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1. CED RESPONSE TO RUSSIAN INVASION OF UKRAINE

CED has issued the following statement (reproduced here in full, but also [available to the public](#)) on the unfolding tragedy in Ukraine:

CED condemns Russia's unlawful, unprovoked, full-scale assault on the innocent citizens of the sovereign nation of Ukraine. Russia has even more broadly assaulted a stable, rules-based international order that provides safety, security, and prosperity for all. CED supports the unified efforts of the United States government, NATO, and the global community, to respond swiftly and strongly to Russia's blatant invasion of Ukraine, a severe violation of international law and national sovereignty—two fundamental principles that underpin a stable and prosperous global international order.

A CED analysis of the sanctions imposed against Russia is available [here](#).

2. LEGISLATIVE TO-DO LIST: APPROPRIATIONS, BUILD BACK BETTER

All eyes, including those of the Congress, have been focused this week on the situation in Ukraine. As a result, legislation that had been stumbling ahead in the background has achieved no visible progress, although discussions in private may still be underway. The continuing

resolution (CR) funding the government for the current fiscal year (ending September 30) expires March 11, which is approaching rapidly. Reportedly, there is no stomach on either side of the aisle for a funding lapse and consequent government shutdown in this election year, witness the agreement on appropriations levels that enjoyed the approval of both leaderships. The preferred outcome for both sides would be completion of the tedious work of drafting detailed legislative language, and passage of an omnibus appropriations bill.

If there should be either technical or negotiating delays, Congress may need to have another CR funding the government for a few additional weeks to resolve their differences. In the extreme, they may need to punt and pass a CR all the way through the end of the fiscal year, if only so that they can begin work on the next round of appropriations bills funding the government for Fiscal Year 2023 beginning October 1.

Meanwhile, it seems possible or even likely that there will be a need for additional funding for defense (the efforts surrounding the Russian invasion of Ukraine) and the mechanics (not economic stimulus) for the COVID response (for example, replenishment of the Strategic National Stockpile as a precaution against a renewed outbreak of the virus). Should Congress seek to have a new full-year CR covering funding from March 12 until September 30, debate could get more complicated if Democrats try to include such additional money for COVID relief and for defense (in lieu of a separate supplemental appropriations bill). If past patterns hold, appropriations to cover increased costs associated with the invasion of Ukraine and the defense of Europe would more likely come in a separate bill.

The Build Back Better reconciliation bill shows no visible signs of life, but there could be private conversations ongoing on that front as well.

3. AS COVID RETREATS, SO DO UNEMPLOYMENT INSURANCE CLAIMS

Initial claims for unemployment insurance decreased by 17,000 to 232,000 for the week ending February 19 (last week's claims were revised up by 1,000) as new COVID cases have fallen dramatically since the end of January. The expectation is for claims to continue to decrease as the rate of new infections levels out around the country.

Continuing claims (lagged by one week) also fell 112,000 to 1.48 million. This level signals the potential for a decrease in the unemployment rate when the February Bureau of Labor Statistics Employment Situation is released next Friday, March 4. The unemployment rate in January stood at 4.0 percent (it was 3.9 percent the month before).

4. FEDERAL RESERVE GOVERNORS SIGNAL PLANS TO TIGHTEN

Before the invasion (but after it was signaled), two Federal Reserve Governors, [Lael Brainard](#) (who has been nominated as Vice Chair of the Board) and [Michelle W. Bowman](#), seemed (in Fed speak) to confirm that the Board is primed to tighten policy at a rapid pace to forestall the

current accelerated rate of inflation. Governor Brainard's prepared remarks focused on financial technology, but she also [said](#) that the Fed would undertake "a series of rate increases," and would then begin to shrink its balance sheet of assets purchased to stabilize the pandemic economy. Governor Bowman concurred, and raised the prospect of a 50-basis-point rate increase, which usually expresses significantly more urgency than the much more typical quarter-point move.

