MORNING BRIEFING
May 13, 2021

CPI, Retailing & 2022

Check out the accompanying chart collection.

(1) CPI jump mostly about, but not solely, a base effect. (2) Used cars and home-related goods get pricier. (3) Amazon and Tesla dragging down the Consumer Discretionary sector's ytd returns. (4) Most other Consumer Discretionary industries are having a good year. (5) Taking a look at 2022 S&P 500 earnings. (6) Industrials, Consumer Discretionary, and Energy seen having fastest earnings growth next year. (7) Boom in Materials ends if analysts are right. (8) Looking at Elon Musk's other companies. (9) Monkeys playing Pong telepathically. (10) Boring underground to relieve traffic.

Inflation: The Base Effect Distorts CPI. April's CPI was up 4.2% y/y, which was more than expected, causing prices of stocks with high valuation multiples to drop. Much of the jump was attributable to the base effect on various components of the CPI that were depressed a year ago by the pandemic-related lockdowns. Fed officials are likely to say that the rebound in inflation is what they expected and that it should be transitory. They are likely to reiterate that their monetary policy course remains unchanged.

Here are April's major upside outliers, showing their y/y percent changes, their annualized two-year percent changes, and their weights in the CPI (*Fig. 1*, *Fig. 2*, and *Fig. 3*):

Car and truck rental (82.2%, 27.4%, 0.149)
Gasoline (49.6, 0.8, 3.529)
Used cars (21.0, 10.1, 2.757)
Major appliances (12.3, 5.6, 0.079)
Airline fares (9.6, -8.5, 0.595)
Furniture & bedding (7.8, 2.9, 0.940)
Lodging away from home (7.4, -3.8, 0.896)
Moving, storage, freight expense (7.4, 4.5, 0.090)
Sporting goods (7.0, 2.9, 0.599)

The base effect should diminish over the next few months providing a better handle on the underlying trend in consumer price inflation. We reckon that the headline CPI inflation rate will range between 3%-4% through the summer and then settle down to 2.0%-2.5% later this year.

By the way, among the categories with the biggest price increases and relatively high weights in the CPI is used car prices. Apparently, the pandemic increased the demand for cars as people decided driving by themselves would be a safer means of transportation than taking mass transit.

The Manheim Index for used car prices soared 54.2% y/y during April, well above the CPI's 21.0% reading (*Fig. 4*). This suggests another big increase in used car prices during May. This is obviously related to the pandemic's effect of boosting demand for used cars now much more than it is to depressed prices a year ago. Strong demand for housing-related spending on appliances and furniture also suggests that rising prices in these categories aren't just a base effect.

Consumer Discretionary: Better than Headlines Suggest. Just five months into 2021, there's a chasm between the S&P 500's best- and worst-performing sectors. The S&P 500 Energy sector's stock price index has soared 37.7% ytd through Tuesday's close, while the S&P 500 Information Technology sector's stock price index has gained only 3.6%. Tech's woeful performance leaves the index trailing the slow-growing Utilities and Staples sectors.

Here's the performance derby for the S&P 500 sectors ytd through Tuesday's close: Energy (37.7%), Financials (25.6), Materials (21.0), Industrials (17.2), Real Estate (15.3), Communication Services (13.4), S&P 500 (10.5), Health Care (8.1), Consumer Discretionary (5.8), Utilities (4.9), Consumer Staples (4.0), and Information Technology (3.6) (*Fig. 5*).

The surge in the Energy sector owes much to the 32% ytd jump in the price of Brent crude oil futures (*Fig. 6*). Lower-than-expected loan losses and a steeper yield curve have boosted Financials sector stocks (*Fig. 7* and *Fig. 8*). And the 16% ytd gain in the CRB Raw Industrials spot price index has lit a fire under the Materials sector (*Fig. 9*).

Less obvious are the reasons behind the Consumer Discretionary sector's subpar performance. Let's take a look at some factors driving such lackluster performance:

(1) *Consumers are in good shape.* With the economy reopening and government payments continuing to flow, consumers are in good standing. Personal income was up 21.1% in March, helped by government benefits (*Fig. 10*). Consumers spent some of their newfound wealth, sending March's retail sales up 9.8% during the month. Every retail category showed gains in March; here are a few major movers among the 13 categories: Sporting Goods, Hobby, Book & Music Stores (23.5%), Building Materials & Garden Equipment (12.1), Electronic & Appliance Stores (10.5), General Merchandise Stores (9.0), and Miscellaneous Retailers (9.0) (*Fig. 11* and *Fig. 12*).

