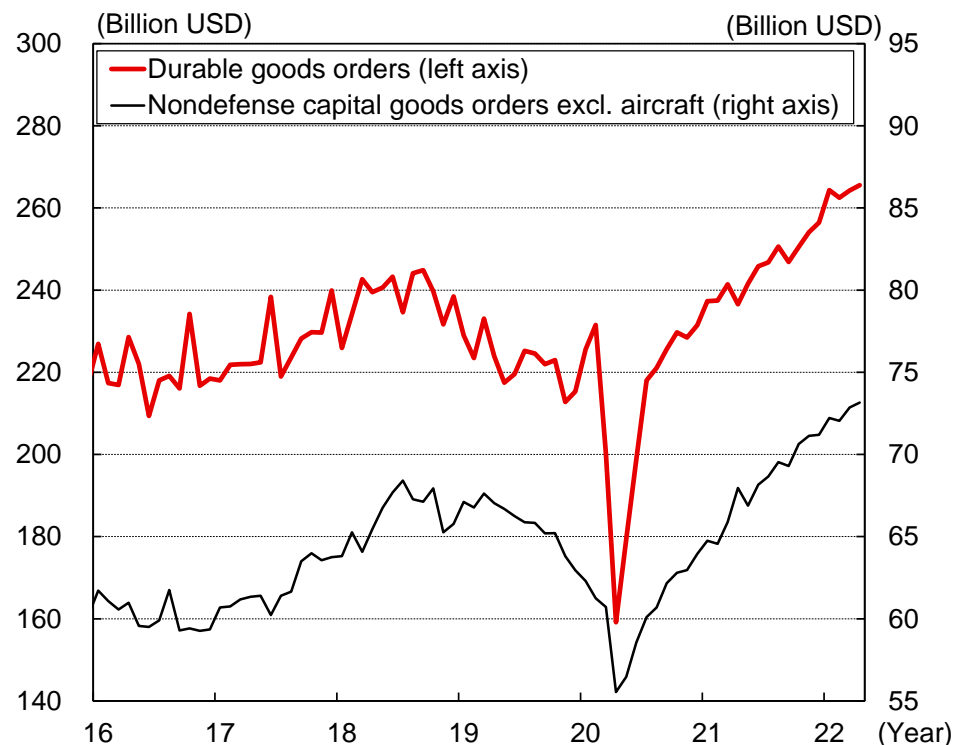
- Industrial production increased 0.2% MoM in May, slowing from April's 1.4% gain. Industry breakdown shows that manufacturing, which accounts for more than 70% of industrial production, declined 0.1% MoM. Meanwhile, mining rose 1.3% MoM as higher energy prices drove producers to increase output. Utilities (electricity and natural gas) also increased 1.0% as warmer temperatures boosted air conditioning demand. The capacity utilization rate edged up 0.1% point MoM to 79.0% in May.
- Durable goods orders increased 0.5% MoM in April, rising for a second straight month after March's 0.7% gain. Industry breakdown shows that orders rose in many industries, including machinery (+1.0%), primary metals (+0.8%), and transportation equipment (+0.7%). Core capital goods orders (nondefense capital goods orders excluding aircraft), a leading indicator of capital investment, increased 0.4% MoM, a second straight monthly increase after March's 1.1% gain.

