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1. INITIAL UNEMPLOYMENT INSURANCE CLAIMS CONTINUE DOWNWARD SLIDE

Initial claims for regular state Unemployment Insurance benefits declined by another 38,000 (seasonally adjusted) to 406,000 in the week ending May 22. In the inevitable historical comparison, this decline continues down the path toward the last pre-pandemic weekly rate of 256,000 recorded in the week ending March 14, 2020, before it spiked to 2,923,000 in the week ending March 21, 2020 (eventually to peak at 6,149,000 in the week ending April 4, 2020). So clearly we have come a long way, but we still have a lot to chip away before we again reach the super-low-unemployment labor market of 2019. It is perhaps sobering to note that this is the number of people newly losing their jobs and filing claims, not those who remain unemployed from past job loss; there continue to be a high number of adverse events in the job market, not merely the absence of new hires as the market slowly improves. However, the number of persons continuing on regular state Unemployment Insurance also declined, by 96,000, to 3,642,000, during the week ending May 15 (reported with an additional lag). Reported for the week ending May 8 (with yet an additional lag) continuing claims in the main federal special pandemic unemployment program, Pandemic Unemployment Assistance, fell by 90,541, while continuing claims under Pandemic Emergency Unemployment Compensation rose by 49,272. Benefits under state Extended Benefits programs (for high unemployment areas) fell by 114,388. Thus, claims under all programs declined healthily in that week ending May 8.

2. THE FIRST “BUDGET” FROM THE NEW ADMINISTRATION

The Congressional Budget and Impoundment Control Act of 1974 moved the date by which the president is required to submit a budget for the coming fiscal year (which date it also moved, from July 1

to October 1) from before to after a presidential inauguration (to the first Monday in February). In so doing, it transferred the responsibility for the submission of a budget in the year after an election from the outgoing to the incoming president. That makes a lot of sense, and a new incoming president will surely want to control the budget process in any event, but it does mean that a president inaugurated on January 20 cannot possibly (especially after an unfriendly takeover of the White House, even with all of the spirit of cooperation and good will in the world) produce a true budget by a date somewhere between February 1 and 7 inclusive.

The new President is about to release his first budget—probably a “skinny budget,” light on detail, given the shortness of time and the difficulties of this transition. Although new reports are short on specifics, the headline seems to highlight the “\$6 trillion [spending] budget.” There should be no surprise about that number; the outgoing Administration proposed more than \$5 trillion in spending for fiscal year 2022, and the current President has his multi-trillion dollar American Jobs Plan and American Families Plan on the table. There are a few mild surprises in the news reports, however. The budget does not include funds to extend the middle-income tax cuts included in the 2017 tax law, which are scheduled to expire after 2025. The budget also does not include funds to create a “public option” health insurance plan, although such a proposal is expected. The economic forecast underlying the budget includes relatively slow growth, low inflation, and low interest rates. Budget deficits are projected to be large in the early years, but to shrink over time as a percentage of GDP.

3. SENATE REPUBLICANS OFFER A \$928 BILLION COMPROMISE INFRASTRUCTURE PLAN

Senate Republicans, led by Senator Shelley Moore Capito (R-WVA) presented a \$928 billion infrastructure plan, an increase from their original \$568 billion proposal, narrowing the gap with the Administration’s latest \$1.7 trillion offer. One of the main pay-fors in the proposal is redirecting COVID-19 funding already approved. Existing transportation revenue, including the federal gas tax, would also cover some of the cost. And, the Republican team also mentioned the possibility of collecting fees from electric vehicles. The Administration has proposed paying for his plan by raising taxes on corporations, including by bringing the corporate rate to 28% from 21% and raising taxes on U.S. companies’ foreign earnings. Republicans have said they won’t support any form of tax increases.