The Consumer Discretionary sector also has a lot of exposure to home-related industries, which continue to be on fire with interest rates and housing inventories low. So most of the stock price indexes of industries in the Consumer Discretionary sector have had respectable returns ytd through Tuesday's close: Household Appliances (36.4%), Homebuilding (36.2), Automotive Retail (26.3), Home Improvement Retail (25.5), Specialty Stores (21.5), Auto Parts & Equipment (13.3), Hotels, Resorts & Cruise Lines (12.6), Apparel Retail (12.2), General Merchandise Stores (11.1), Restaurants (7.6), and Casinos & Gaming (7.3) (*Fig. 13* and *Fig. 14*).

(2) *Blaming Amazon and Tesla.* To understand the Consumer Discretionary sector's underperformance, look no further than Amazon and Tesla. Amazon is in the Internet & Direct Marketing Retail industry, which is basically flat ytd. Of the industry's four component stocks, two are up strongly ytd—Expedia Group (30.2%) and eBay (20.3)—and two have underperformed, Amazon.com (-1.0) and Booking Holdings (0.9).

Amazon shares climbed almost 70% in the first half of 2020 and since have traded sideways, unable to stay above $3,500. Jeff Bezos' sale of 1.48 million Amazon shares, worth roughly $6.7 billion, this month couldn't have helped the shares' performance. Amazon, with its 37.8% market-cap weighting in the Consumer Discretionary sector, has an outsized impact on results. Joe calculates that the Consumer Discretionary sector would be up 10.1% ytd without Amazon.

Tesla stock, which has fallen 12.5% ytd, is a member of the S&P 500 Automobile Manufacturing stock price index. The drop in Tesla stock is even more dramatic—30.1%—when measured from its January 26 high of $883.09 through Tuesday's close. But the shares are still up sharply from January 23, 2020, when they exchanged hands at only $111.60.

The ytd drop in Tesla's shares has more than offset the 33.8% ytd gain in General Motors shares and the 31.7% rise in Ford Motor shares, leaving the S&P 500 Automobile Manufacturing index down 6.2% ytd. Tesla's 13.8% market-cap weighting in the Consumer Discretionary index isn't quite as impactful as Amazon's. Nonetheless, without Tesla, the Consumer Discretionary sector would be up 9.2% ytd.

Together, Amazon and Tesla make up 51.6% of the Consumer Discretionary sector's market capitalization, down from 57.2% at the start of the year. If Amazon and Tesla were excluded from the Consumer Discretionary sector, the sector's ytd return would be 18.1%, Joe reports. Now that's a result that looks more logical given the consumer's strength.

Earnings: Peeking into 2022. While inflation fears have sent stock prices tumbling, the downside may be limited to eliminating some of the valuation froth, as share prices have the support of expected earnings growth through next year. Analysts are forecasting a healthy 12.0% jump in S&P 500 earnings in 2022, which follows the 35.6% increase forecast for this year.

Here's the performance derby for the S&P 500 sectors' 2022 consensus earnings expectations: Industrials (36.3%), Consumer Discretionary (35.5), Energy (33.4), Communications Services (13.6), S&P 500 (12.0), Information Technology (10.9), Real Estate (8.7), Consumer Staples (8.2), Utilities (6.6), Health Care (5.9), Materials (2.6), and Financials (-0.1) (*Table 1*). Let's have a closer look at some of these sectors:

(1) *Industrials.* The S&P 500 Industrials sector gets a nice boost from the continued rebound of Industrial Conglomerates' earnings. They're expected to rise by 23.6% in 2022 after jumping 32.7% this year. Other industries expected to post strong earnings growth next year include Aerospace & Defense (29.6%), Construction & Farm Machinery (18.7), and Agricultural & Farm Machinery (16.0). Transportation names in the sector should do well too, with estimated 2022 earnings rising by 14.9% for the Trucking industry and 13.9% for Railroads.

(2) *Energy.* The Energy sector's earnings rebound should continue into 2022. Those industries with the fastest earnings growth in 2022 include Oil & Gas Equipment Services (56.7%), Integrated Oil & Gas (23.6), and Oil & Gas Exploration & Production (16.1).