Industrial Production and Capacity Utilization



Source: Federal Reserve, MUFG Bank Economic Research Office

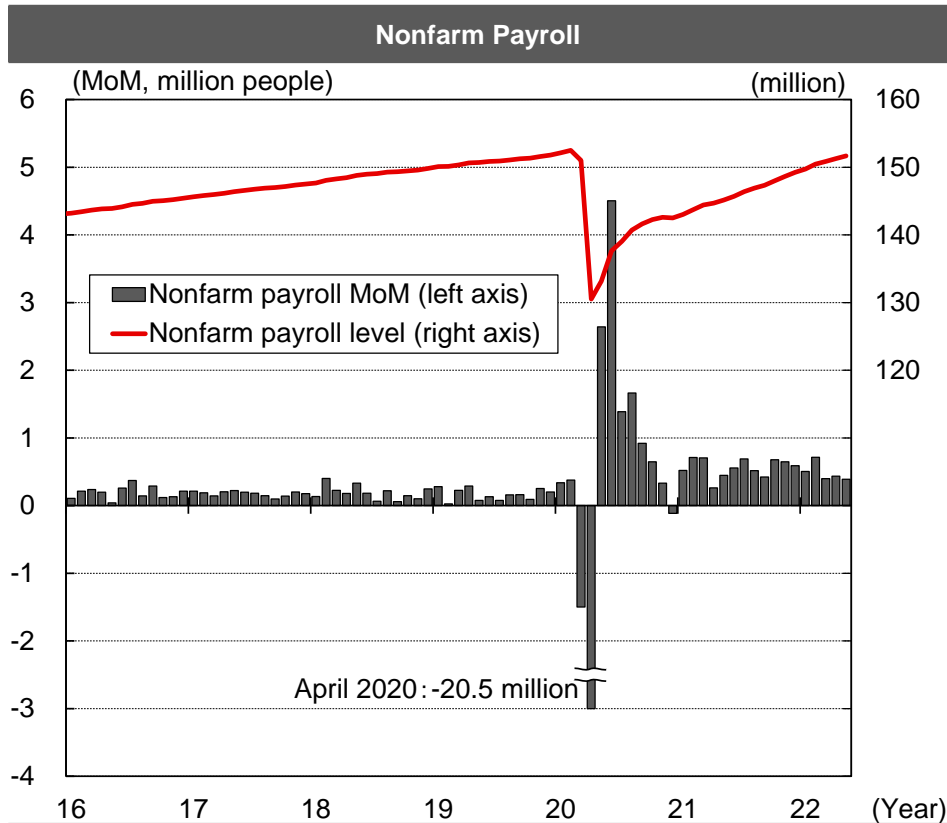
Durable Goods Orders



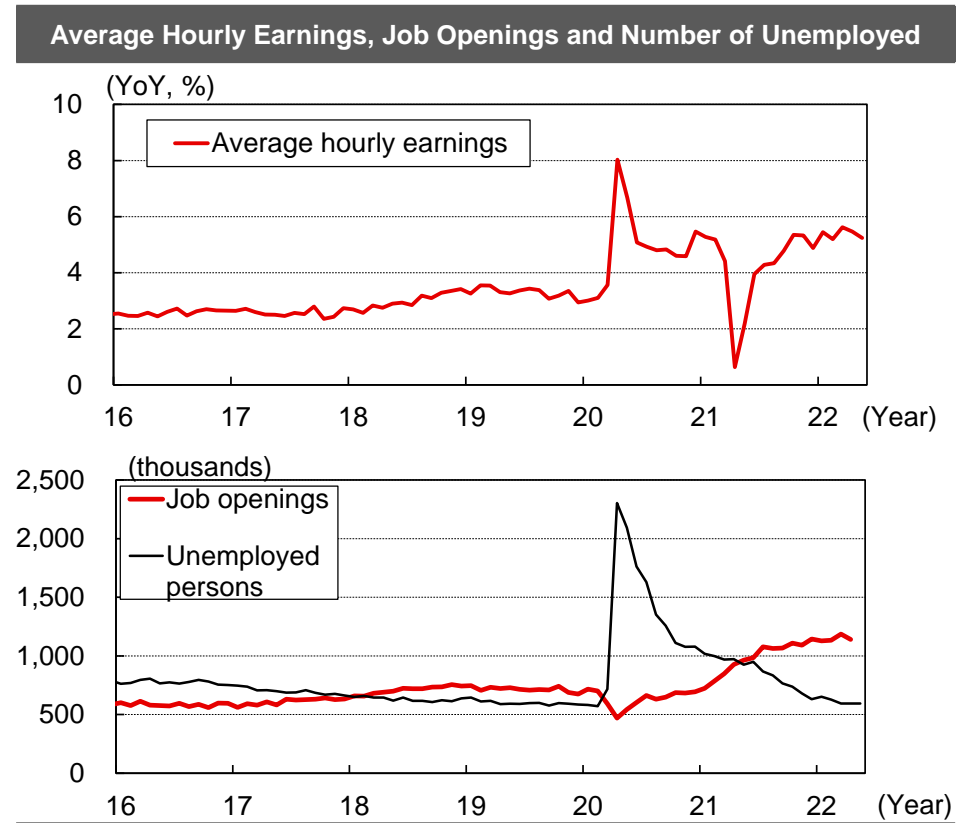
Source: Department of Commerce, MUFG Bank Economic Research Office

3. Employment

- Nonfarm payroll increased by a solid 390,000 MoM in May after April's 436,000 gain (revised up). Industry breakdown shows many industries recorded a monthly increase, including leisure & hospitality(+84,000 MoM), professional & business services (+75,000), transportation & warehousing (+47,000). Nonfarm payroll stands 822,000 or 0.5% below the pre-pandemic level of February 2020.
- Unemployment rate was unchanged MoM at 3.6% in May. Unemployed persons increased 9,000 MoM to 5,950,000 in May. Labor force participation rate edged up 0.1% point to 62.3%. Average hourly earnings for all private-sector employees rose 5.2% YoY in May, decelerating from April's 5.5% increase.
- Job openings in April decreased 455,000 MoM to 11.4 million, declining for the first time in three months. The number of openings topped 10 million for 10 straight months and is far above the number of unemployed persons, reflecting a continued imbalance of labor supply and demand.



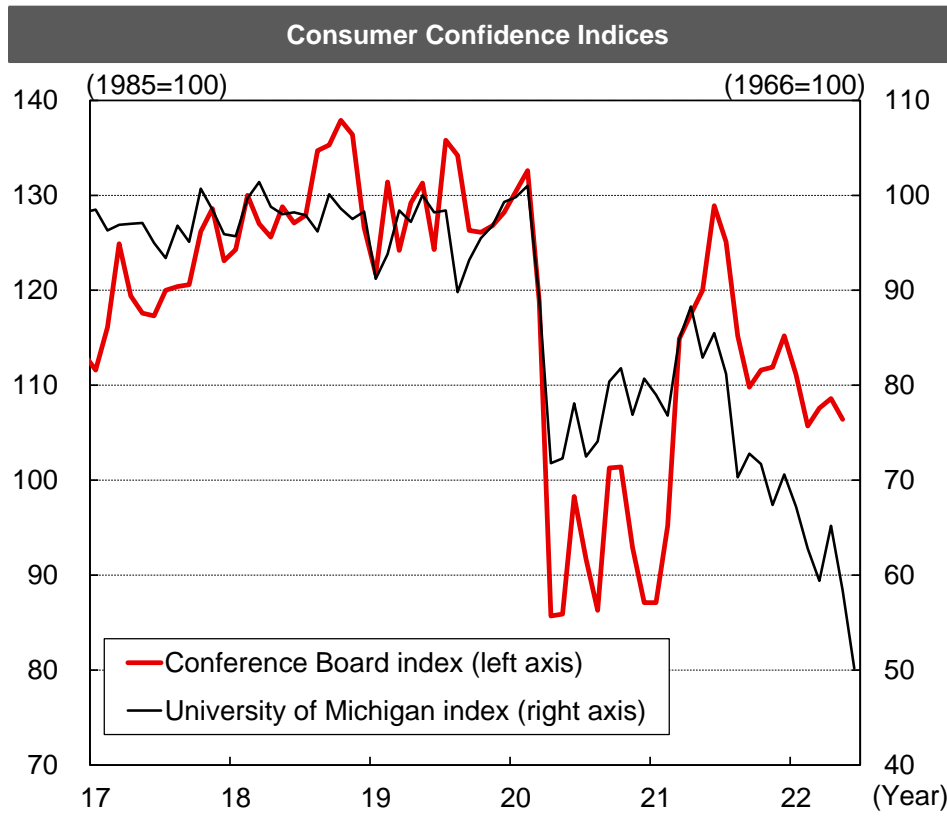
Source: Department of Labor, MUFG Bank Economic Research Office



