

Economic Update, April 14, 2022  
Submitted by Kevin Vanzant

Summary: Several major inflation reports were released this week. The consumer price index (CPI), which measures a wide-ranging basket of goods and services, jumped 8.5 percent from a year ago. The core CPI, which excludes food and energy, increased 6.5 percent on a 12-month basis, but rose just 0.3 percent for the month, less than the 0.5 percent estimate, giving some observers hope that inflation could be easing. The producer price index (PPI), however, which measures the prices paid by wholesalers and is considered a forward-looking inflation measure as it tracks prices in the pipeline that will eventually reach consumers, argued otherwise, increasing by 11.2 percent from a year ago, far above expectations. And according to new data released Monday by the Federal Reserve of New York, consumer expectations of short-term inflation rose to a record high last month, in line with this economic data, hitting the highest level since the New York Fed began its Survey of Consumer Expectations in June 2013.

But other consumer expectation news was more positive. The IBD/TIPP Economic Optimism Index, a leading national poll on consumer confidence, climbed 11.0 percent in April to 45.5, its highest point of 2022 after three consecutive months of decline, although the index remains in negative territory for the eighth straight month as any reading below 50.0 indicates pessimism on IBD/TIPP indexes. And overall consumer sentiment, as measured by the University of Michigan in its closely watched Survey of Consumers, rose 10.6 percent in early April, though it still remained comparatively low.

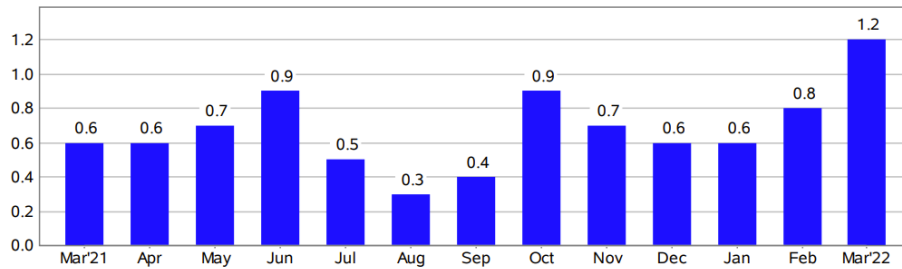
In other economic data, initial jobless claims rose to 185,000 for the week ended April 9, an increase of 18,000 from the previous week, and mortgage loan activity was down again last week, its fifth consecutive week of declines.

**Federal Government Indicators and Reports:**

Bureau of Labor Statistics

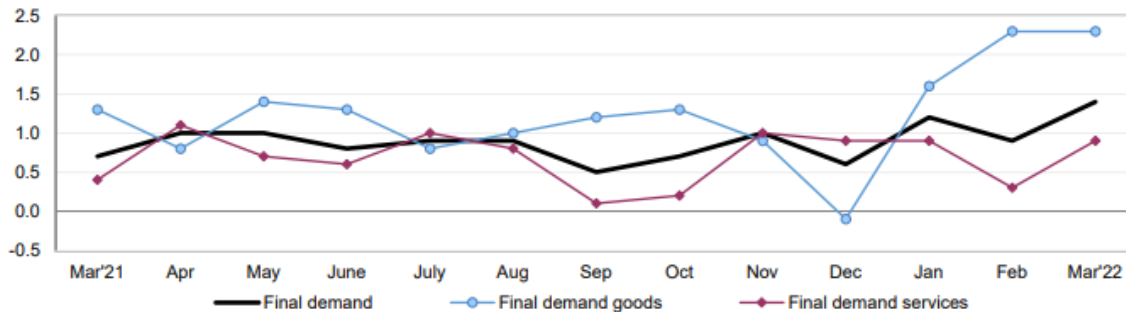
Tuesday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 1.2 percent in March on a seasonally adjusted basis after rising 0.8 percent in February. Over the last 12 months, the all items index increased 8.5 percent before seasonal adjustment. . . . Increases in the indexes for gasoline, shelter, and food were the largest contributors to the seasonally adjusted all items increase. The gasoline index rose 18.3 percent in March and accounted for over half of the all items monthly increase; other energy component indexes also increased. The food index rose 1.0 percent and the food at home index rose 1.5 percent. . . . The index for all items less food and energy rose 0.3 percent in March following a 0.5-percent increase the prior month. The shelter index was by far the biggest factor in the increase, with a broad set of other indexes also contributing, including those for airline fares, household furnishings and operations, medical care, and motor vehicle insurance. In contrast, the index for used cars and trucks fell 3.8 percent over the month.”

**Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Mar. 2021 - Mar. 2022**  
Percent change



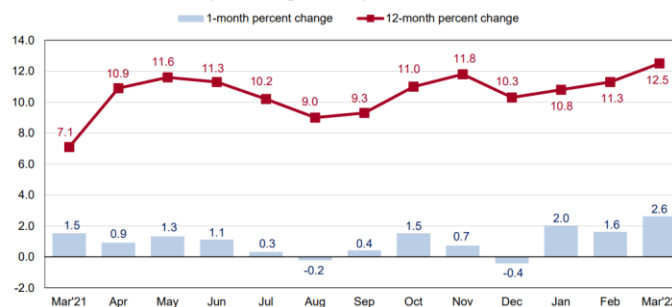
Wednesday, [Producer Price Indexes](#): “The Producer Price Index for final demand increased 1.4 percent in March, seasonally adjusted. This rise followed advances of 0.9 percent in February and 1.2 percent in January. On an unadjusted basis, final demand prices moved up 11.2 percent for the 12 months ended in March, the largest increase since 12-month data were first calculated in November 2010. . . . Prices for final demand less foods, energy, and trade services moved up 0.9 percent in March, the largest advance since rising 1.0 percent in January 2021.”