The plan, put forward by a group led by GOP Sen. Shelley Moore Capito of West Virginia, includes:

- \$506 billion for roads, bridges and major infrastructure projects, including \$4 billion for electric vehicles
- \$98 billion for public transit
- \$72 billion for water systems
- \$65 billion for broadband
- \$56 billion for airports
- \$46 billion for passenger and freight rail systems

- \$22 billion for ports and waterways
- \$22 billion for water storage
- \$21 billion for safety efforts
- \$20 billion for infrastructure financing

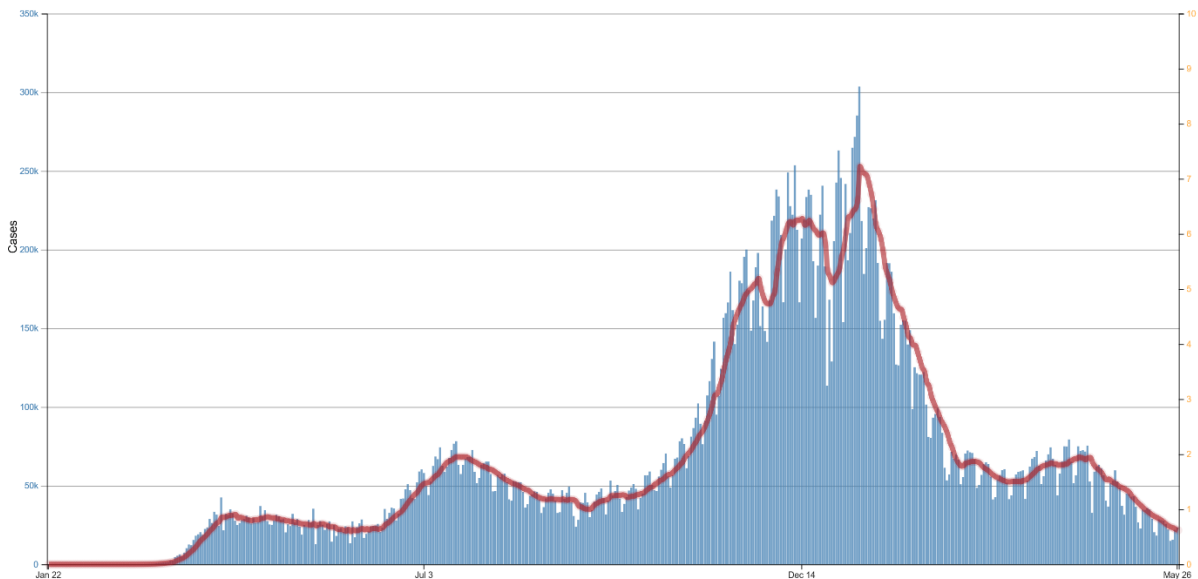
See CED's Solutions Brief: [A US Infrastructure Plan](#)

4. PANDEMIC NEWS

Like the labor market, the pandemic continue to improve—but to remain short of bliss. The seven-day moving average of daily new cases is now below 22,000, which is the best we have seen since June of last year—just before the summer outbreak, which preceded the even worse fall and winter surge. The difference now, of course, is that vaccinations have reached a significant share of the population, leaving hope that this time around the case count will keep on falling.

Blue bars show daily cases. The red line is the sum of cases over the last 7 days, divided by 7. Averages are used to reduce reporting differences.

Daily Trends in Number of COVID-19 Cases in the United States Reported to CDC



And similarly, hospitalizations continue to decline, taking us back to levels before last summer's surge. There is of course an internal dynamic to hospitalizations, in that hospitals that have adequate capacity might accept patients who are less severely ill out of an abundance of caution, whereas hospitals stretched to their limits (as they were during past surges) might simply be unable to treat any but the sickest patients.

Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States August 01, 2020 – May 24, 2021



22,810

Current 7-Day Average

May 18, 2021 – May 24, 2021

26,752

Prior 7-Day Average

May 11, 2021 – May 17, 2021

123,865

Peak 7-Day Average

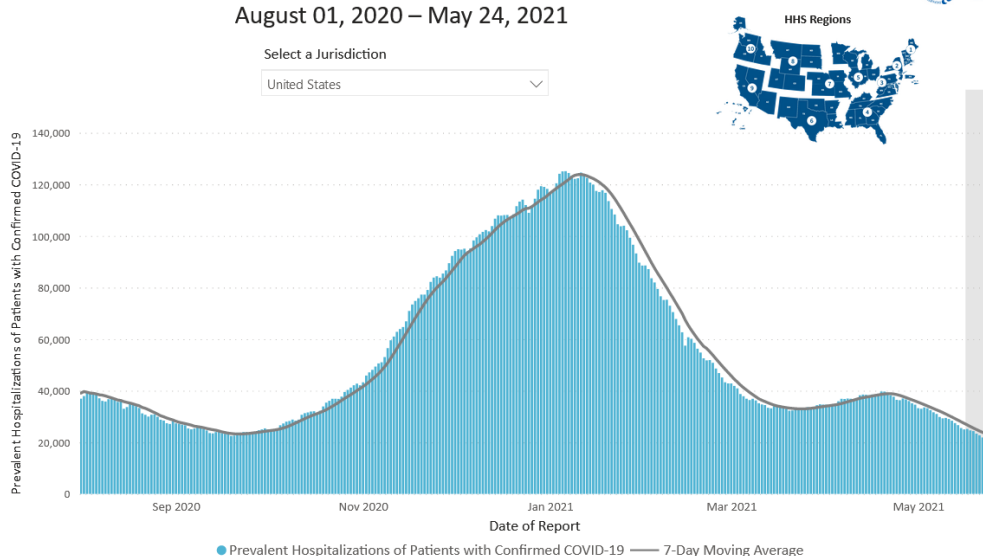
Jan 05, 2021 – Jan 11, 2021

-14.7%

Percent change from prior 7-day
avg. of May 11, 2021 – May 17, 2021

-81.6%

Percent change from peak 7-day
avg. of Jan 03, 2021 – Jan 09, 2021



Based on reporting from all hospitals (N=5,253). Due to potential reporting delays, data reported in the most recent 7 days (as represented by the shaded bar) should be interpreted with caution.

Small shifts in historic data may occur due to changes in the CMS Provider of Services file, which is used to identify the cohort of included hospitals. Data since December 1, 2020 have had error correction methodology applied. Data prior to this date may have anomalies that are still being resolved.

