

Economic Update, March 12, 2021
Submitted by Kevin Vanzant

Summary: The US economy continued to show signs of growth. Job openings in January beat expectations, improving 165,000 to roughly 6.9 million, and worker filings for unemployment benefits dropped to 712,000 last week, nearing their lowest level since the pandemic fueled a surge in layoffs last March. US wholesale inventories increased solidly in January despite a surge in sales, suggesting inventory investment could again contribute to economic growth in the first quarter. For their part, small business owners were slightly more optimistic about the economy last month compared to January, but still below pre-pandemic levels. Inflation indexes signaled an upswing after a year of subdued consumption kept inflation muted.

Federal Government Indicators and Reports

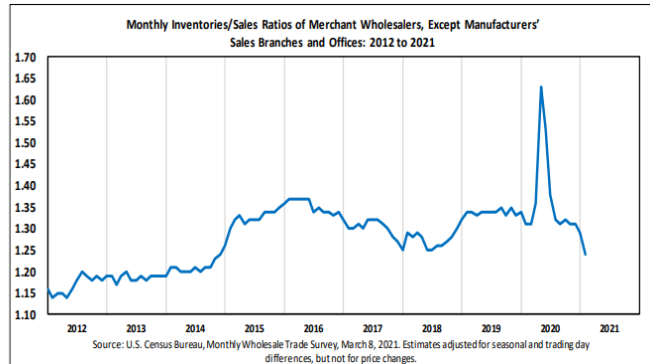
US Census

Monday, [Wholesale Trade: Sales and Inventories](#): “January 2021 sales of merchant wholesalers . . . were \$531.7 billion, up 4.9 percent . . . from the revised December level and . . . 5.9 percent . . . from the revised January 2020 level. . . Total inventories of merchant wholesalers . . . were \$661.7 billion at the end of January, up 1.3 percent . . . from the revised December level . . . [and] 0.6 percent . . . from the revised January 2020 level.”

MONTHLY WHOLESALE INVENTORIES		
JANUARY 2021	\$661.7 billion	+1.3%
DECEMBER 2020 (revised)	\$653.3 billion	+0.6%

Next release: April 9, 2021

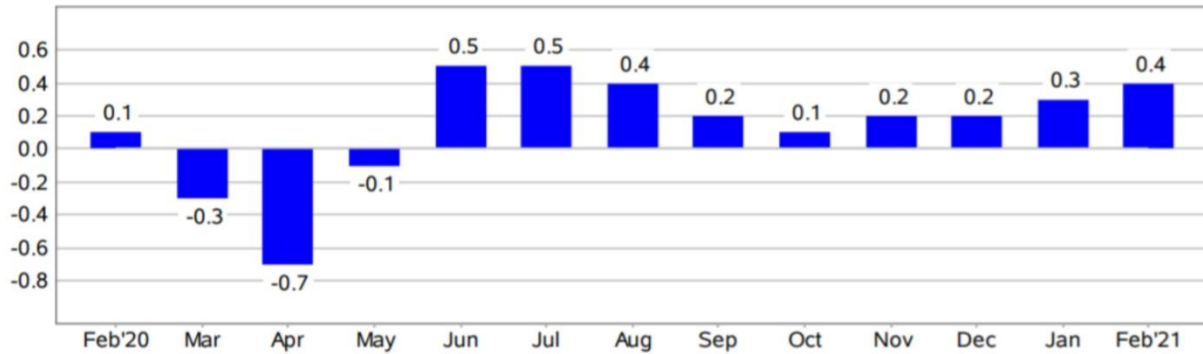
* The 90 percent confidence interval includes zero. There is insufficient evidence to conclude that the actual change is different from zero.
Data adjusted for seasonality but not price changes.
Source: U.S. Census Bureau, Monthly Wholesale Trade Survey, March 8, 2021.



Department of Labor

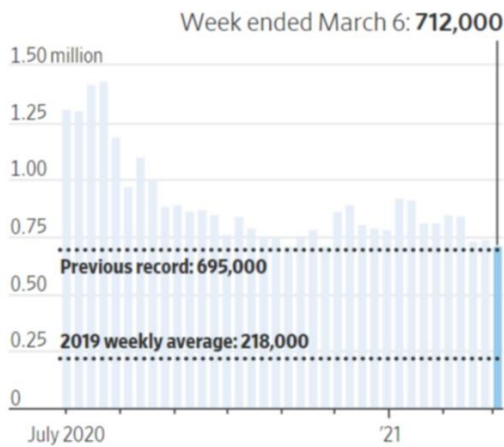
Wednesday, [Consumer Price Index \(CPI\)](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent in February on a seasonally adjusted basis after rising 0.3 percent in January . . . The index for all items less food and energy rose 0.1 percent in February.”