**Chart 1. One-month percent changes in selected PPI final demand price indexes, seasonally adjusted**  
Percent change



Thursday, [Import and Export Price Indexes](#): “Prices for U.S. imports advanced 2.6 percent in March following a 1.6-percent increase in February and a 2.0-percent rise in January, the U.S. Bureau of Labor Statistics reported today. Higher fuel prices drove the March advance and nonfuel prices also increased. U.S. export prices rose 4.5 percent in March, after advancing 3.0 percent the previous month.”

**Chart 1. One-month and 12-month percent changes in the Import Price Index: March 2021 – March 2022**

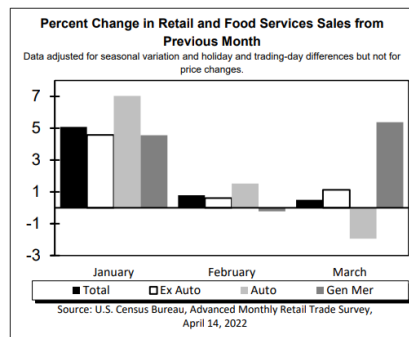


Thursday, [Initial Jobless Claims](#): “In the week ending April 9, the advance figure for seasonally adjusted initial claims was 185,000, an increase of 18,000 from the previous week's revised level. . . . The advance seasonally adjusted insured unemployment rate was 1.1 percent for the week ending April 2, unchanged from the previous week's unrevised rate.”

Census Bureau

Thursday, [Retail Sales](#): “Advance estimates of U.S. retail and food services sales for March 2022, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$665.7 billion, an increase of 0.5 percent from the previous month, and 6.9 percent above March 2021. . . . Retail trade sales were up 0.4 percent from February 2022, and up 5.5 percent above last year. Gasoline stations were up 37.0 percent from March 2021, while food services and drinking places were up 19.4 percent from last year.”

ADVANCE MONTHLY SALES		
March 2022	\$665.7 billion	0.5%*
February 2022 (revised)	\$662.4 billion	0.8%
Next release: May 17, 2022		
<small>* The 90 percent confidence interval includes zero. There is insufficient statistical evidence to conclude that the actual change is different from zero. Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes. Source: U.S. Census Bureau, Advanced Monthly Retail Trade Survey, April 14, 2022.</small>		



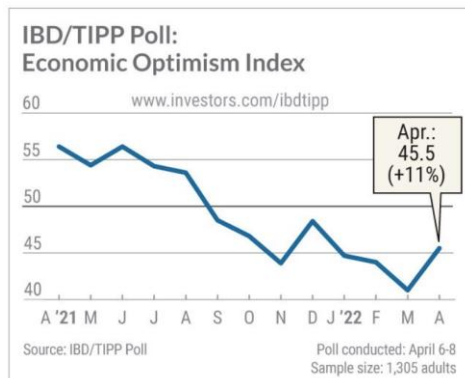
## Economic Indicators and Confidence:

Federal Reserve Bank of New York

Monday, [Survey of Consumer Expectations](#): “The Federal Reserve Bank of New York's Center for Microeconomic Data shows another increase in short-term inflation expectations, but a decline in medium-term inflation expectations. Home price growth expectations ticked up, while year-ahead spending growth expectations increased to a new series high. Labor market and income growth expectations receded somewhat, and respondents turned less optimistic about their year-ahead household's financial situation.”

Business Daily (IBD), TechnoMetrica Institute of Policy and Politics (TIPP)

Thursday, [Economic Optimism](#): “The IBD/TIPP Economic Optimism Index, an early monthly read on consumer confidence, jumped 4.5 points to 45.5, bouncing from March's eight-year low to the highest level of 2022. Still, pessimism maintained its grip for an eighth straight month. Readings above the neutral 50 level reflect optimism. . . . While economic confidence may have bottomed in March, as gas prices spiked following Russia's invasion of Ukraine, the news still isn't great. Household financial stress hit the highest level since April 2020, at the outset of the pandemic.”



University of Michigan

Thursday, [Consumer Sentiment](#): “Consumer Sentiment jumped by a surprising 10.6 percent in early April, although it remained below January's reading and lower than in any prior month in the past decade. Nearly the entire gain was in the Expectations Index, which posted a monthly gain of 18.0 percent, including a leap of 29.4 percent in the year-ahead outlook for the economy and a 17.2 percent jump in personal financial expectations. A strong labor market bolstered wage expectations among consumers under age 45 to 5.3 percent—the largest expected gain in more than three decades, since April 1990. . . . Nonetheless, the April survey offers only tentative evidence of small gains in sentiment, which is still too close to recession lows to be reassuring. There are still significant sources of economic uncertainty that could easily reverse the April gains, including the impact on the domestic economy from Putin's war, and the potential impact of new covid variants.”

**Preliminary Results for April 2022**

	Apr 2022	Mar 2022	Apr 2021	M-M Change	Y-Y Change
Index of Consumer Sentiment	65.7	59.4	88.3	+10.6%	-25.6%
Current Economic Conditions	68.1	67.2	97.2	+1.3%	-29.9%
Index of Consumer Expectations	64.1	54.3	82.7	+18.0%	-22.5%

**Mortgages and Housing Markets**

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, decreased 1.3 percent on a seasonally adjusted basis from one week earlier. . . . The Refinance Index decreased 5 percent from the previous week and was 62 percent lower than the same week one year ago.” Associate Vice President Joel Kan noted: “Mortgage rates across all loan types continued to move higher, with the 30-year fixed rate exceeding the 5-percent mark at 5.13 percent—the highest since November 2018. Refinance activity as a result declined to the slowest weekly pace since 2019. . . . [But] in a promising sign of strong purchase demand amidst affordability challenges, both conventional and government purchase applications increased.”