(3) *Consumer Discretionary.* The Consumer Discretionary sector continues to benefit from the reopening of the economy, with earnings in the Movies & Entertainment industry expected to jump 88.9% in 2022 and Apparel Retail earnings increasing by 20.7%. Pent-up demand for new cars should help the Auto Manufacturers industry, assuming that the chip shortage is resolved this year. Analysts forecast Auto Manufacturers earnings will increase by 39.8% next year after climbing 46.9% this year.

(4) *Materials.* Equity analysts also appear to be expecting stabilization in many commodity prices next year. Earnings in the S&P 500 Materials sector are expected to inch up by only 2.6% in 2022 compared to the 56.7% jump forecasted for this year. Within the Materials sector, analysts forecast declines in 2022 earnings for Steel (-59.7%) and Commodity Chemicals (-13.1) and only slight growth for the Fertilizers & Agricultural Chemicals (2.6) and Diversified Chemicals (5.4) industries.

Earnings growth in the Gold industry is forecast to decelerate from a 101.5% increase in 2020 to a 33.8% gain this year and 9.4% improvement in 2022. The Copper industry remains a standout earnings grower. Its earnings are forecast to jump 19.8% in 2022 after the 404.4% surge expected this year.

Disruptive Technologies: Elon's World. Speaking of Tesla, its CEO Elon Musk held his own on Saturday Night Live last week, poking fun at himself and including his mom in the opening monologue. Musk is best known for Tesla's cool electric cars and SpaceX's reusable rockets and spacecraft. However, two of his other companies are also coming into their own. In recent weeks, Neuralink's implants allowed a monkey to play Pong using just its thoughts, and the Boring Company's now-completed Las Vegas Convention Center tunnel has inspired others to start mapping out similar projects. Here's an update on Musk's other ventures:

(1) *Playing Pong, no hands.* Neuralink took one step forward and one step back over the past few weeks. The company's progress was apparent in a company *video* of a monkey playing the video game Pong, using its thoughts to move the paddle. Two Neuralink transmitters and more than 2,000 electrodes were implanted in the motor cortex region of the monkey's head, which is used to control hand and arm movement. The devices allow the monkey's thoughts to be wirelessly transmitted to the computer to play the game.

Neuralink hopes this technology can be used to help paralyzed people walk or even help the blind see. On Twitter, Musk *explained* that paralyzed people using Neuralink would be able to use a smartphone controlled by their minds faster than others could do so with their thumbs. Musk has also talked about Neuralink's being used to help humans compete with and harness artificial intelligence.

In another Twitter *conversation*, Musk said he's hopeful that Neuralink can start human trials of its device later this year. That timeline could slip since Neuralink's co-founder Max Hodak left the company in early April without disclosing a reason for the departure. Some speculated that the move was related to his April 4 tweet: "[W]e could probably build Jurassic park if we wanted to. Wouldn't be genetically authentic dinosaurs but [man shrugging emoji]. Maybe 15 years of breeding + engineering to get super exotic novel species." Perhaps not the message the company wanted to send.

(2) *The Boring Company is a little boring.* After much fanfare, the Las Vegas Convention Center tunnel opened up, and it wasn't quite as flashy as expected. There's definitely a tunnel, but it doesn't contain unmanned, multi-passenger vehicles. Instead, Tesla cars will be driven through the tunnel, initially by humans, at a maximum speed of 35 miles per hour. After the pandemic, higher-capacity vehicles could be used instead, and the vehicles could be driven using autonomous mode.

The project was completed faster and cost far less than a traditional project. The Boring tunnel cost $52.5 million versus the only other bidder's $215 million offer. That said, the company has had mixed results with bringing in additional projects. A tunnel to connect Chicago's commercial district with O'Hare Airport discussed under former Chicago Mayer Rahm Emanual was torpedoed by current Chicago Mayor Lori Lightfoot. Also, proposed tunnels connecting Washington DC and Baltimore and connecting Los Angeles Dodger Stadium with surrounding neighborhoods are no longer listed on The Boring Company's website, an April 15 Bloomberg *article* reported.

However, the company is working on projects in Las Vegas, Miami, and California. A tunnel connecting the Las Vegas Convention Center with Encore Las Vegas and with Resorts World Las Vegas have been negotiated. In addition, the City of Las Vegas and Clark County are developing the Las Vegas Loop, a 15-mile tunnel with stations at local resorts and attractions, an April 8 *Las Vegas Review-Journal* *article* reported.