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Feb. 2020 - Feb. 2021
Percent change



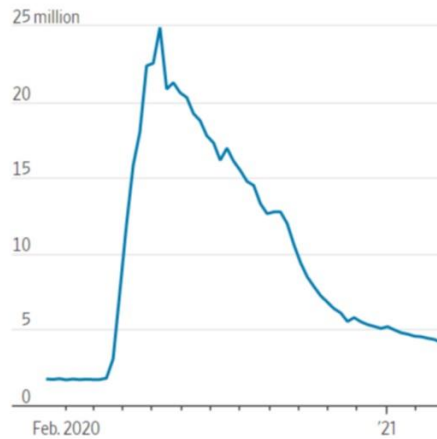
Thursday, [Jobless Claims](#): “In the week ending March 6, the advance figure for seasonally adjusted initial claims was 712,000, a decrease of 42,000 from the previous week’s revised level. The previous week’s level was revised up by 9,000 from 745,000 to 754,000. The 4-week moving average was 759,000, a decrease of 34,000 from the previous week’s revised average. . . The advance seasonally adjusted insured unemployment rate was 2.9 percent for the week ending February 27, a decrease of 0.2 percentage point from the previous week’s revised rate. . . The advance number for seasonally adjusted insured unemployment during the week ending February 27 was 4,144,000, a decrease of 193,000 from the previous week’s revised level. . . The 4-week moving average was 4,355,000, a decrease of 103,500 from the previous week’s revised average.”

Initial unemployment claims



Note: Seasonally adjusted

Continued unemployment-benefits recipients, regular state programs



Note: Seasonally adjusted

Source: [WSJ](#).

Thursday, [Job Openings and Labor Turnover](#): “The number of job openings changed little at 6.9 million on the last business day of January . . . Hires were little changed at 5.3 million while total separations decreased to 5.3 million. Within separations, the quits rate and layoffs and discharges rate changed little at 2.3 percent and 1.2 percent, respectively.”

Chart 1. Job openings rate, seasonally adjusted, January 2018 - January 2021

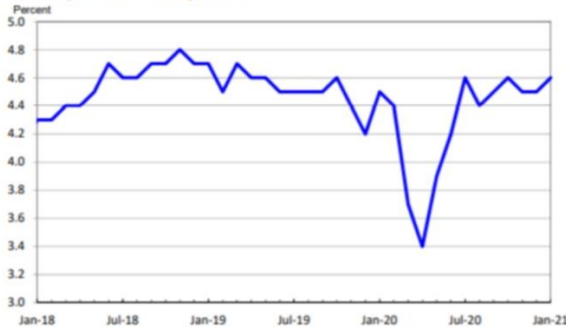
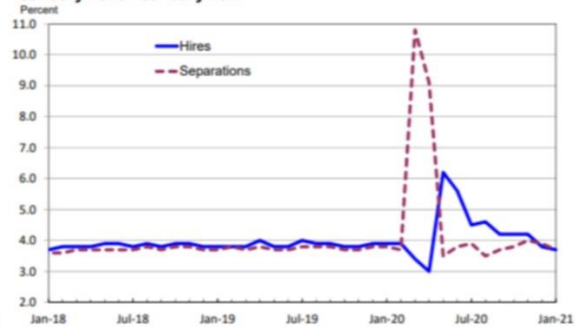
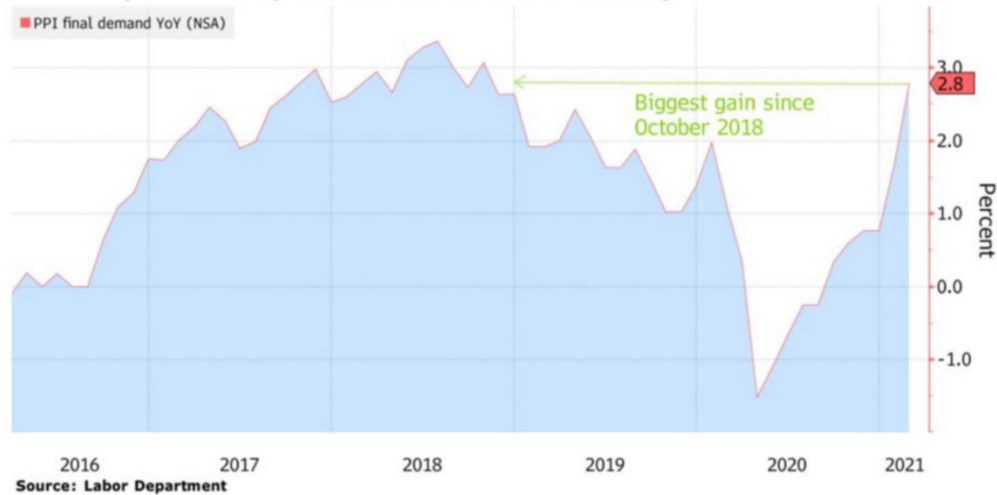


