

Economic Update, June 11, 2021  
Submitted by Michael Mount

Summary: The employment situation improved this week, but the labor market is tight, and inflation concerns remain. Initial claims for unemployment insurance decreased to 376,000, beating last week's total to once again record the lowest level of new claims since March 2020, while job openings reached 9.3 million, the most since the Bureau of Labor Statistics began tracking openings. The percentage of unfilled jobs for small businesses increased from 44% to 48%, according to the National Federation of Independent Business, which reported that the percentage of small business owners who are raising average sales prices also increased. The Consumer Price Index, a popular measure of inflation, increased by 0.6% from April to May 2021 and by 5.0% over the last 12 months, the largest 12-month increase since 2008.

**Federal Government Indicators and Reports**

US Census

Tuesday, [International Trade](#): "The goods and services deficit was \$68.9 billion in April, down \$6.1 billion from \$75.0 billion in March. . . . April exports were \$205.0 billion, \$2.3 billion more than March exports. April imports were \$273.9 billion, \$3.8 billion less than March imports."

Tuesday, [Manufacturing Corporations](#): "US manufacturing corporations' seasonally adjusted after-tax profits in the first quarter of 2021 totaled \$232.0 billion, up \$98.5 billion from the after-tax profits of \$133.4 billion recorded in the fourth quarter of 2020, and up \$118.3 billion from the after-tax profits of \$113.7 billion recorded in the first quarter of 2020."

Tuesday, [Retail Corporations](#): "Seasonally adjusted after-tax profits of U.S. retail corporations with assets of \$50 million and over totaled \$47.5 billion, up \$14.0 billion from the \$33.5 billion recorded in the fourth quarter of 2020, and up \$33.2 billion from the \$14.3 billion recorded in the first quarter of 2020."

Wednesday, [Wholesale Trade](#): "April 2021 sales of merchant wholesalers . . . were \$570.8 billion, up 0.8% from the revised March level and were up 43.6% from the revised April 2020 level."

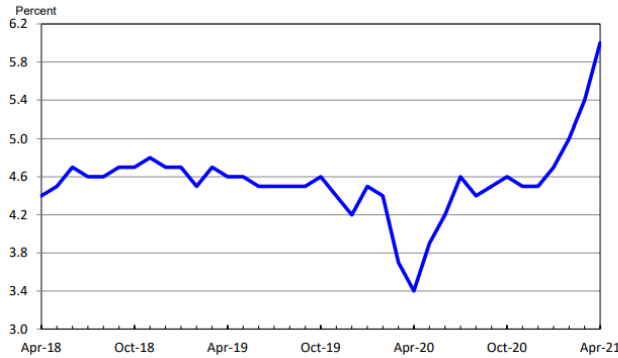
Thursday, [Services](#): "US selected services total revenue for the first quarter of 2021 . . . was \$4,199.7 billion, an increase of 2.4% from the fourth quarter of 2020 and up 4.5% from the first quarter of 2020."

Thursday, [Business Formation](#): "Business Applications for May 2021 . . . were 500,219, an increase of 1.2% compared to April 2021."

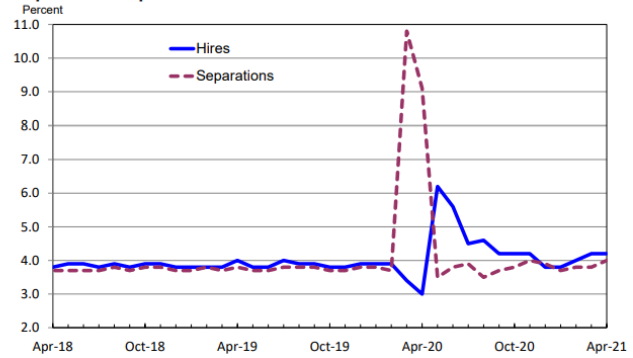
Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): "The number of job openings reached a series high of 9.3 million on the last business day of April. . . . Hires were little changed at 6.1 million. Total separations increased to 5.8 million."

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



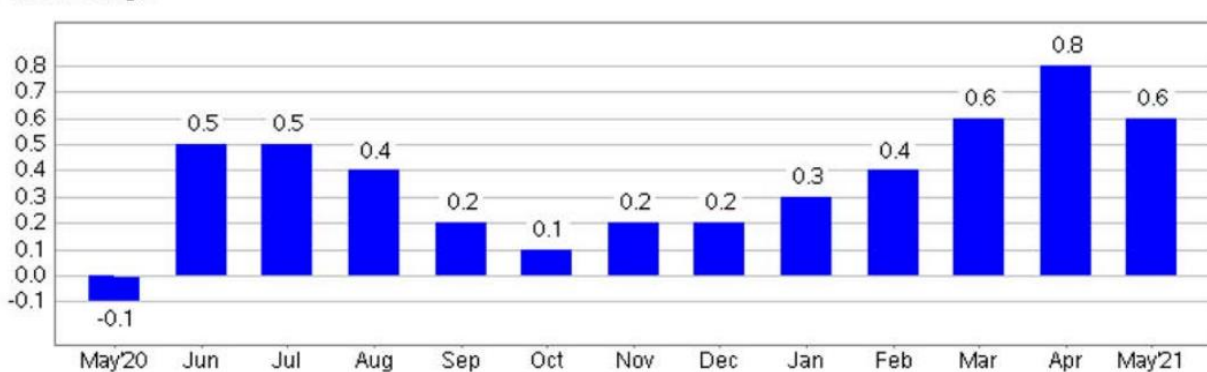
**Chart 2. Hires and total separations rates, seasonally adjusted, April 2018 - April 2021**



Thursday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 0.2% from April to May. . . . This result stems from an increase of 0.5% in average hourly earnings combined with an increase of 0.6% in the Consumer Price Index for All Urban Consumers (CPI-U).”