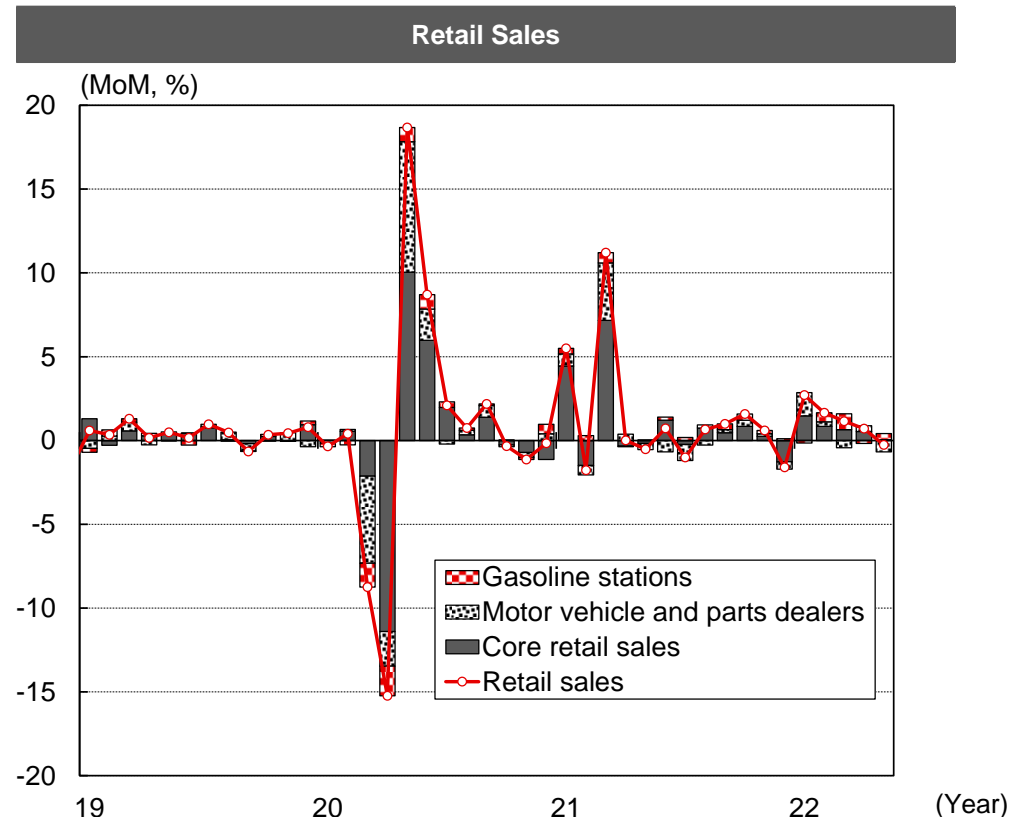
Source: Department of Labor, MUFG Bank Economic Research Office

4. Consumer Spending

- The Conference Board Consumer Confidence Index declined 2.2 points MoM to 106.4 in May, down for the first time in three months. Present Situation Index (149.6) and Expectations Index (77.5) fell by 3.3 points and 1.5 points, respectively. Meanwhile, the University of Michigan Index of Consumer Sentiment (preliminary) declined 8.2 points MoM to 50.2 – the lowest level since the survey began. Index of Current Economic Conditions (55.4) and Index of Consumer Expectations (46.8) both fell sharply, by 7.9 points and 8.4 points, respectively. As gasoline prices rose to new records, concerns of inflation have heightened further.
- Meanwhile, retail sales decreased 0.3% MoM in May, down for the first time in five months after April's 0.7% gain (revised up). Breakdown by the type of business shows that sales at gasoline stations (+4.0%) and food & beverage stores (+1.2%) increased due in part to higher prices. Meanwhile, sales at motor vehicle & parts dealers (-3.5%), electronics & appliance stores (-1.3%), and nonstore retailers (-1.0%) declined. Core retail sales, which exclude the two volatile categories of motor vehicle & parts dealers and gasoline stations, edged up 0.1%, a considerable slowdown from April' 0.8% gain (revised down).