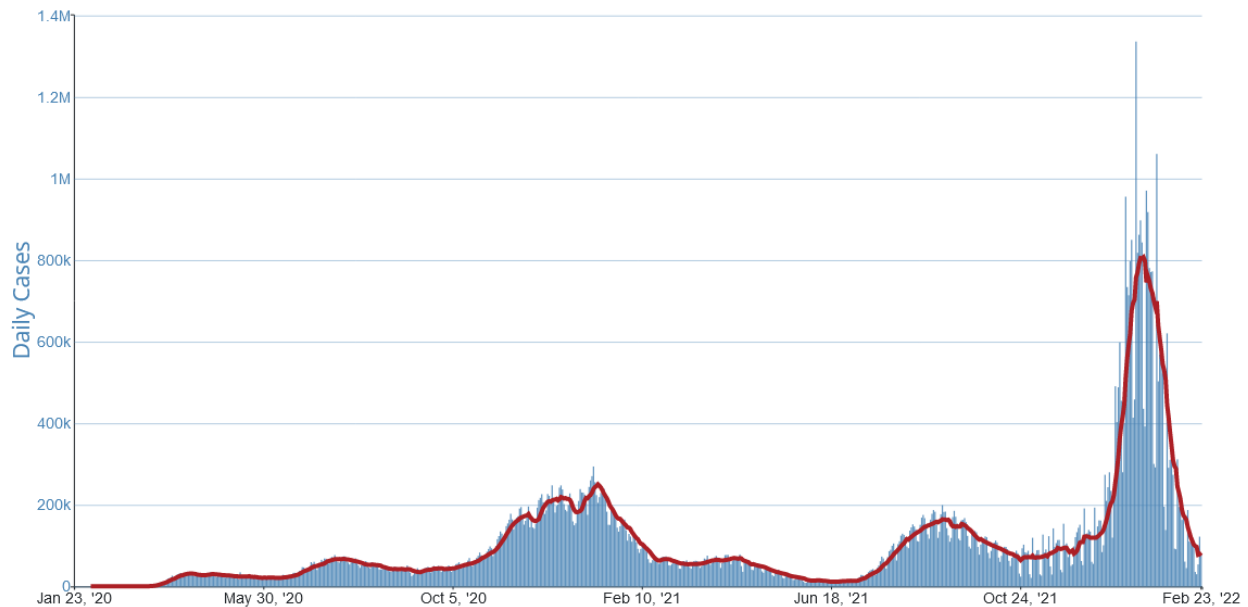
5. SEC PROPOSES SHORTENED SETTLEMENT CYCLE FOR SECURITIES TRANSACTIONS

In a major change for the securities industry, the SEC [proposed](#) that the settlement cycle for most securities transactions involving broker-dealers, investment advisers, and certain clearing agencies be [shortened by a day](#) (from T+2 to T+1, in the customary notation), with a proposed effective date of March 31, 2024. The SEC believes that this change, like that from T+3 to T+2 in 2017, would better "protect investors, reduce risk, and increase operational efficiency" (through eventual lower costs and fewer failures of settlement). Its push for this change is "informed by two recent episodes of increased market volatility—in March 2020 following the outbreak of the COVID-19 pandemic, and in January 2021 following heightened interest in certain 'meme' stocks." The proposed change also follows a [report](#) last December by the Depository Trust and Clearing Corporation (DTCC), the Investment Company Institute, the Securities Industry and Financial Markets Association, and Deloitte & Touche LLP presenting industry recommendations on moving the settlement cycle to T+1. Earlier, in 2018, DTCC had [estimated](#) that a T+1 settlement cycle could reduce volatility resulting from margin requirements. In its notice, the SEC is also seeking comments on how to advance beyond T+1 to a possible future T+0 settlement cycle, again to reduce price volatility and market risk.

6. PANDEMIC NEWS

The national count of daily new confirmed cases of COVID-19 continues to drop, and is now approaching its minimum level from before the latest Omicron-driven surge. However, daily new cases remain well above the minimum of the summer of 2021, just before Delta set in.

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



The picture for hospitalizations is analogous; a continuing decline, but with levels still above the pre-Delta minimum, and still capable of testing the stamina of the nation's health care workforce.

Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States
August 01, 2020 - February 22, 2022

53,987

Current 7-Day Average
Feb 16, 2022 – Feb 22, 2022

74,353

Prior 7-Day Average
Feb 09, 2022 – Feb 15, 2022

146,534

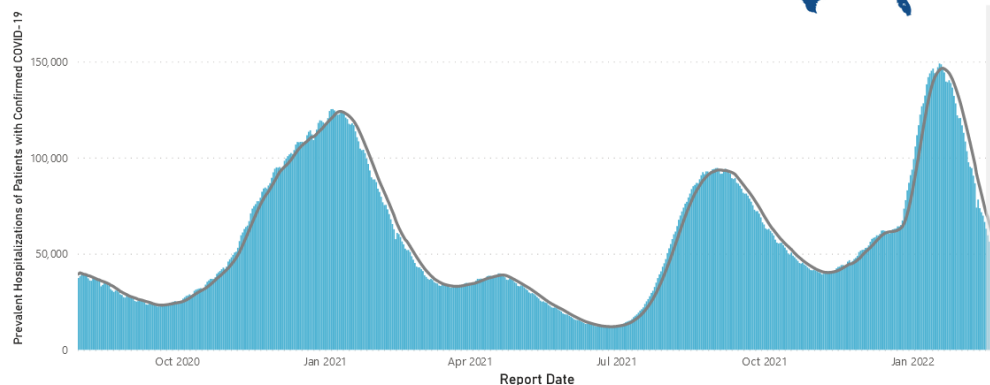
Peak 7-Day Average
Jan 14, 2022 – Jan 20, 2022