Miami Mayor Francis Suarez originally wanted to build a two-mile tunnel under the Miami River. But after seeing the Las Vegas Convention Center Loop, he'd like to expand the project. "He envisions a tunnel connecting Brickell to downtown, Grand Central Station, Miami World Center, the Omni area, Wynwood, and Little Haiti in the city. According to Suarez, a Miami Loop could cut commute times from 40 minutes to five," a March 25 Teslarati *article* reported. Like the Las Vegas tunnel, individuals would ride in Tesla cars. The project still has lots of hoops to jump through, including getting the approval of local governments and securing funding from the federal government or from The Boring Co.

San Bernadino County, CA is working on plans to build an underground, four-mile tunnel from a Metrolink train station in Rancho Cucamonga to the Ontario International Airport. Riders would use Tesla Model 3s or a specially designed 12-passenger Tesla tram and travel up to 127 miles per hour. The project is expected to cost $85 million, far less than the $1 billion-$1.5 billion extension of the light rail system from Pamona to the airport that had been proposed but is now stalled, a February 4 *article* in the *Daily Bulletin* reported. The tunnel could be completed in two or three years instead of the 10 years targeted for the light rail extension.

Calendars

US: Thurs: Initial & Continuous Jobless Claims 490k/3.66m, Headline & Core PPI 5.9%/3.7% y/y, EIA Natural Gas Inventories, Waller, Bullard. **Fri:** Retail Sales Total, & Ex Autos 1.0%/0.7%, Consumer Sentiment Total, Current Conditions, and Expectations 90.4/99.6/85.0, Headline & Manufacturing Industrial Production 1.0%/0.4%, Capacity Utilization 75.0%, Business Inventories 0.3%, Import & Export Prices 0.6%/0.6%, Baker-Hughes Rig Count. (DailyFX estimates)

Global: Thurs: Cunliffe, Bailey, Macklem. **Fri:** France Unemployment Rate, Spain CPI 1.2%m/m/2.2%y/y, China FDI, ECB Monetary Policy Meeting Accounts. (DailyFX estimates)

Strategy Indicators

Stock Market Sentiment Indicators (*link*): The Bull/Bear Ratio (BBR) has been stalled the past couple of weeks, slipping to 3.41 this week from 3.60 and 3.59 the prior two weeks. It had increased steadily from 2.48 (lowest since early October 2020) to 3.81 the previous six weeks. Bullish sentiment is hovering around 60.0%, dipping to 58.6% this week from 60.4% last week; it was at 59.2% two weeks ago. It had climbed five of the prior six weeks by 12.7ppts (to 63.7% from 51.0%), with most of the moves occurring between the bullish and correction camps. The correction count climbed to 24.2% this week after falling from 24.3% to 22.8% last week; it had declined five of the prior six weeks by 8.8ppts (to 19.6% from 28.4%). Meanwhile, bearish sentiment edged up for the second week to 17.2% after falling six of the prior seven weeks by 4.0ppts (to 16.5% from 20.6%); it has fluctuated in a narrow range between 16.5% and 17.5% the past six weeks. The AAII Ratio rose to 65.7% last week after falling the prior week from 72.0% to 62.4%, continuing its up and down pattern of the past few weeks. Bullish sentiment climbed to 44.3% last week after falling the previous three weeks from 56.9% to 42.6%, while bearish sentiment remained in a volatile flat trend, falling from 25.7% to 23.1% last week; bearish sentiment was at 20.5%, 24.6%, and 20.4% the prior three weeks.