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

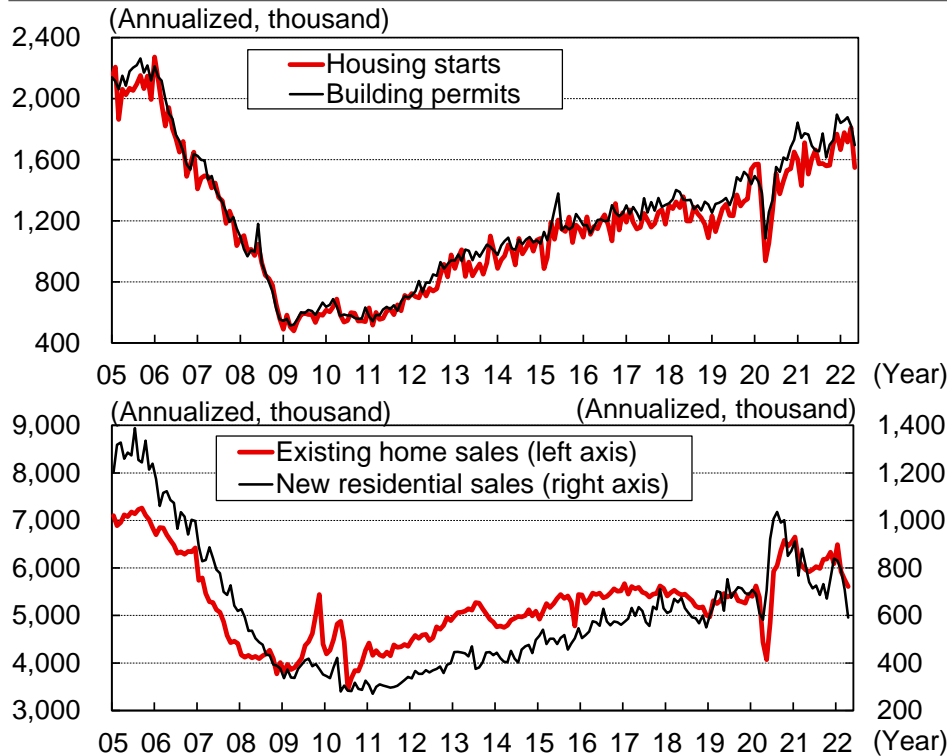


Source: Department of Commerce, MUFG Bank Economic Research Office

5. Housing Market (1)

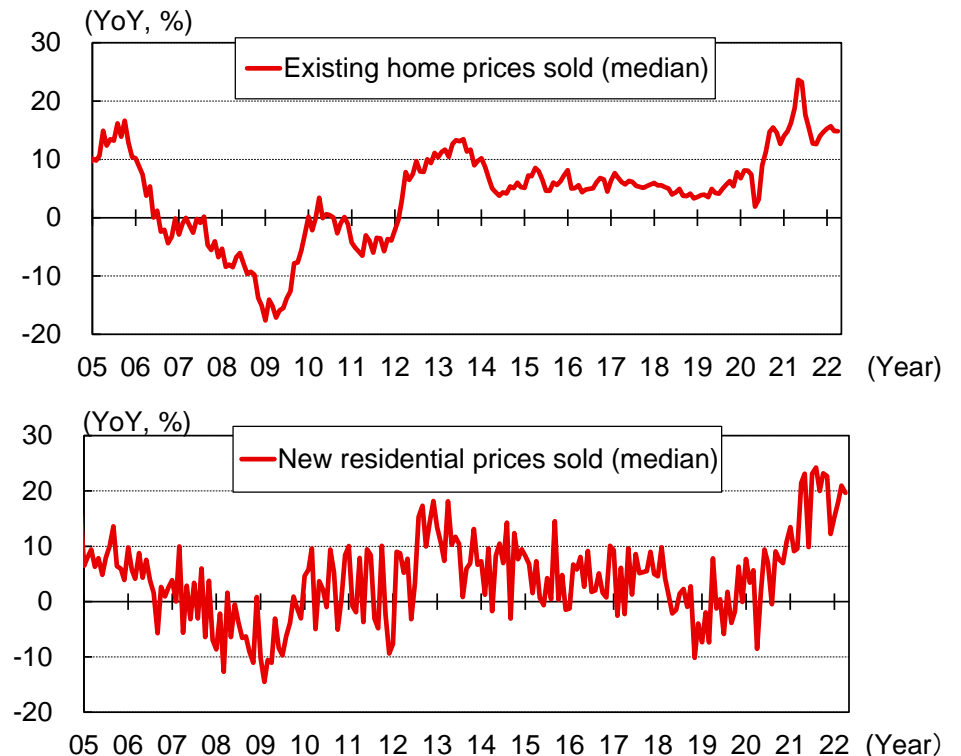
- Housing starts tumbled 14.4% MoM to a seasonally adjusted annualized rate (SAAR) of 1,549,000 in May. Single-family housing starts declined 9.2% MoM while buildings with two or more units, which fluctuate sharply, decreased 23.7%. Building permits, a leading indicator of housing starts, also decreased sharply, 7.0% MoM to 1,695,000 (SAAR).
- Existing home sales decreased 2.4% MoM to 5,610,000 (SAAR) in April, down for a third straight month to the lowest level since June 2020. New residential sales declined 16.6% to 591,000 (SAAR), down sharply for a fourth straight month to the lowest level since April 2020. The surge in mortgage interest rates are weighing down demand.
- Home price growth has edged down. The median price of existing homes sold was \$391,200 in April, up 14.8% YoY (compared with +14.9% in March). The median price of new homes sold was \$450,600, up 19.6% YoY compared with +21.0% in March.

Housing Starts, Building Permits and Home Sales



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

Home Prices

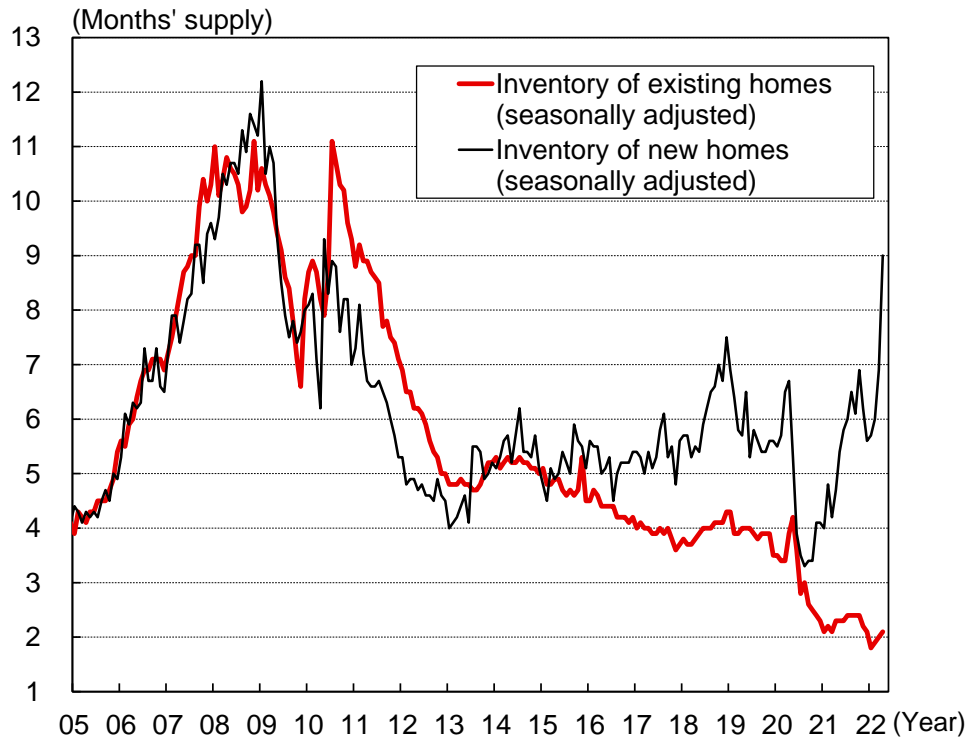


Source: National Association of Realtors, Department of Commerce, MUFG Bank Economic Research Office