-27.4%

% Change from Prior 7-Day Avg

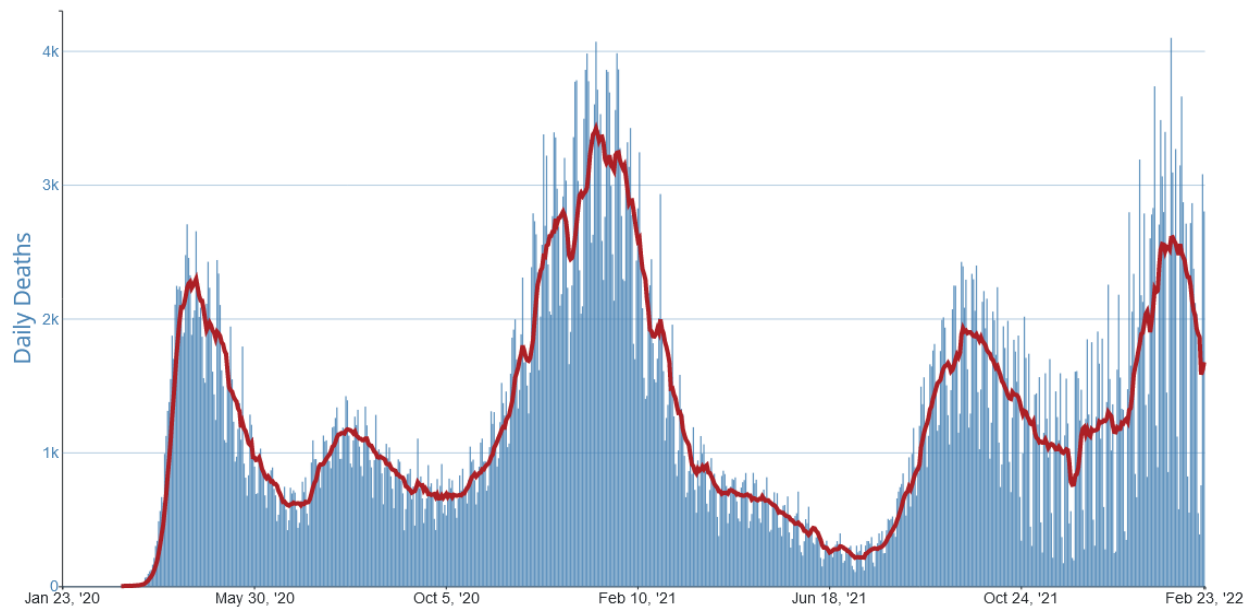
-63.2%

% Change from Peak Avg

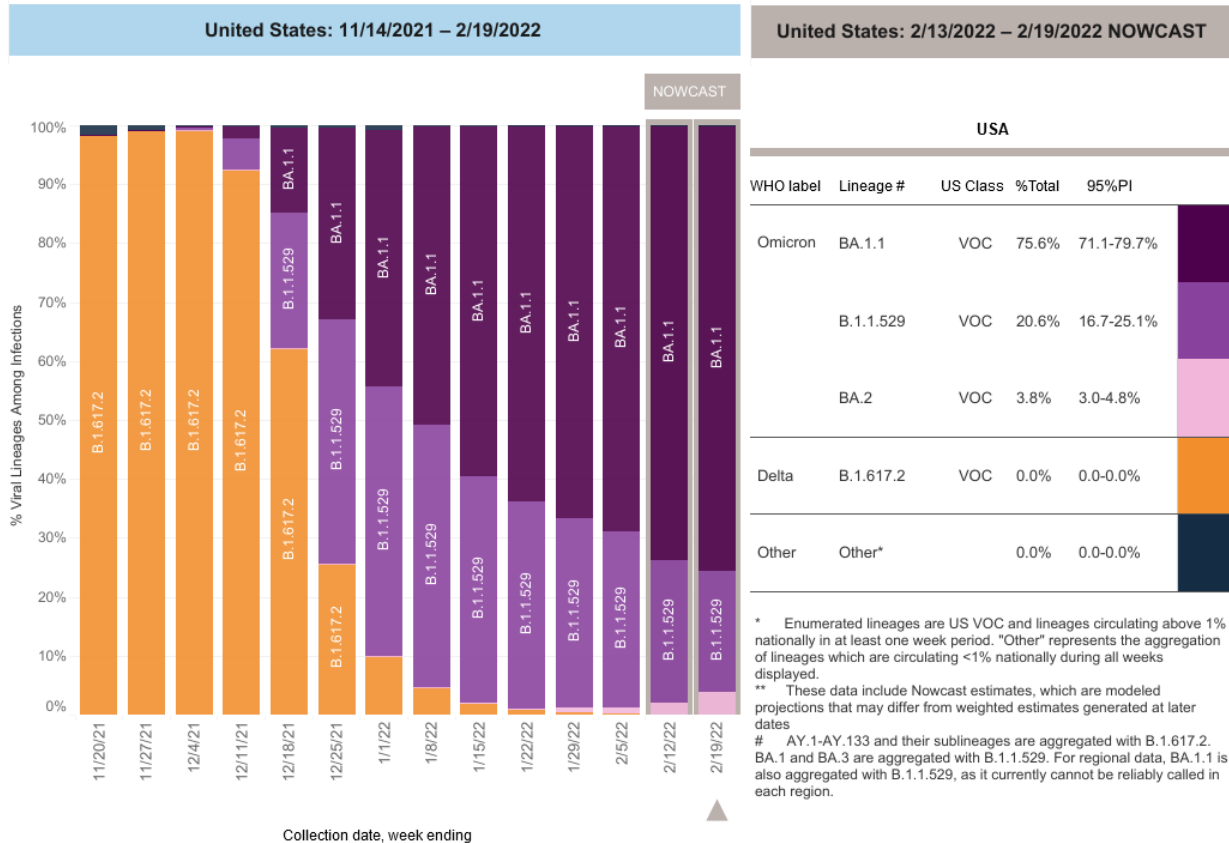


The daily death count again demonstrates that it is a lagging indicator. The number of deaths has declined since its peak late last month, but it has not yet fallen much below where it was at the peak of the Delta surge. Well over 1,600 people are dying each day from COVID.

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



Last week we reported with concern the emergence of an apparently more transmissible and more lethal BA.2 variant of Omicron. The latest data show BA.2 continuing to make inroads against the dominance of the older strains of Omicron, but at a slower rate than the original strains of Omicron did against Delta in December. Precisely why remains to be seen, and speculation is idle. However, if the early findings of greater lethality prove true, and BA.2 continues to outcompete the older strains, concern will continue to be warranted.



Her Royal Highness, Queen Elizabeth II of England, was [diagnosed](#) with COVID after suffering what were reported as mild symptoms. The Queen's diagnosis followed very shortly upon the decision of British Prime Minister Boris Johnson to [lift](#) coronavirus restrictions in England.