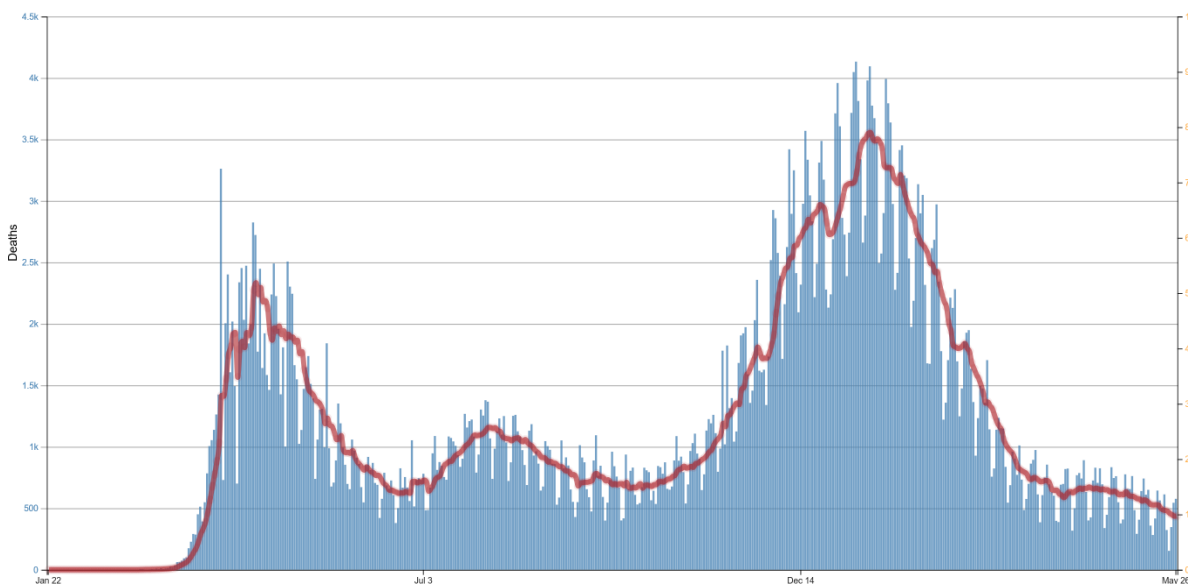
Last Updated: May 26, 2021

Unified Hospital Dataset, White House COVID-19 Team, Data Strategy and Execution Workgroup

And the average daily death toll has fallen below 500. That takes us back to the early days of the initial surge in March of 2020.

Blue bars show daily deaths. The red line is the sum of deaths over the last 7 days divided by 7. Averages are used to reduce reporting differences.

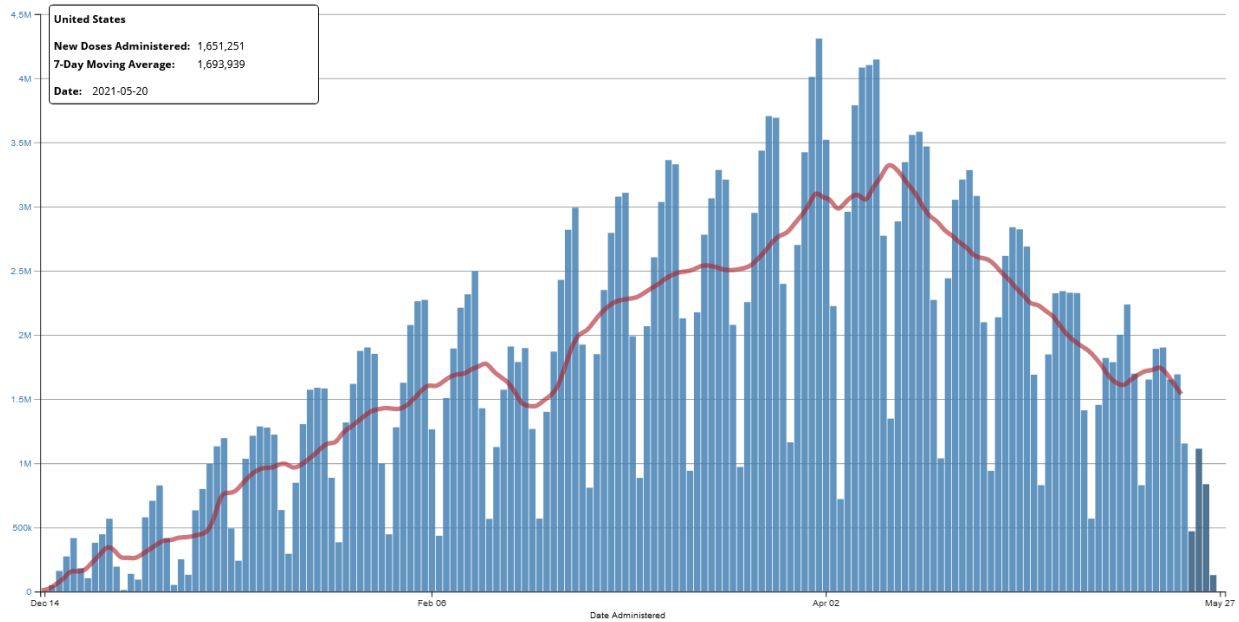
Daily Trends in Number of COVID-19 Deaths in the United States Reported to CDC