5. Housing Market (2)

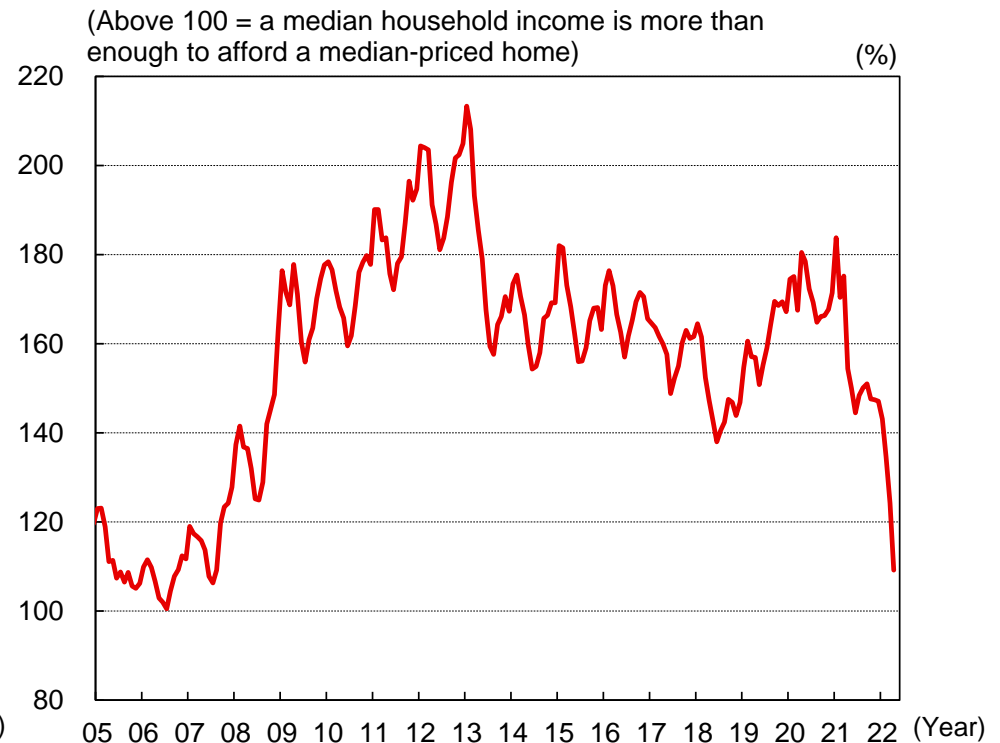
- Unsold inventory of existing homes was equivalent to a supply of 2.1 months (seasonally adjusted) at the current sales rate in April, up slightly from March's 2.0 months. Meanwhile, the months' supply for new homes jumped to 9.0 months (seasonally adjusted) from March's 6.9 months due to a sharp decrease in new home sales.
- The Housing Affordability Index, calculated based on household income, home prices and mortgage interest rates, declined 15.0 points MoM to 109.2 in April, the lowest level since August 2007.

Unsold Inventory of Homes as Months' Supply



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

Housing Affordability Index

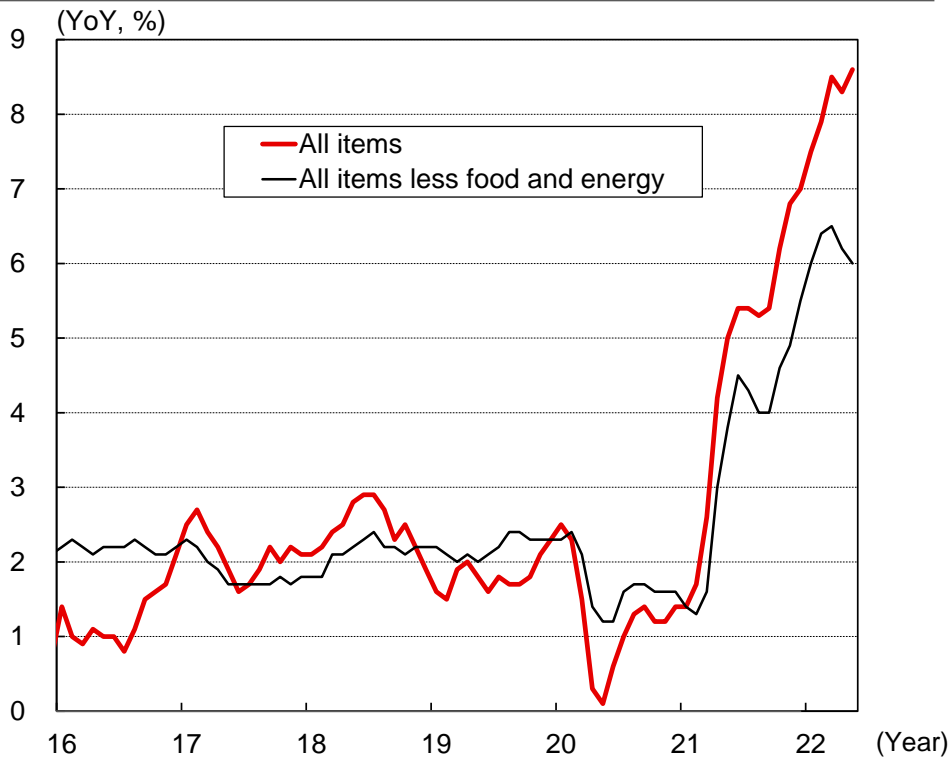


Source: National Association of Realtors, MUFG Bank Economic Research Office

6. Prices

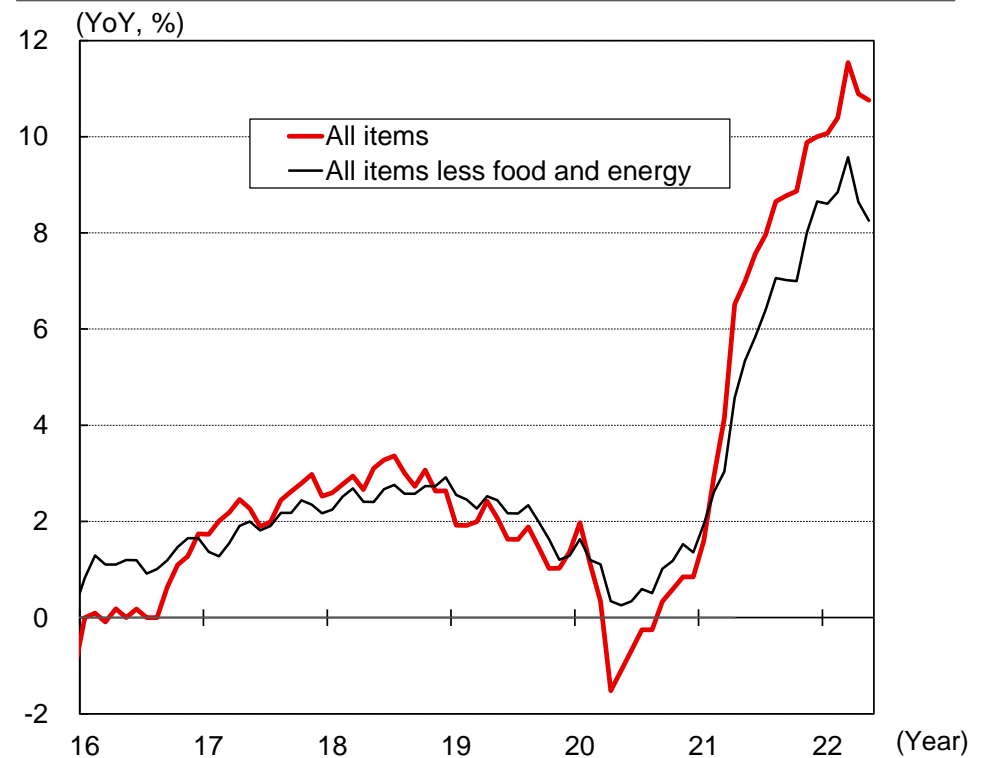
- The Consumer Price Index (CPI) rose 8.6% YoY in May, accelerating again after slowing down in April (+8.3%), and marking the largest increase since December 1981. Price increases in energy (+34.6), food (+10.1%) and shelter (+5.5%) accelerated, while the core CPI (all items less food and energy) decelerated for a second straight months to a 6.0% rise (from April's 6.2% increase).
- The Producer Price Index (PPI) rose 10.8% YoY in May, slightly decelerating from April's 10.9%. Core PPI (all items less food and energy) also decelerated to 8.3% from April's 8.6%. Breakdown by item shows that goods index accelerated to 16.6% while service index decelerated to 7.6%.