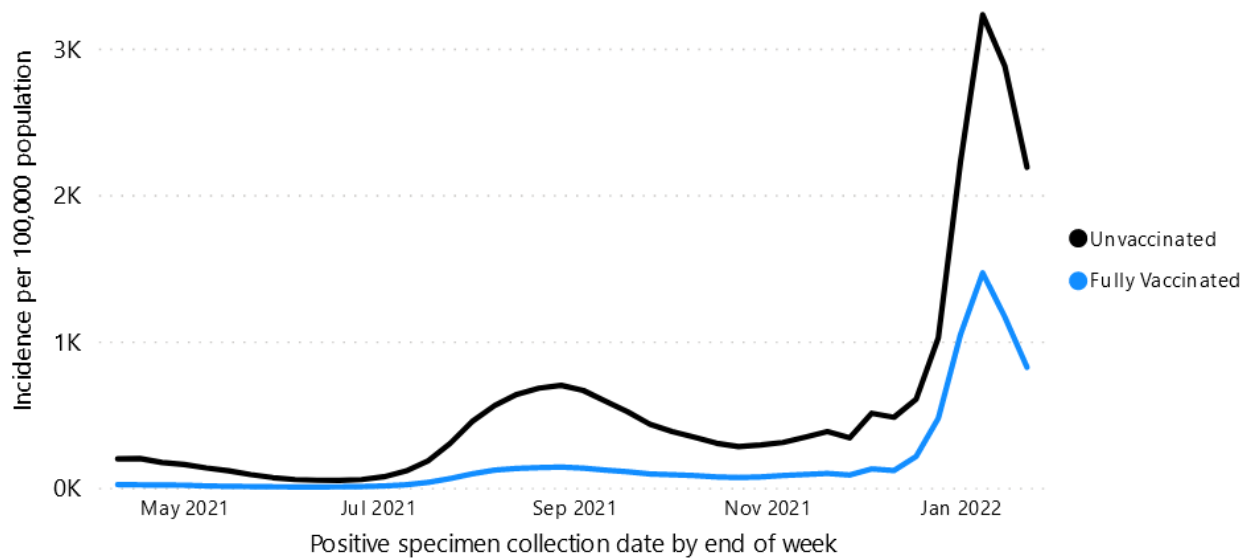
7. VACCINE NEWS

There was some good news; there was some bad news. On the good side, research is beginning to suggest [optimism](#) about the longevity of protection provided by vaccines, particularly after a booster dose. The essence of the story is a greater importance of memory or "T" cells, rather than antibodies, in providing protection. Although the level of antibodies in the system declines within a relatively short time, the ability of the body to produce T cells can continue for years. Furthermore, mRNA booster shots have been found to enable the body to produce a wider variety of T cells, with the result that there can be more confidence of protection against new strains of the virus.

But on the bad side, CDC [data indicate](#) that vaccination has provided a lesser degree of protection against infection with Omicron than it did with previous variants. However, vaccination, especially with a booster dose, continues to provide significant protection against serious disease and death.

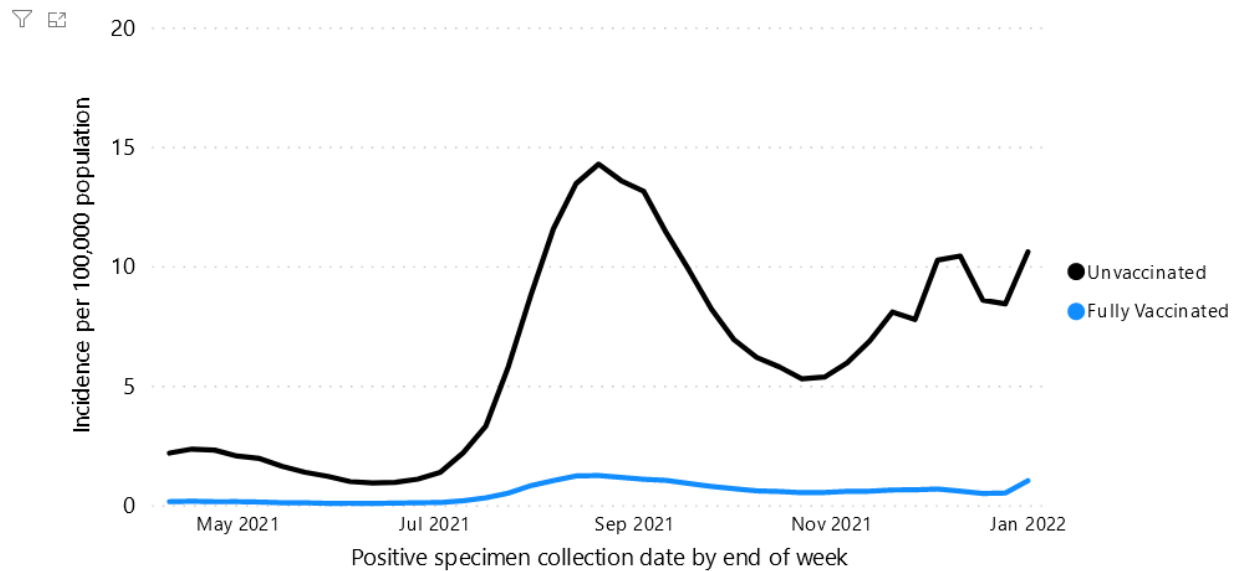
Rates of COVID-19 Cases by Vaccination Status

April 04 - January 22, 2022 (29 U.S. jurisdictions)



Rates of COVID-19 Deaths by Vaccination Status

April 04 - January 01, 2022 (26 U.S. jurisdictions)



Unvaccinated adults aged 18 years and older had:

2.4X

Risk of Testing Positive for COVID-19

AND

14X

Risk of Dying from COVID-19

in December, and

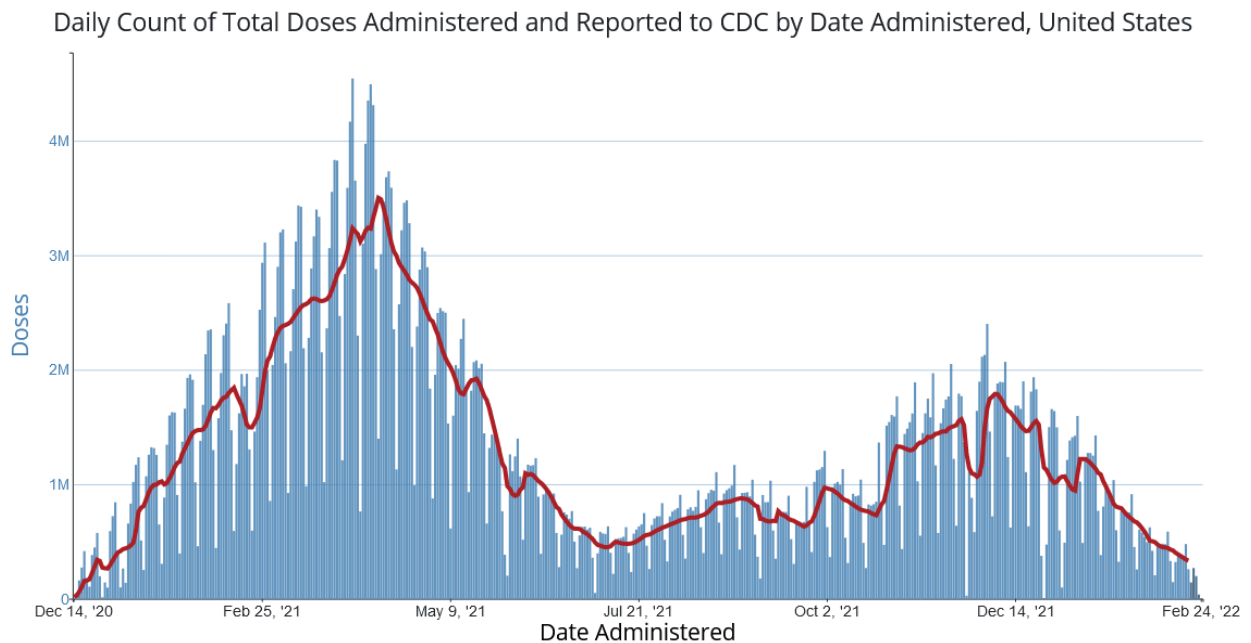
2.6X

Risk of Testing Positive for COVID-19

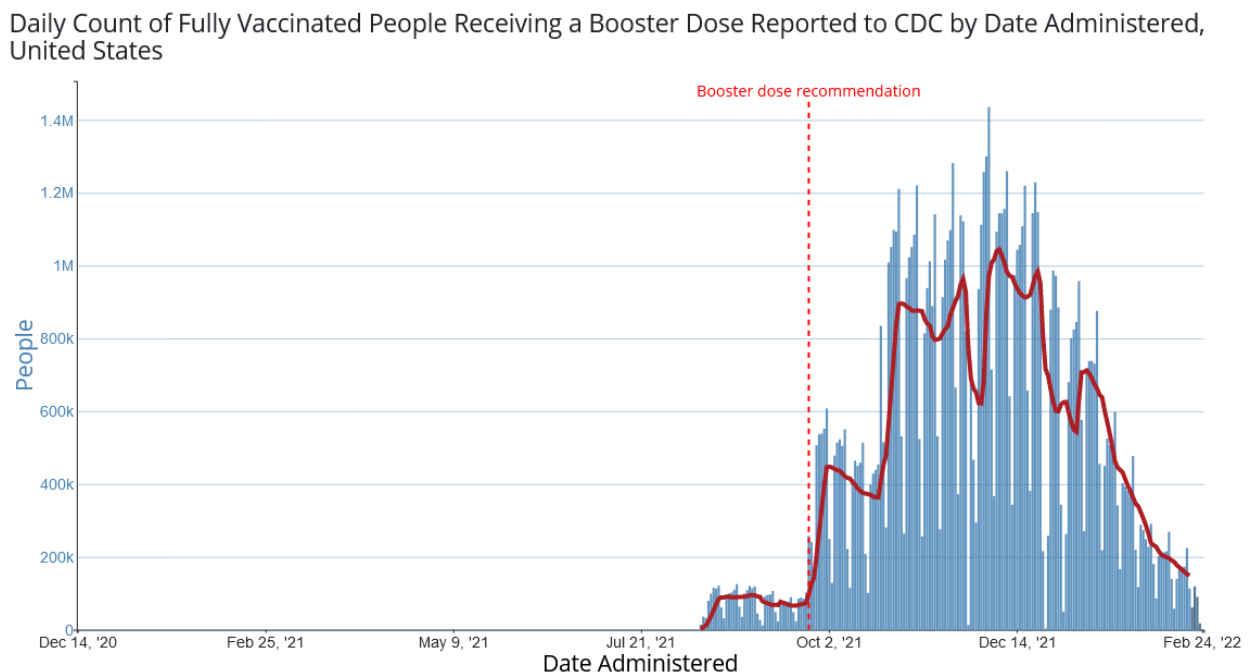
in January,* compared to fully vaccinated adults.

