

Economic Update, March 11, 2022

Submitted by Bob Moreo

Summary: With demand surging for imported goods, the nation's trade deficit reached an all-time high in January, even though, as [Reuters reported](#), "capital goods exports increased and exports of industrial supplies and materials were the highest on record." [Yahoo! Finance and Bloomberg](#) pointed to the rising cost of imported oil as one reason for the record imbalance—a cost that has continued to climb since January. On Tuesday, [CNBC reported](#) a jump in Treasury yields, "amid fears that an import ban on Russian oil could increase inflationary pressures." Thursday's Consumer Price Index report, [as expected](#), showed 12-month inflation nearing 8 percent. Prices rose faster in February than they had the month before, especially at the gas pump. The National Federation of Independent Business reported that 26 percent of small business owners said inflation was their biggest problem in February. As costs increased, only 57 percent of businesses reported making capital investments in the past six months—just 27 percent say they plan to do so in the months ahead. Nearly half (48 percent) of owners reported job openings they were unable to fill, a point supported by the government's report showing 11.3 million job openings at the end of January. Business owners aren't the only ones wary of the coming months. Investors and investment managers turned increasingly negative in early March; although investors now expect the effects of COVID-19 to diminish, the crisis in Ukraine has brought fresh uncertainty to global markets. University of Michigan economist Richard Curtin said more consumers expect their personal finances to worsen in the year ahead than at any other time since the consumer survey began in the 1940s.

Federal Government Indicators and Reports:

Bureau of Economic Analysis

Tuesday, [International Trade](#): "The goods and services [trade] deficit was \$89.7 billion in January, up \$7.7 billion [9.4 percent] from \$82.0 billion in December, revised. . . . [Exports of] pharmaceutical preparations decreased \$3.2 billion. . . . Travel decreased \$1.8 billion. . . . Imports of goods increased \$4.8 billion to \$264.8 billion in January."

Bureau of Labor Statistics

Wednesday, [Job Openings and Labor Turnover Survey](#): "The number of job openings was little changed at 11.3 million on the last business day of January. . . . Hires and total separations were little changed at 6.5 million and 6.1 million, respectively." The seasonally adjusted job openings rate was also little changed at 7.0 percent.

Chart 1. Job openings rate, seasonally adjusted, January 2019 - January 2022

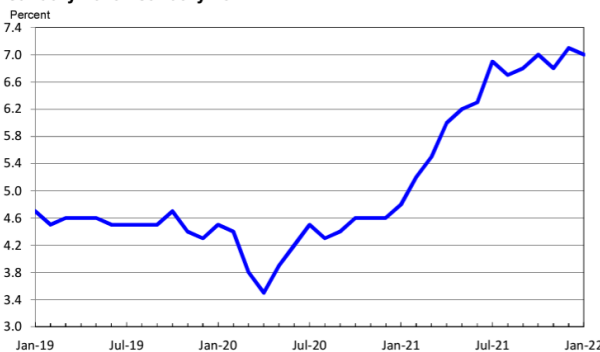
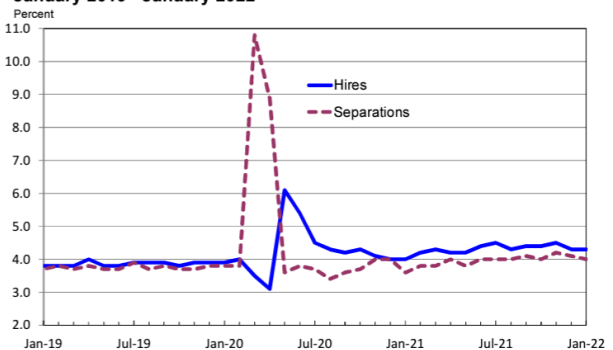


Chart 2. Hires and total separations rates, seasonally adjusted, January 2019 - January 2022



Thursday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.8 percent in February on a seasonally adjusted basis after rising 0.6 percent in January. . . . Over the last 12 months, the all items index increased 7.9 percent before seasonal adjustment. . . . The gasoline index rose 6.6 percent in February and accounted for almost a third of the all items monthly increase.”