Thursday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.6% in May on a seasonally adjusted basis after rising 0.8% in April. . . . Over the last 12 months, the all items index increased 5.0% before seasonal adjustment; this was the largest 12-month increase since a 5.4% increase for the period ending August 2008.”

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



Department of Labor

Thursday, [Initial Claims](#): “In the week ending June 5, the advance figure for seasonally adjusted initial claims was 376,000, a decrease of 9,000 from the previous week’s unrevised level of 385,000. This is the lowest level for initial claims since March 14, 2020 when it was 256,000.”

**Economic Indicators and Confidence**

National Federation of Independent Business

Tuesday, [Small Business Optimism](#): “The Optimism Index fell a bit in May to 99.6, a decline of 0.2 points from April. After steadily increasing in each month of 2021, May saw a slight pause in the recovery of small business optimism. The economy is doing very well currently, and owners are scrambling to take advantage of it by hiring and investing. . . . Strong job growth eased in May as small businesses struggled to find workers to fill open positions as unfilled job openings increased from 44% to 48%. . . . The net percent of owners raising average selling prices increased 4 points to a net 40%, seasonally adjusted, the highest reading since April 1981. This is inflation on Main Street which means

its inflation for the whole economy. The inflation spike is likely temporary according to the Fed but is being closely watched.”

## EMPLOYMENT

### Planned Next Three Months and Current Job Openings

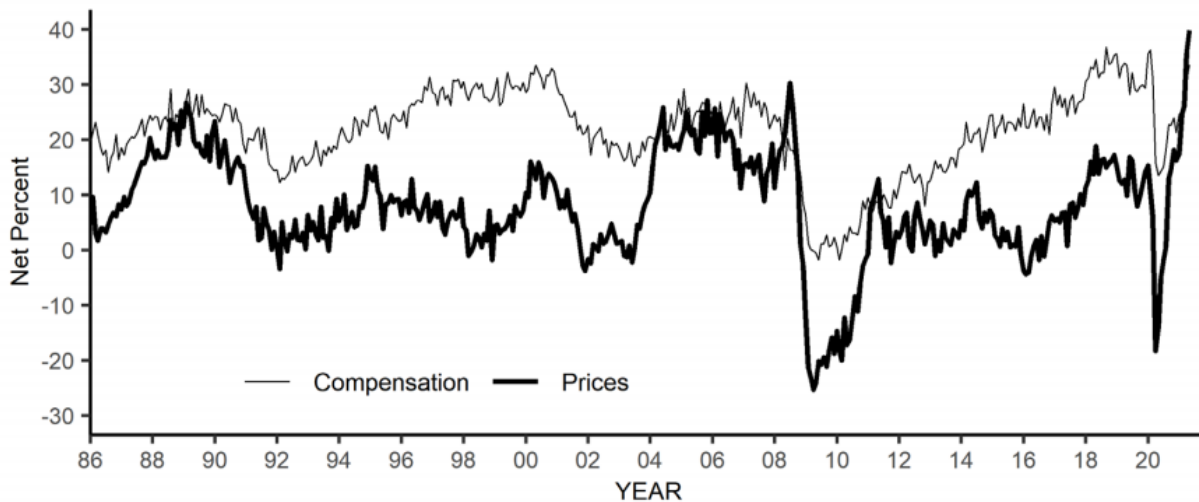
*January 1986 to May 2021  
(Seasonally Adjusted)*



## PRICES AND LABOR COMPENSATION

### Net Percent Price Increase and Net Percent Compensation

*(Seasonally Adjusted)*



University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment rose in early June, recouping two-thirds of May’s loss. The early June gain was mainly among middle and upper income households and for future economic prospects rather than current conditions. Stronger growth in the national economy was

anticipated, with an all-time record number of consumers anticipating a net decline in unemployment. Rising inflation remained a top concern of consumers, although the expected rate of inflation declined in early June. . . . Unfavorable perceptions of market prices reduced overall buying attitudes for vehicles and homes to their lowest point since 1982. These declines were especially sharp among those with incomes in the top third, who account for more than half of the dollar volume of retail sales. Fortunately, in the emergence from the pandemic, consumers are temporarily less sensitive to prices due to pent-up demand and record savings as well as improved job and income prospects.”

### **Mortgages and Housing Markets**

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 3.1% from one week earlier. . . . Home-price growth continues to accelerate, driven by favorable demographics, the recovering job market and economy, and housing demand far outpacing supply.”