Source: CDC COVID-19 Response, Epidemiology Task Force, Surveillance & Analytics Team, Vaccine Breakthrough Unit

However, much as we learn about the importance of vaccination, the numbers of doses delivered each day continue to decline.



And as surprising is the number of persons who refuse vaccination entirely, perhaps even more surprising is the slow take-up rate for people who have had two doses but have resisted accepted the all-important booster dose. Fewer than half of the “fully vaccinated” population have been boosted.



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8. SPOTLIGHT ON REOPENING—AFRICA: UNITED STATES ASSISTANCE TO VACCINATION PROGRAM

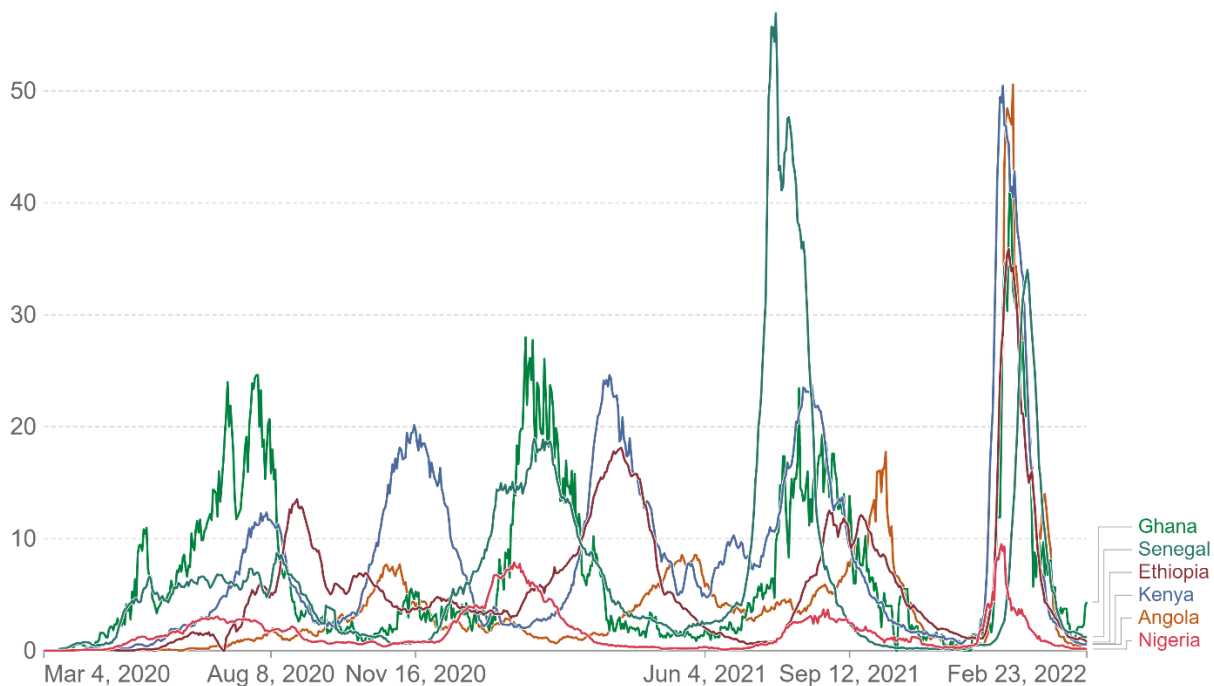
To protect Americans and the world from new coronavirus strains, the Biden administration announced last week that it will surge over \$250 million in COVID-19 [vaccine assistance](#) to

eleven sub-Saharan African countries, including several which were among the first to identify the Omicron variant. USAID Administrator Samantha Power announced last December a new whole-of-government effort, the Initiative for Global Vaccine Access ([Global VAX](#)), to enhance global coordination in getting “shots into arms.” The US has already shipped over 420 million vaccine doses abroad, but public health experts continue to warn that many donated doses are going to waste due to insufficient resources and vaccine hesitancy. Global VAX’s focus on ensuring shots in arms acknowledges that many low-income countries lack the infrastructure to store and administer shots.