Thursday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 0.8 percent from January to February. . . . This result stems from essentially no change in average hourly earnings combined with an increase of 0.8 percent in the Consumer Price Index. . . . Real average hourly earnings decreased 2.6 percent, seasonally adjusted, from February 2021 to February 2022.”

Bureau of Transportation Statistics

Wednesday, [Freight Transportation Services Index](#): This index, “based on the amount of freight carried by the for-hire transportation industry, rose 1.2 percent in January from December, rising for the fifth consecutive month. . . . The level of for-hire freight shipments in January measured by the Freight TSI (138.9) was 1.8 percent above the level of 136.5 in pre-pandemic January 2020 and was 2.3 percent below the all-time high level of 142.1 in August 2019.”

Census Bureau

Tuesday, [Monthly Wholesale Trade](#): “January 2022 sales of merchant wholesalers . . . were \$663.9 billion, up 4.0 percent from the revised December level and were up 22.4 percent from the revised January 2021 level. . . . [Inventories] were \$799.9 billion at the end of January, up 0.8 percent from the revised December level . . . [and] up 18.1 percent from the revised January 2021 level. The December 2021 to January 2022 percent change was unrevised from the [advance estimate](#) of up 0.8 percent.”

Wednesday, [Business Formation Statistics](#): “Business Applications for February 2022, adjusted for seasonal variation, were 419,518, a decrease of 2.1 percent compared to January 2022. . . . Projected Business Formations . . . were 30,240, a decrease of 2.9 percent compared to January 2022.”

Friday, [Quarterly Services Report](#): “U.S. selected services total revenue for the fourth quarter of 2021, adjusted for seasonal variation but not for price changes, was \$4,789.7 billion, an increase of 2.8 percent from the third quarter of 2021 and up 14.1 percent from the fourth quarter of 2020.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending March 5, the advance figure for seasonally adjusted initial claims was 227,000, an increase of 11,000 from the previous week's revised level. . . . The 4-week moving average was 231,250. . . . The total number of continued weeks claimed for benefits in all programs for the week ending February 19 was 1,909,025, a decrease of 62,259 from the previous week.” The unadjusted advance figure for initial claims made in Tennessee during the week ending March 5 was 1,875, down from 3,292 the prior week.

Federal Reserve Board

Monday, [Consumer Credit](#): “In January, consumer credit increased at a seasonally adjusted annual rate of 1.9 percent. Revolving credit decreased at an annual rate of 0.3 percent, while nonrevolving credit increased at an annual rate of 2.5 percent.”

Federal Reserve Bank of Chicago

Friday, [Chicago Fed Advance Retail Trade Summary](#): “In the fourth week of February, the Weekly Index of Retail Trade decreased 1.5 percent on a seasonally adjusted basis after increasing 0.1

percent in the previous week. For the month of February, retail and food services sales excluding motor vehicles and parts are projected to increase 1.6 percent from January on a seasonally adjusted basis and to increase 0.9 percent when adjusted for inflation.”

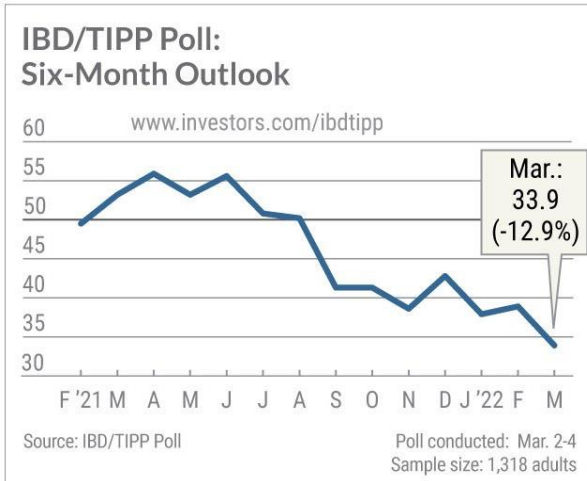
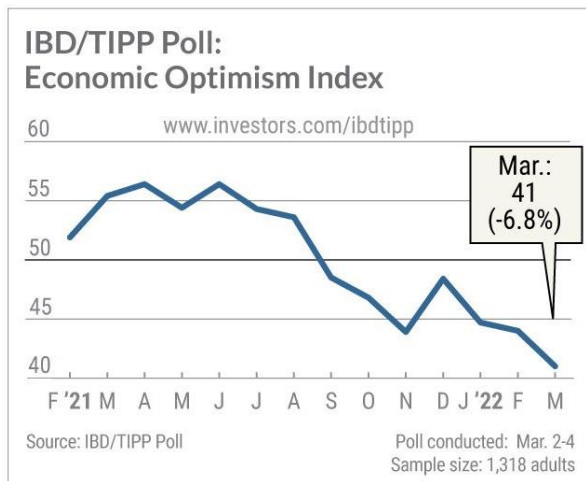
Investor and Consumer Confidence:

IHS Markit

Tuesday, [Investment Manager Index](#): “U.S. equity investor risk appetite has slumped in March as the Russian invasion of Ukraine exacerbates existing concerns over slowing economic growth, high inflation, and the prospect of tighter monetary and fiscal policy. . . . Expectations of near-term U.S. equity market returns have also fallen sharply, down to the lowest since last May.”

Investor’s Business Daily

Tuesday, [Economic Optimism Index](#): The March index “slid 3 points to 41, the lowest since October 2013. That makes seven straight months below the neutral 50 level. . . . The six-month outlook for the U.S. economy and for personal finances both crashed to the lowest levels since August 2011.”



University of Michigan

Friday, [Index of Consumer Sentiment](#): “Consumer Sentiment continued to decline due to falling inflation-adjusted incomes, recently accelerated by rising fuel prices as a result of the Russian invasion of Ukraine. . . . Personal finances were expected to worsen in the year ahead by the largest proportion since the surveys started in the mid-1940s. Consumers held very negative prospects for the economy, with the sole exception of the job market.”

Preliminary Results for March 2022

	Mar 2022	Feb 2022	Mar 2021	M-M Change	Y-Y Change
Index of Consumer Sentiment	59.7	62.8	84.9	-4.9%	-29.7%
Current Economic Conditions	67.8	68.2	93.0	-0.6%	-27.1%
Index of Consumer Expectations	54.4	59.4	79.7	-8.4%	-31.7%

Employment and Businesses:

The Conference Board

Monday, [Employment Trends Index](#): The index “rose in February and now stands at 119.18, up from 118.15 in January 2022.” Frank Steemers, senior economist at The Conference Board, said the index suggested that “robust job growth lies ahead,” but also that “some moderation in job growth is likely in the months ahead.”

Wednesday, [Help Wanted OnLine Index](#): The index “increased in February and now stands at 171.2 (July 2018=100), up from 164.9 in January. The 3.8 percent increase between January and February follows a 0.7 percent decrease between December and January.”

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): “In February, the NFIB Optimism Index decreased by 1.4 points to 95.7, the second consecutive month below the 48-year average of 98. Twenty-six percent of owners reported that inflation was their single most important problem in operating their business, a four-point increase since December and the highest reading since the third quarter of 1981. . . . Fifty-seven percent of owners reported capital outlays in the last six months, down one point from January. . . . Twenty-seven percent of owners plan capital outlays in the next few months, down two points from January.”

Mortgages and Housing Markets:

Fannie Mae

Monday, [Home Purchase Sentiment Index](#): Purchase sentiment “increased by 3.5 points to 75.3 in February, but affordability constraints continue to drive consumers’ perception of the housing market. . . . Year over year, the full index is down 1.2 points.” Among respondents, 29 percent said it is a good time to buy, 46 percent believe home prices will continue to rise, and 67 percent expect mortgage rates to go up.

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “[The] 30-year fixed-rate mortgage averaged 3.85 percent with an average 0.8 point for the week ending March 10, 2022, up from last week when it averaged 3.76 percent. A year ago at this time, the 30-year FRM averaged 3.05 percent.”

Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications](#): “Mortgage applications increased 8.5 percent from one week earlier, according to data . . . for the week ending March 4, 2022. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$647,200 or less) decreased to 4.09 percent from 4.15 percent.”