Consumer Price Index



Source: Department of Labor, MUFG Bank Economic Research Office

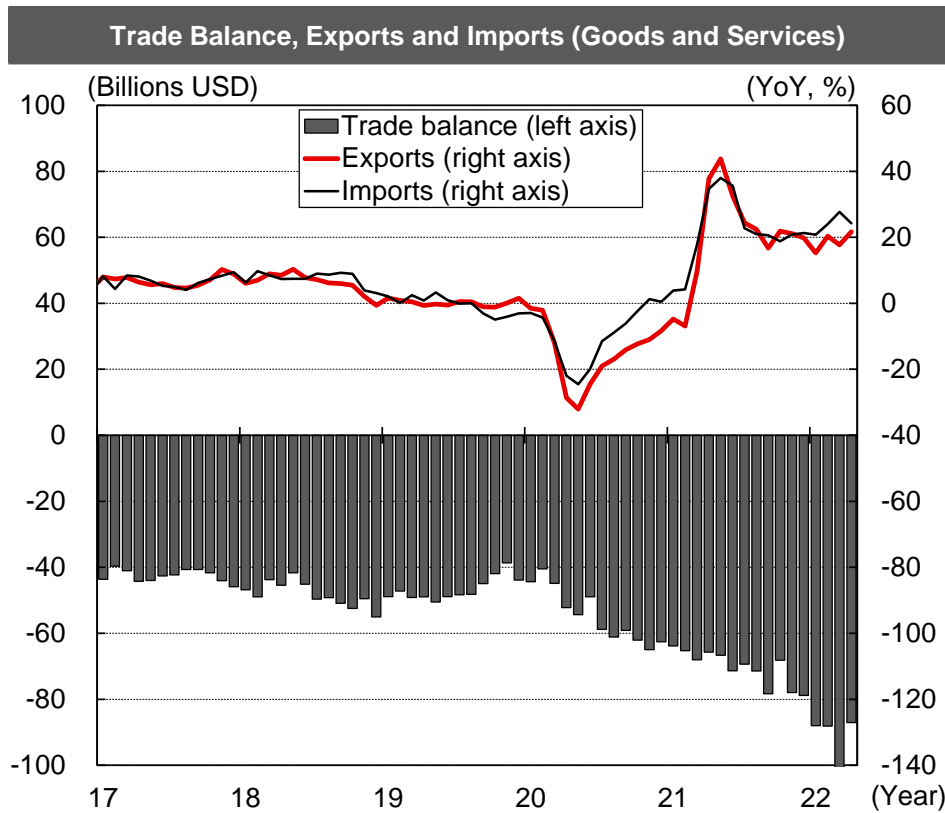
Producer Price Index



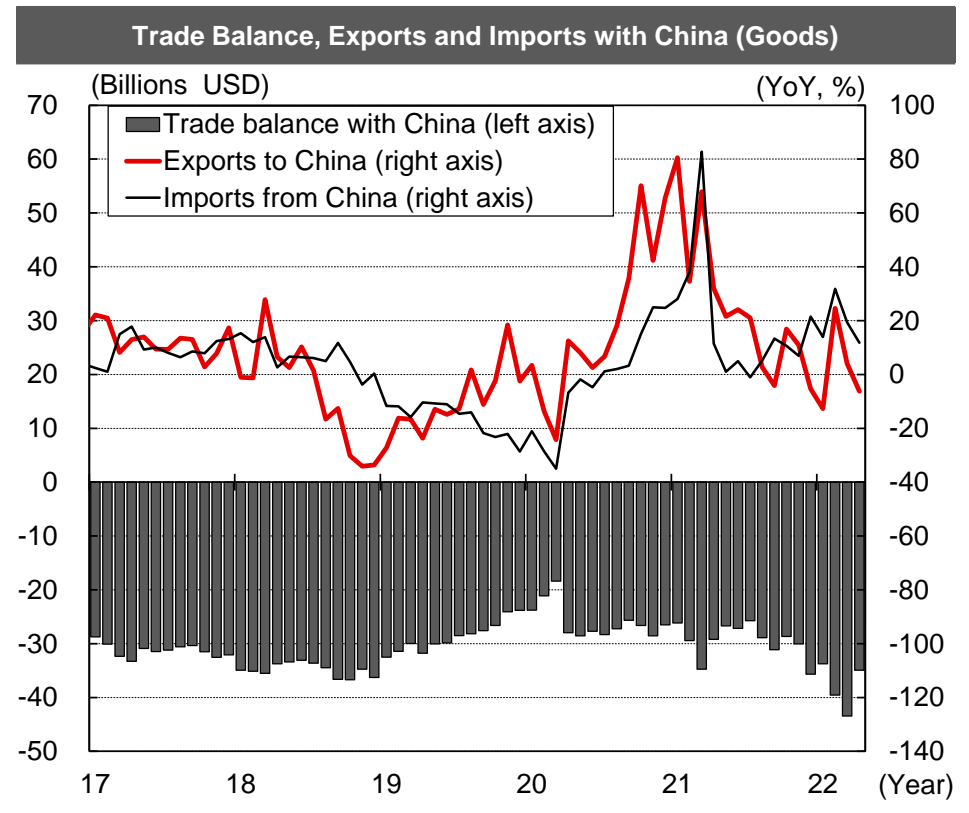
Source: Department of Labor, MUFG Bank Economic Research Office

7. Balance of Payments

- Trade deficit on goods and services narrowed by a considerable 19.1% (or \$20.6 billion) MoM to \$87.1 billion in April as exports rose 3.5% and imports decreased 3.4%. On a YoY basis, exports rose 21.7% while imports climbed 24.3%.
- For goods trade, breakdown by destination shows that the deficit with China, which accounts for roughly a third of US goods deficit, narrowed by 19.6% (or \$8.5 billion) MoM to \$34.9 billion in April. Exports to China declined 11.6% MoM while imports from China decreased 17.7%. On a YoY basis, exports to China declined 6.2% while imports from China rose 11.8%.



