

U.S. Data Review

- Consumer confidence: modest rebound from a low level
- JOLTS: openings off record high, but still elevated

Lawrence Werther
Michael Moran

Daiwa Capital Markets America
 lawrence.werther@us.daiwacm.com
 michael.moran@us.daiwacm.com

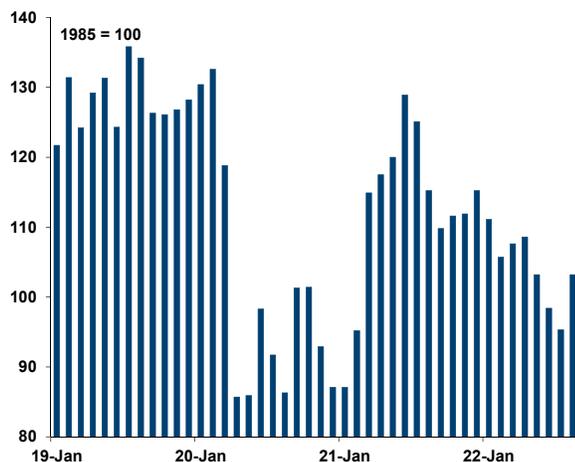
Consumer Confidence

The Conference Board's index of consumer confidence jumped 8.3 percent (7.9 index points) in August, better than the consensus expectation of a pickup of 2.4 percent. While the advance was a welcome development -- especially in an environment of elevated inflation and rising interest rates -- confidence has trended lower since the recent peak of 128.9 in June 2021, and it remained in the low portion of the range of the current expansion (chart, left).

Much of the softening in confidence in the past year (and the advance in August) was the result of shifts in the expectations component. Expectations fell 31.2 percent in the first seven months of 2022 before the gain of 14.5 percent in August. Despite the latest increase, the expectations component remained in the lower portion of the range of the past two expansions. The current conditions component had cooled in the four months prior to August, but the increase of 4.1 percent in the latest month reversed a portion of the loss and left the measure in the upper portion of the recent range.

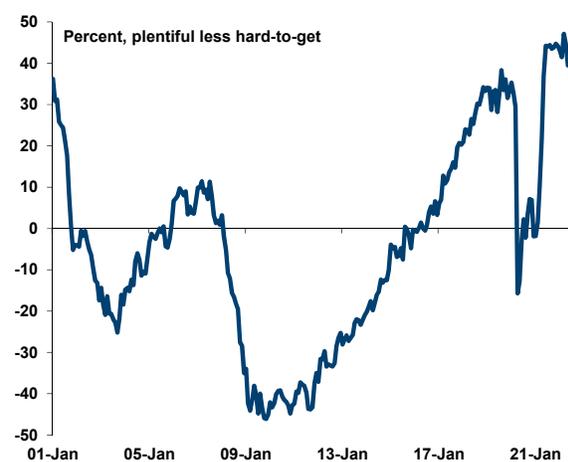
An easing in inflation expectations likely played a key role in the improvement in sentiment. Although expected inflation in the year ahead remained elevated at 7.0 percent in August, it declined for the second consecutive month from the recent high of 7.9 percent in June. Views on the labor market deteriorated for the fourth consecutive month, but they remained largely favorable from both a near-term and longer perspective (chart, right). The share of survey respondents reporting that jobs were plentiful slipped for the fifth consecutive month from 56.7 percent in March to 48.0 percent in August. The share indicating that jobs are hard to get dipped 1.0 percentage point to 11.4 percent; this measure has moved approximately sideways after registering a cyclical low of 9.6 percent in March.

Consumer Confidence



Source: The Conference Board via Haver Analytics

Labor Market Assessment*



* The share of survey respondents indicating that jobs are plentiful less the share reporting that jobs are hard to get.

Source: The Conference Board via Haver Analytics

This report is issued by Daiwa Securities Group Inc. through its relevant group companies. Daiwa Securities Group Inc. is the global brand name of Daiwa Securities Co. Ltd., Tokyo ("Daiwa Securities") and its subsidiaries worldwide that are authorized to do business within their respective jurisdictions. These include: Daiwa Capital Markets Hong Kong Ltd. (Hong Kong), regulated by the Hong Kong Securities and Futures Commission, Daiwa Capital Markets Europe Limited (London), regulated by the Financial Conduct Authority and a member of the London Stock Exchange, and Daiwa Capital Markets America Inc. (New York), a U.S. brokerdealer registered with the U.S. Securities and Exchange Commission, a futures commission merchant regulated by the U.S. Commodity Futures Trading Commission, and a primary dealer in U.S. government securities. The data contained in this report were taken from statistical services, reports in our possession, and from other sources believed to be reliable. The opinions and estimates expressed are our own, and we make no representation or guarantee either as to accuracy, completeness or as to the existence of other facts or interpretations that might be significant.

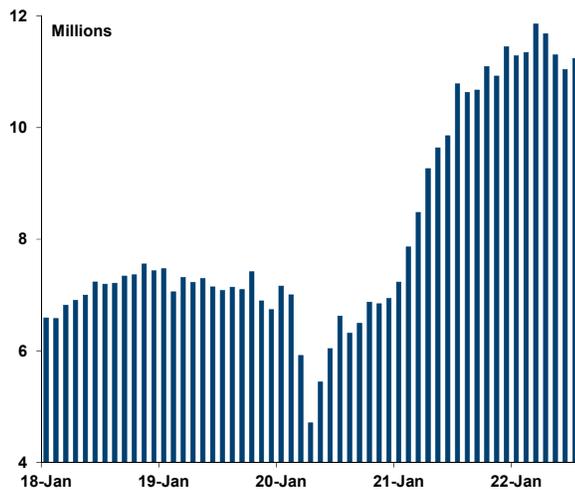
Job Openings and Labor Turnover

The number of job openings in the United States jumped 199,000 (1.8 percent) in July from an upwardly revised tally in June (11.040 million versus a preliminary estimate of 10.698 million). Openings had shown signs of easing after posting a record high of 11.855 million in March, but the gain in July and the upward revision to the prior month's data suggested that demand for labor remained elevated (chart, left). Openings are still at stratospheric levels relative to observations prior to the onset of Covid in February 2020 (previous peak of 7.558 million in November 2018). There are now 1.98 job openings per unemployed person, up from 1.87 in June and just shy of the record of 1.99 in March.

Although job openings remained near record highs, the number of new hires slipped by 74,000 to 6.382 million (-1.1 percent). The decline highlights the difficulty that employers are having in filling positions. The hiring rate (hires as a share of total employment) was unchanged in July at 4.2 percent -- a reading in the middle of the range of 4.0 to 4.5 percent in place since mid-2020. Layoffs declined from an already low level (-2,000 to 1.398 million, a dip of 0.1 percent). The layoff and discharges rate held steady at 0.9 percent, slightly above the record low of 0.8 percent in December 2021.

The number of persons who quit their jobs declined 74,000 to 4.179 million in July (-1.7 percent). The quits rate ticked lower to 2.7 percent from 2.8 percent, off from the record high of 3.0 percent in December of last year, but above the pre-pandemic record of 2.4 percent (chart, right).

Job Openings



Source: Bureau of Labor Statistics via Haver Analytics

Quits Rate