S&P 500 Earnings, Revenues, Valuation & Margins (*link*): The S&P 500's forward profit margin rose 0.1ppt to a new record high of 12.7% this week. That exceeds its prior record high of 12.4% during September 2018 and is up 2.4ppts from 10.3% during April 2020, which was the lowest level since August 2013. Forward revenues and earnings have been making new record highs since the beginning of March and for the first time since February 2020. Analysts have been playing catch-up with their lowball estimates from the Covid-19 shutdown ever since the Q2-2020 earnings season came in way better than expected. Consensus S&P 500 forecasts had been falling at rates paralleling the declines during the 2008-09 financial crisis. Forward revenues growth rose 0.1ppt w/w to a new record high of 9.3%. Forward revenues growth has come a long way from the 0.2% to which it had dropped in April 2020, which was the lowest reading since June 2009. Forward earnings growth dropped 1.2ppt w/w to 22.7 from 23.9%. The week-earlier reading had been its highest since June 2010 and up substantially from its record low of -5.6% at the end of April. Analysts continue to boost their 2021 growth forecasts. They now expect revenues to rise 11.5% in 2021 and 6.7% in 2022 compared to the 2.2% decline reported in 2020. They expect earnings gains of 35.6% in 2021 and 12.0% in 2022 compared to a 13.3% decline in 2020. Analysts expect the profit margin to rise 2.2ppts y/y in 2021 to 12.4%—from 10.2% in 2020—and to improve 0.6ppt y/y to 13.0% in 2022. Valuations fell last week. The S&P 500's weekly forward P/E was down 0.6pt w/w to 21.4 and compares to a 17-week low of 21.3 at the beginning of March. That also compares to 23.1 in early September, which was the highest level since July 2000 and up from a 77-month low of 14.0 in mid-March. The S&P 500 price-to-sales ratio lost 0.04pt w/w to 2.72 and is down from a record high of 2.78 the week before that, which compares to its 49-month low of 1.65 in March 2020.

S&P 500 Sectors Earnings, Revenues, Valuation & Margins (*link*): Last week saw consensus forward revenues and earnings rise w/w for all 11 S&P 500 sectors. Forward P/E ratios for nearly all sectors now are back above their record or cyclical highs prior to the Covid-19 bear market. During 2019, just two sectors' margins improved y/y: Financials and Utilities. Consumer Staples, Tech, and Utilities were the only sectors with an improved profit margin in 2020. For 2021, all but Real Estate and Utilities are expected to improve y/y. Back in 2018, the forward profit margin was at record highs for 8/11 sectors, all but Energy, Health Care, and Real Estate. Now, only five sectors are at record highs. Here's how the sectors rank based on their current forward profit margin forecasts versus their highs during 2018: Information Technology (24.2%, a new record high), Financials (19.2, now matches its prior record high), Communication Services (15.9, a new record high), Utilities (14.8, now matches its prior record high), Real Estate (14.6, down from 17.0), S&P 500 (12.7, a new record high), Materials (12.4, a new record high), Health Care (11.0, down from 11.2), Industrials (9.3, down from its record high of 10.5% in mid-December), Consumer Staples (7.6, down from 7.7), Consumer Discretionary (7.2, down from 8.3), and Energy (5.9, down from 8.0).

S&P 500 Sectors Forward Revenues and Earnings Recovery from Covid-19 Trough (*link*): The S&P 500's forward revenues and earnings as well as its implied forward profit margin bottomed at cyclical lows on May 28, 2020 after 14 weeks of Covid-19-related declines. Forward revenues and earnings have risen 12.6% and 39.5%, respectively, since then to new record highs. The forward profit margin has risen 2.6ppt to 12.7%, which now exceeds its prior record high of 12.4% in late 2018. During the latest week, all sectors posted gains in either their forward revenues, earnings, or profit margin. Communication Services has been particularly strong in recent weeks and has moved up in the forward revenues performance leaderboard. Here's how the 11 sectors rank by their changes in forward revenues and forward earnings since May 28: Materials (forward revenues up 19.4%, forward earnings up 67.7%), Information Technology (18.3, 31.5), Communication Services (18.6, 41.0), Energy (16.8, 1109.8), Industrials (15.3, 46.6), Financials (13.4, 61.7), S&P 500 (12.6, 39.5), Health Care (11.2, 21.8), Consumer Staples (6.4, 13.6), Consumer Discretionary (6.3, 63.8), Real Estate (5.0, 8.0), and Utilities (-1.7, 4.5).