Daily new confirmed COVID-19 cases per million people

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

Our World
in Data



Source: Johns Hopkins University CSSE COVID-19 Data

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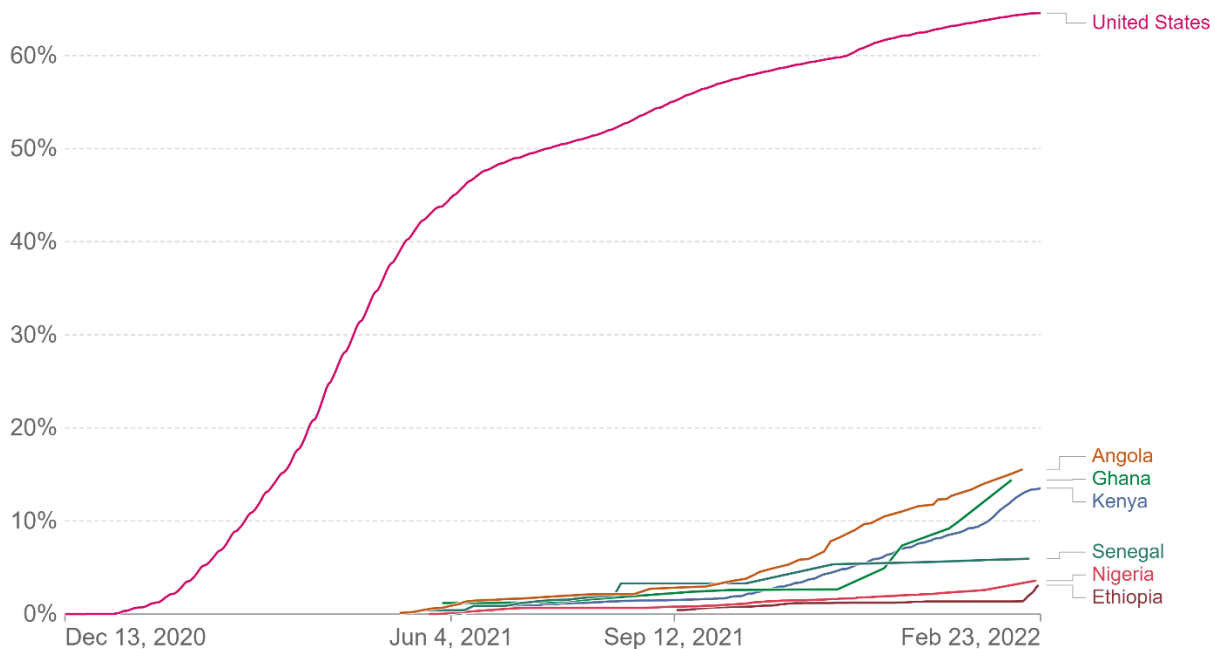
COVAX, a joint venture among the World Health Organization (WHO), the Coalition for Epidemic Preparedness and Innovation (CEPI), Gavi, the Vaccine Alliance, and UNICEF, works toward equitable global access to COVID-19 vaccines. Set up in October 2020, COVAX intended to pre-purchase large quantities of vaccines from major manufacturers and ensure that low-income countries had access to vaccines. COVAX provided almost two-thirds of vaccine doses shipped to Africa in the past year, and deliveries to the continent under the program increased more than [100 percent](#) between November 2021 and January 2022. Twenty-nine African countries have used less than half of their available stocks, according to the World Health Organization (WHO).

On Thursday, the African Union’s public health agency, the Africa Centres for Disease Control and Prevention, urged COVID-19 vaccine donors to help ensure that the distribution of shots is aligned with take-up so that none go to waste. “We have not asked them to pause the

donations, but to coordinate with us so that the new donations arrive in a way so that countries can use them,” John Nkengasong, director of the Africa CDC, said in a webinar Thursday. “This is very different from saying don’t donate at all.”

Share of people who completed the initial COVID-19 vaccination protocol

Total number of people who received all doses prescribed by the initial vaccination protocol, divided by the total population of the country.



Source: Official data collated by Our World in Data

Note: Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.

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The WHO announced last week the launch of a COVID-19 [vaccine production program](#) in Africa. Six countries – South Africa, Egypt, Kenya, Nigeria, Senegal, and Tunisia – will be equipped to produce mRNA vaccines to reduce the continent’s reliance on vaccine imports. Despite the drastic increase in COVAX vaccine donations to the continent, only 11.3 percent of the population is fully vaccinated. Vaccination rates must increase sixfold if Africa is to reach the 70 percent target set by the WHO.