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

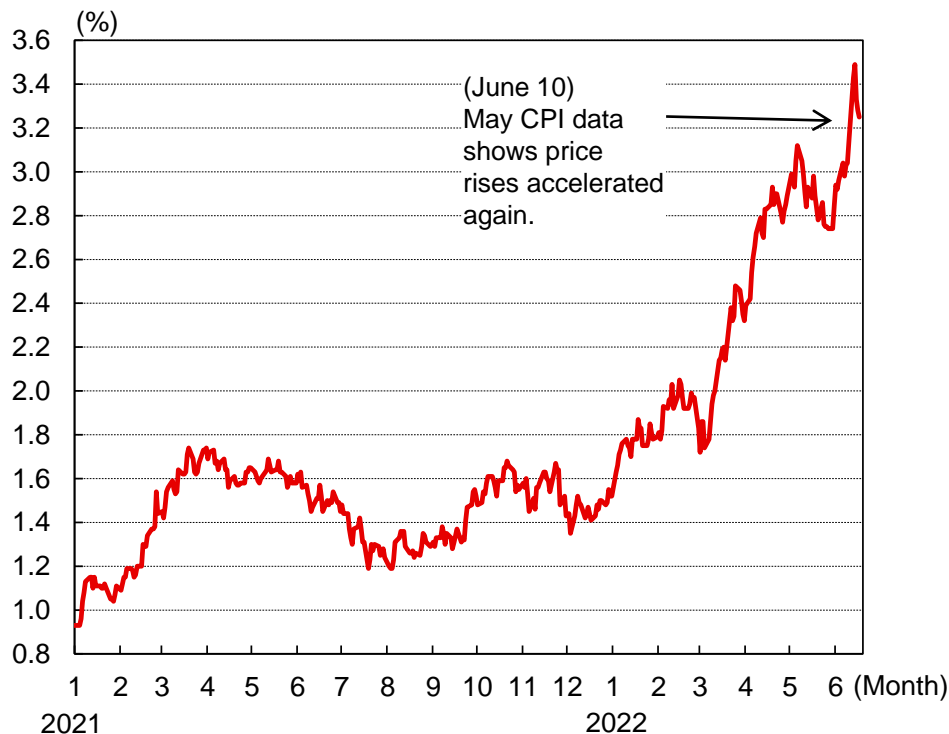


Note: Census basis
Source: Department of Commerce, MUFG Bank Economic Research Office

8. Financial Markets

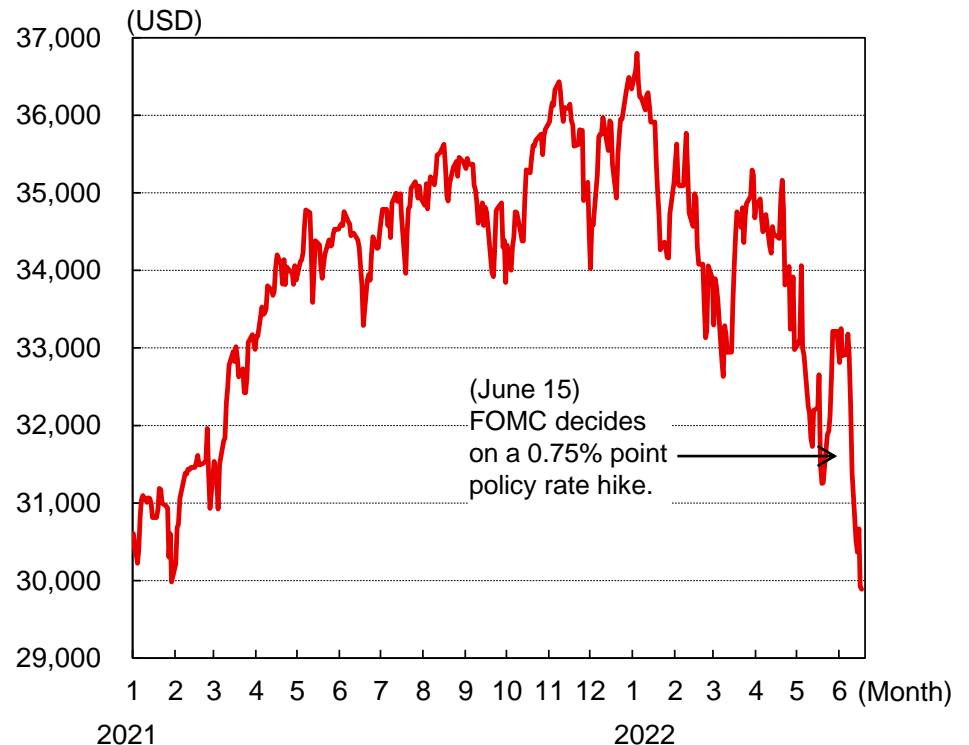
- The 10-year treasury yield reached the 3.4% levels for some time after the May CPI released on June 10 indicated that price rises have accelerated again -- dashing hopes that inflation may have peaked out and fueling expectations that the Fed would accelerate the pace of rate hikes.
- Dow Jones Industrial Average (DJIA) stock market index has declined sharply due to concerns that the faster pace of rate hikes could lead to a recession. At the FOMC meeting concluded on June 15, the Fed raised the policy rate by 0.75% points.