5. VACCINE NEWS

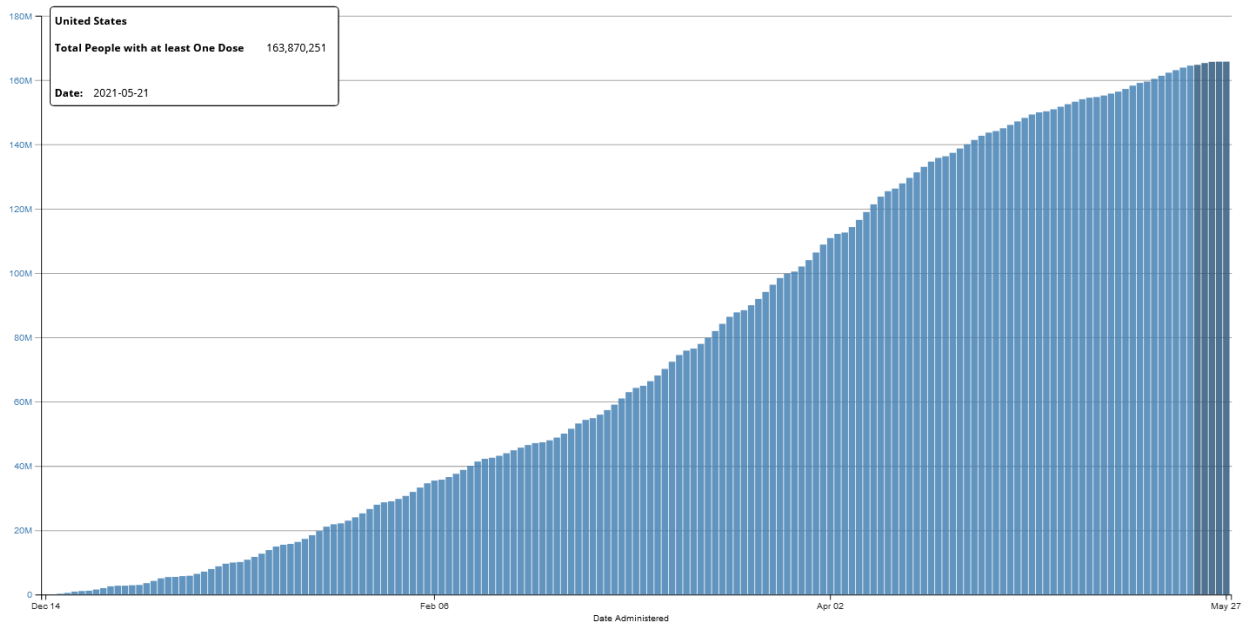
The vaccination counts in the United States remain steady-as-you-go—which is to say, more of a decline in daily inoculations than most authorities would say is comfortable. The seven-day moving daily average remains over 1.5 million, but after a week of recovery, it is falling again.

Daily Count of Total Doses Administered and Reported to the CDC by Date Administered, United States



A snapshot today would be attractive. Almost 164 million Americans, almost half of the population, have received at least one vaccine dose. The motion picture would be somewhat less so. The number inoculated seems to be topping off at less than the level that would be likely to snuff out the virus.