US Economic Indicators

CPI (*link*): April's core CPI jumped 0.9%, its biggest monthly gain in nearly 40 years, since April 1982. Over a third of the gain reflected a record 10.0% increase in prices for used cars & trucks. Also pushing core prices higher during April were airfares (10.2%), motor vehicle insurance (2.5), recreation (0.9), household furnishings & operations (0.9), and shelter (0.4). The core CPI rose 5.4% (saar) during the three months ending April, the largest three-month gain since March 1991. That pushed the yearly rate up to 3.0%, the largest since January 1996. The rate for commodities less food and energy soared 4.4% y/y, the most since August 1991 and up from -1.1% in mid-2020. The rate for services less energy services accelerated 2.5% y/y after slowing from 3.1% last February to 1.3% the first two months of this year. Here's a ranking of the 12-month core rates on a April-over-April basis, from lowest to highest, for goods: medical care commodities (-1.7%), apparel (1.9), alcoholic beverages (1.9), new vehicles (2.0), tobacco & smoking products (6.8), and used cars & trucks (21.4). The biggest upswings occurred in used cars & trucks and apparel. Here's the same y/y drill for the core services rates: rent of primary residence (1.8), owners' equivalent rent (2.0), hospital services (2.5), motor vehicle maintenance & repair (3.5), physicians' services (4.9), motor vehicle insurance (6.1), and airfares (9.6)—with rates for both airfares and motor vehicle insurance swinging from negative to positive and the rate for physicians' services remaining on a steep uptrend. The shelter components remain on disinflationary trends. The headline CPI rate jumped to 4.2% y/y—the highest since September 2008—from its recent low of 0.1% last May.

Global Economic Indicators

Eurozone Industrial Production (*link*): Output in the Eurozone stalled in February and March as supply bottlenecks hampered production in some sectors. Headline production, which excludes construction, was little changed in March, rising a smaller-than-expected 0.1% (vs 0.8% consensus forecast) after falling 1.2% in February. Output had rebounded 38.2% during the nine months through January. Manufacturing output was flat in March after a 1.2% shortfall in February, which followed a 41.5% nine-month surge. Both capital and consumer durable goods production posted back-to-back declines, falling 3.5% and 2.4%, respectively, during the two months ending March, after jumping 66.4% and 113.7% during the nine months through January. Meanwhile, output of consumer nondurable goods (1.9%), energy (1.2), and intermediate (0.6) goods increased during March following declines of 0.2%, 1.6% and 0.9%, respectively, during February. Here's a look at how the main industrial groups fared during the 11 months through March and where they stand relative to their pre-pandemic levels: consumer durable goods (+108.6% & -0.7%), capital goods (+60.6 & -2.0), intermediate goods (+36.4 & -0.1), consumer nondurable goods (+14.1 & -2.3), and energy (+10.1 & -0.6). Here's the same exercise for total production among the top four Eurozone economies: Italy (+71.7% & -1.2%), Spain (+44.9 & -2.0), France (+44.0 & -5.9), and Germany (+33.9 & -5.8). For the month of March, it was a mixed bag, with Germany (+0.8%) and France (+0.7) posting gains following February shortfalls. In the meantime, both Italy and Spain increased 0.1% in March after a 0.1% uptick and no growth, respectively, in February.

UK GDP (*link*): The UK economy contracted 1.5% during Q1, though the reopening of schools on March 8, along with a strong retail sales report, boosted GDP by 2.1% during the final month of Q1. The reintroduction of restrictions in January triggered a 2.5% shortfall at the start of the quarter. The economy is still 8.7% below where it was before the pandemic hit. The service sector, which accounts for roughly 80% of the economy, increased 1.9% in March—its biggest monthly gain since last August—and the vaccine rollout and extension of support measures should further boost this sector, which was hit hard by Covid. Meanwhile, the construction sector has expanded in 10 of the last 11 months, by 5.8% in March and 81.6% over the period, to its highest level since September 2019. Manufacturing has also fared well, climbing 2.1% and 40.2% over the comparable periods, to its best level since just before the pandemic hit. In early May, the Bank of England announced it expected the UK to enjoy its best growth in 70 years in 2021, as restrictions are lifted. However, at the same time, it did lower its 2022 forecast from 7.5% to 5.5%, anticipating a headwind from a tax hike to pay for the pandemic-related programs.

UK Industrial Production (*link*): Output has only posted one decline since bottoming last April, climbing 1.7% in March and 29.1% over the period, and is only 1.8% away from its pre-Covid level. Factory output rose 2.1% and 40.2% over the comparable periods, and is within 2.2% of where it was before the pandemic hit. All of the main industrial groups posted gains in March, led by consumer (3.6%) and capital (+3.2) goods, with consumer nondurable (2.1) and intermediate (1.2) goods output also showing solid gains. Here's the 11-month performance by the main industrial groupings and where they stand relative to pre-pandemic readings: capital (+65.2% & -4.7%), consumer durable (+51.2 & +2.1), intermediate (+49.7 & +2.1), and consumer nondurable (+10.5 & -0.9) goods.

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