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-21	June	July	Aug	Sep	Oct	Nov	Dec	Jan-22	Feb	Mar	Apr	May	June
Businesses	ISM Manufacturing PMI	61.6	60.9	59.9	59.7	60.5	60.8	60.6	58.8	57.6	58.6	57.1	55.4	56.1	-
	ISM Services PMI	63.2	60.7	64.1	62.3	62.6	66.7	68.4	62.3	59.9	56.5	58.3	57.1	55.9	-
	Industrial production (2012 ave = 100)	99.9	100.5	101.2	101.1	99.9	101.3	102.0	101.7	102.5	103.6	104.1	105.5	105.7	-
	MoM (%)	0.7	0.5	0.7	-0.1	-1.2	1.4	0.7	-0.2	0.8	1.0	0.5	1.4	0.2	-
	Capacity utilization (%)	75.3	75.7	76.2	76.1	75.1	76.1	76.6	76.4	76.9	77.6	77.9	78.9	79.0	-
	Manufactured goods new orders (Million USD)	476,677	486,157	487,733	493,380	491,911	500,871	506,291	508,780	520,531	522,118	531,412	533,188	-	-
	MoM (%)	1.9	2.0	0.3	1.2	-0.3	1.8	1.1	0.5	2.3	0.3	1.8	0.3	-	-
	Durable goods orders (Million USD)	241,545	245,826	246,741	250,577	246,849	250,503	254,074	256,464	264,356	262,494	264,258	265,538	-	-
MoM (%)	2.1	1.8	0.4	1.6	-1.5	1.5	1.4	0.9	3.1	-0.7	0.7	0.5	-	-	
Household	Nonfarm payroll (monthly change, thousand people)	447	557	689	517	424	677	647	588	504	714	398	436	390	-
	Average hourly earnings (USD)	30.36	30.52	30.67	30.76	30.92	31.11	31.23	31.38	31.56	31.6	31.75	31.85	31.95	-
	YoY (%)	2.2	4.0	4.3	4.3	4.8	5.4	5.3	4.9	5.4	5.2	5.6	5.5	5.2	-
	Unemployment rate (%)	5.8	5.9	5.4	5.2	4.7	4.6	4.2	3.9	4.0	3.8	3.6	3.6	3.6	-
	Personal income (annualized, billion USD)	20,515	20,570	20,835	20,916	20,720	20,885	21,025	21,120	21,131	21,264	21,380	21,470	-	-
	MoM (%)	-2.0	0.3	1.3	0.4	-0.9	0.8	0.7	0.5	0.1	0.6	0.5	0.4	-	-
	Consumer spending (annualized, billion USD)	15,624	15,802	15,815	15,991	16,089	16,309	16,391	16,242	16,576	16,677	16,907	17,059	-	-
	MoM (%)	0.0	1.1	0.1	1.1	0.6	1.4	0.5	-0.9	2.1	0.6	1.4	0.9	-	-
	Saving rate (%)	10.4	9.5	10.5	9.8	8.1	7.5	7.6	8.7	6.0	5.9	5.0	4.4	-	-
	Retail sales (million USD)	622,523	626,999	620,648	624,738	630,905	640,899	644,741	634,393	651,557	662,321	669,958	674,674	672,874	-
	MoM (%)	-0.5	0.7	-1.0	0.7	1.0	1.6	0.6	-1.6	2.7	1.7	1.2	0.7	-0.3	-
	Auto sales (annualized, million units)	16.9	15.5	14.7	13.1	12.3	13.0	13.0	12.5	15.0	14.0	13.4	14.5	12.7	-
	MoM (%)	-7.7	-8.4	-5.2	-10.8	-6.1	6.2	-0.1	-3.8	20.0	-7.1	-4.0	8.1	-12.6	-
	Conference Board Consumer Confidence Index	120.0	128.9	125.1	115.2	109.8	111.6	111.9	115.2	111.1	105.7	107.6	108.6	106.4	-
University of Michigan Index of Consumer Sentiment	82.9	85.5	81.2	70.3	72.8	71.7	67.4	70.6	67.2	62.8	59.4	65.2	58.4	50.2	

Source: Various statistics, MUFG Bank Economic Research Office

Table: Major Monthly Economic Indicators (continued)

Major Monthly Economic Indicators															
		May-21	June	July	Aug	Sep	Oct	Nov	Dec	Jan-22	Feb	Mar	Apr	May	June
Housing	Housing starts (annualized, thousand units)	1,605	1,664	1,573	1,576	1,559	1,563	1,706	1,768	1,666	1,777	1,716	1,810	1,549	-
	MoM (%)	6.6	3.7	-5.5	0.2	-1.1	0.3	9.1	3.6	-5.8	6.7	-3.4	5.5	-14.4	-
	Existing home sales (annualized, thousand units)	5,920	5,970	6,030	5,990	6,180	6,190	6,330	6,090	6,490	5,930	5,750	5,610	-	-
	MoM (%)	-0.7	0.8	1.0	-0.7	3.2	0.2	2.3	-3.8	6.568144	-8.6	-3.0	-2.4	-	-
	New home sales (annualized, thousand units)	740	714	726	686	732	671	756	839	831	792	709	591	-	-
	MoM (%)	-8.5	-3.5	1.7	-5.5	6.7	-8.3	12.7	11.0	-0.95352	-4.7	-10.5	-16.6	-	-
Prices	Consumer Price Index (1982-1984 = 100)	269.2	271.7	273.0	273.6	274.3	276.6	277.9	278.8	281.1	283.7	287.5	289.1	292.3	-
	MoM (%)	0.7	0.9	0.5	0.3	0.4	0.9	0.7	0.6	0.6	0.8	1.2	0.3	1.0	-
	YoY (%)	5.0	5.4	5.4	5.3	5.4	6.2	6.8	7.0	7.5	7.9	8.5	8.3	8.6	-
	Producer Price Index (Nov 2009 = 100)	125.5	126.6	127.8	128.8	129.1	130.1	131.1	131.3	133.1	134.6	137.2	137.8	139.0	-
	MoM (%)	1.0	0.8	0.9	0.9	0.5	0.7	1.0	0.6	1.2	1.1	1.6	0.4	0.8	-
	YoY (%)	7.0	7.6	8.0	8.7	8.8	8.9	9.9	10.0	10.1	10.4	11.5	10.9	10.8	-
Trade	Exports (goods, billion USD)	145.3	146.3	147.9	149.5	144.5	157.6	156.5	159.4	156.9	160.5	170.0	176.1	-	-
	Imports (goods, billion USD)	233.4	238.2	235.6	238.2	240.6	243.9	254.8	259.9	265.3	267.5	296.9	283.8	-	-
	Trade balance (goods, billion USD)	-88.0	-91.9	-87.7	-88.7	-96.2	-86.2	-98.3	-100.5	-108.4	-107.0	-126.8	-107.7	-	-
	Trade balance (goods and services, billion USD)	-66.6	-71.4	-69.4	-71.4	-78.3	-68.2	-78.0	-78.9	-88.0	-88.1	-107.7	-87.1	-	-

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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