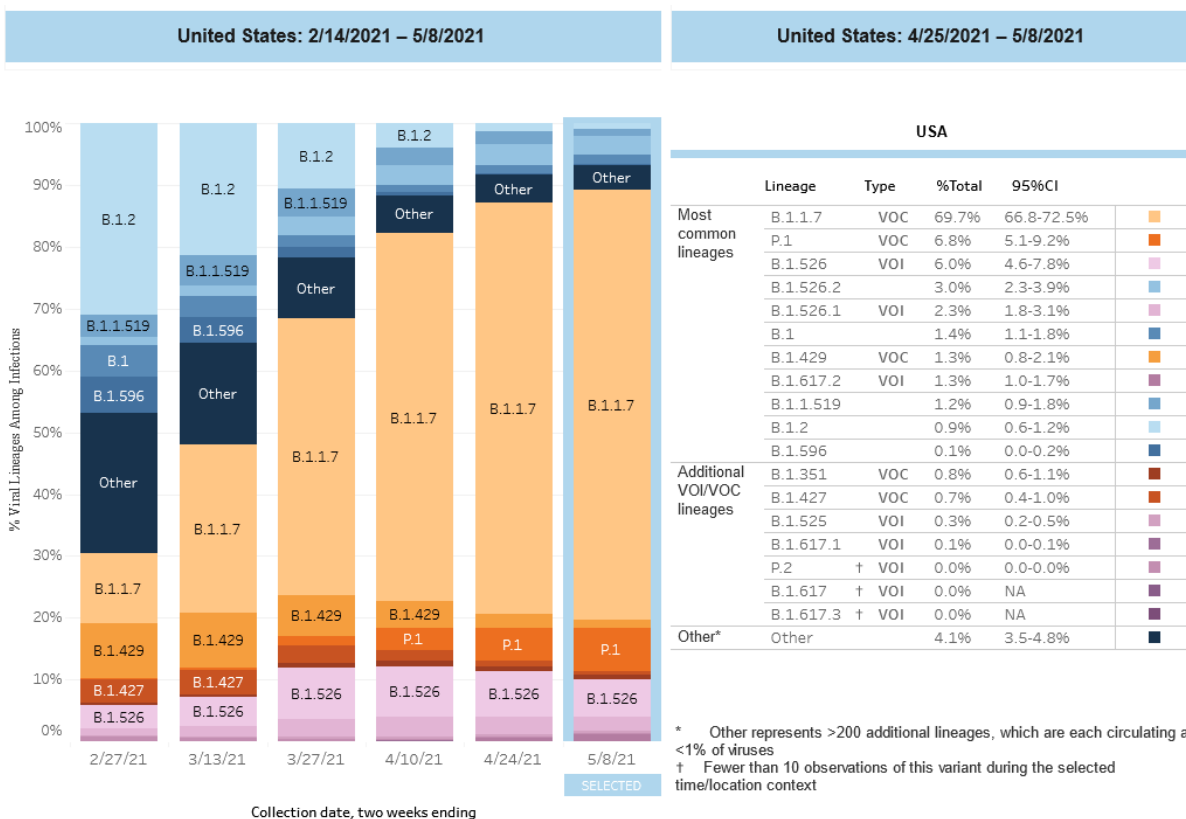
Cumulative Count of People Receiving at least One Dose Reported to CDC by Date Administered, United States



There is some good news on the science and public health front of the vaccine battle. Trials continue to indicate that vaccines will [protect](#) younger people. Moderna reports positive results for 12-to-17-year-olds. Pfizer already has received emergency use authorization down to age 12, and both vaccines are being tested for children down to 6 months. Even though children appear less likely to suffer illness from the virus, they still can carry and transmit it, and so vaccinating children has real potential to slow the spread of the disease. Furthermore, as the vaccination of adults appears to be hitting a wall as the remaining population is largely between hesitant and hostile, potentially lining up a large willing population of children and adolescents could potentially so cut off the paths for the virus to spread that herd immunity could be within reach.

6. VARIANTS NEWS

Lest there be any doubt, the B.1.1.7 variant of the virus (first observed in the United Kingdom) has become the dominant strain in the United States (and is prevalent in other locations around the world). The B.1.1.7 variant raised concern because it showed evidence of some degree of resistance to vaccines, but the mRNA vaccines by Pfizer and Moderna appear to be holding up well (hence the falling infection rates noted above). Notably, as other variants recede, the P.1 variant, first observed in Brazil and the cause of enormous suffering there, is also spreading in the United States. In part because of emerging variants, and in part because of possible fading of immunity over time, public health authorities are beginning to consider the desirability of vaccine [booster](#) shots in the future (such as we familiarly receive for tetanus and other diseases).