Chart 2. Hires and total separations rates, seasonally adjusted, January 2018 - January 2021



Friday, [Producer Price Index](#): “The Producer Price Index for final demand increased 0.5 percent in February, seasonally adjusted . . . This rise followed advances of 1.3 percent in January and 0.3 percent in December. . . On an unadjusted basis, the final demand index moved up 2.8 percent for the 12 months ended in February, the largest increase since rising 3.1 percent for the 12 months ended October 2018. . . Most of the February advance in prices for final demand can be traced to a 1.4-percent rise in the index for final demand goods. Prices for final demand services increased 0.1 percent.”

Prices Jump
Producer prices rose by the most since 2018 in February



Source: [Bloomberg](#).

Economic Indicators and Confidence

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): “The Optimism Index rose to 95.8 in February, up 0.8 points from January but below the average reading of 98. February was a tough weather month that undoubtedly held back economic activity. . . Owners expecting better business conditions over the next six months increased four points to a net negative 19 percent, still a poor reading.” In its analysis, the NFIB states that “the Main Street economy is bifurcated; construction, manufacturing, transportation, and professional services are doing well. Other services, restaurants, retail (non-internet) doing poorly.

Employment is still 8-10 million below levels reached in January/February of 2020, just before the Covid-19 pandemic was more broadly recognized.”

OPTIMISM INDEX

Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	93.9	92.9	92.6	93.6	93.8	94.5	94.6	94.4	94.1	94.9	98.4	105.8
2017	105.9	105.3	104.7	104.5	104.5	103.6	105.2	105.3	103.0	103.8	107.5	104.9
2018	106.9	107.6	104.7	104.8	107.8	107.2	107.9	108.8	107.9	107.4	104.8	104.4
2019	101.2	101.7	101.8	103.5	105.0	103.3	104.7	103.1	101.8	102.4	104.7	102.7
2020	104.3	104.5	96.4	90.9	94.4	100.6	98.8	100.2	104.0	104.0	101.4	95.9
2021	95.0	95.8										

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment rose in early March to its highest level in a year due to the growing number of vaccinations as well as the widely anticipated passage of Biden's relief measures. The gains were widespread across all socioeconomic subgroups and all regions, although the largest monthly gains were concentrated among households in the bottom third of the income distribution as well as those aged 55 or older. . . The early March gains were not equally shared across all Index components, with consumers voicing no improvement in some key facets of consumer finances. In particular, consumers’ judgements about their own financial situation posted no gains in early March, largely due to very small expected gains in household incomes over the next year. In contrast, prospects for the national economy improved significantly.”

Preliminary Results for March 2021

	Mar 2021	Feb 2021	Mar 2020	M-M Change	Y-Y Change
Index of Consumer Sentiment	83.0	76.8	89.1	+8.1%	-6.8%
Current Economic Conditions	91.5	86.2	103.7	+6.1%	-11.8%
Index of Consumer Expectations	77.5	70.7	79.7	+9.6%	-2.8%

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): "Mortgage applications decreased 1.3 percent from one week earlier . . . The Refinance Index decreased 5 percent from the previous week and was 43 percent lower than the same week one year ago. . . 'The 30-year fixed mortgage rate climbed to 3.26 percent last week, which is the highest since last July . . ." said Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting. "[which] continues to cool demand for refinance applications. Activity declined last week for the fourth time in five weeks . . ." [but] added Kan, "with the spring buying season at the doorstep, the purchase market had its strongest showing in four weeks, with gains in both conventional and government applications. Overall activity was 2.4 percent higher than a year ago, and loan sizes moderated for the second straight week—potentially a sign that more first-time buyers are entering the market."