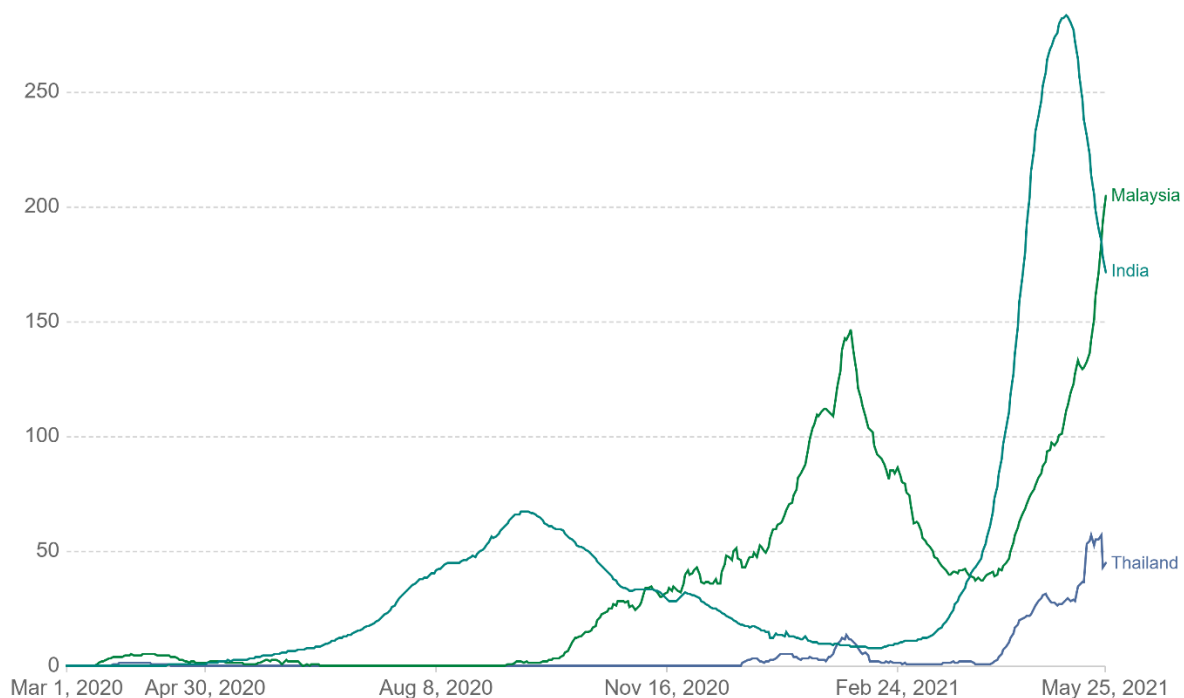
7. SPOTLIGHT ON REOPENING: MALAYSIA AND THAILAND

Malaysia's daily COVID-19 cases are climbing and have surpassed India's caseload as of Sunday, May 23. At [205.10](#) confirmed new cases per one-million people on May 25, Malaysia is well above India's 171.99. This rapid climb in new cases since April has put a strain on hospitals. In the state of Penang and the Klang Valley area, the use of COVID-19 intensive care unit beds is at full capacity. With [under 3%](#) of the country's population fully vaccinated, the prospect of herd immunity is a long way away.

Daily new confirmed COVID-19 cases per million people

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

Our World
in Data



Source: Johns Hopkins University CSSE COVID-19 Data

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Malaysia's Senior Minister Ismail Sabri Yaakob expressed concern on Tuesday that the number of infected [children](#) has increased eight-fold to 64,046 so far this year. Two-thirds are under 12 years of age, including 6,290 infants under 18 months old. He said that this should be a wake-up call to parents to practice vigilance with health standard operating procedures. In response to the spike, the government has shut down all schools, prohibited restaurant dining, and banned interstate travel. Calls for a full lockdown were resisted due to fear of economic catastrophe.

The outbreak has spilled into neighboring Thailand, which has locked down nine villages along the Malaysian border after identifying eight cases involving the variant known as [B.1.351 \(first observed in South Africa\)](#). On Monday, Thailand placed barbed wire and checkpoints around these southern villages to prevent further spread of the highly infectious variant. Currently, there is no evidence to suggest that this variant has any impact on [disease severity](#). Authorities have imposed an indefinite lockdown to

prevent further spread. Thailand will begin its national vaccination campaign on June 7 and has already administered [2.91 million doses](#) using vaccines from AstraZeneca and China's Sinovac.

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