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1. INITIAL UNEMPLOYMENT CLAIMS DECLINE BUT REMAIN SOMEWHAT ELEVATED

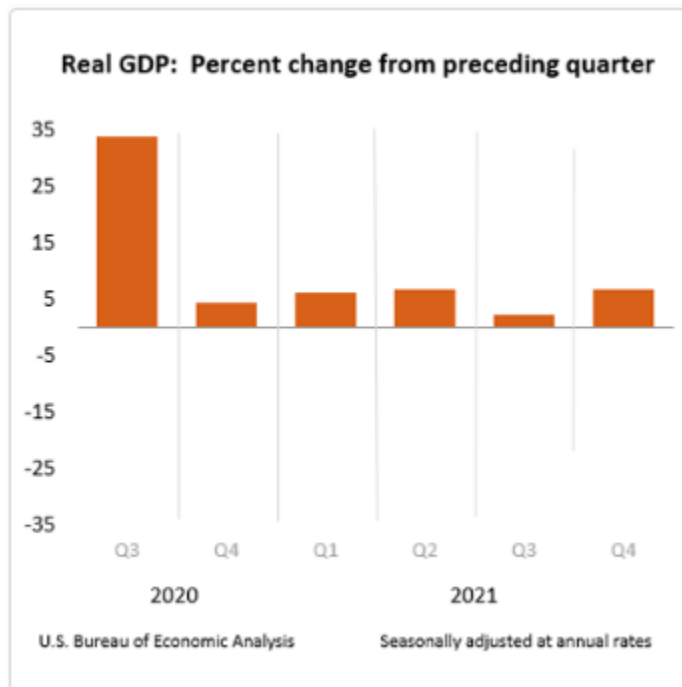
Initial claims for unemployment insurance declined by 30,000 to 260,000 for the week ending January 22 (last week's claims were revised up by 4,000). The four-week moving average, which smooths out some volatility in the weekly numbers, showed its fourth consecutive increase, signaling that the elevated level of claims is more than just a blip and is likely due to the strain placed on the labor market by the surge of the Omicron variant nationwide throughout the past few weeks. The expectation is that claims will decrease as the incidence of Omicron continues its decline. Even with the recent increases, initial claims remain low relative to the past two years characterized by the pandemic.

Continuing claims for unemployment insurance followed suit with an increase of 51,000, but remain at a historically low level. The low number of continuing claims shows that overall, Americans can find a job if they want one and that the labor market is open for business.

2. ECONOMY GREW AT 6.9 PERCENT REAL ANNUAL RATE IN FOURTH QUARTER

The Bureau of Economic Analysis of the Department of Commerce reported in its "advance estimate" that the economy grew at a 6.9 percent annualized and inflation-adjusted rate in the fourth quarter of 2021, up from 2.3 percent in the third quarter. The primary movers of growth were inventory investment, personal consumption, and nonresidential fixed investment; federal government spending, and state and local government spending, were drags on growth. This was the fastest quarterly growth since the immediate bounceback from the pandemic, but expectations are that the surge in the Omicron

variant of the virus will have slowed growth of late, and that the effects will show up in the first quarter of this year.

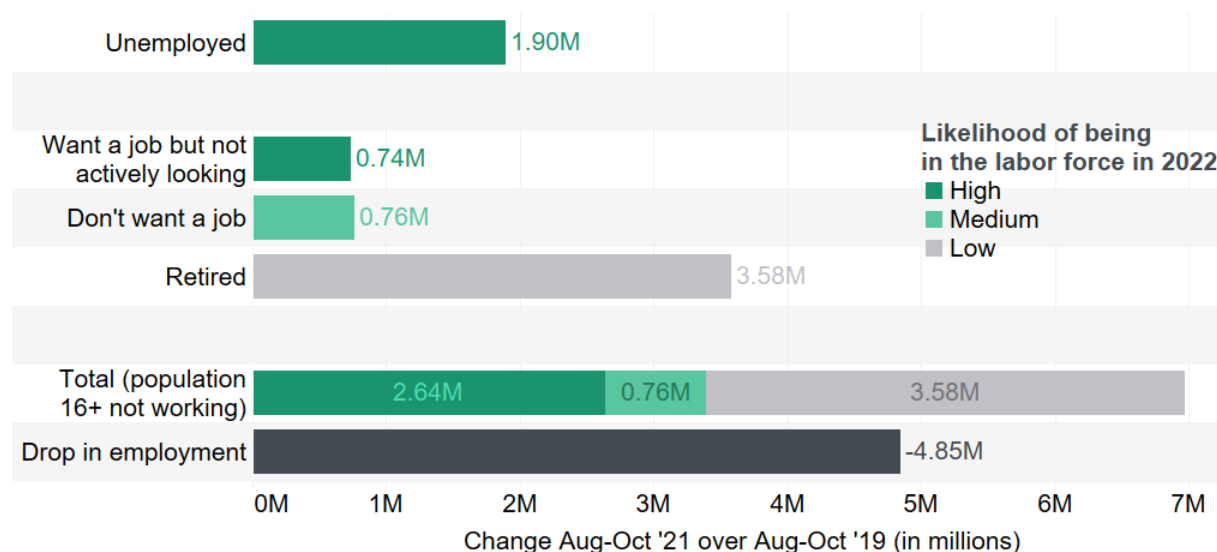


3. CED COMMITTEE HEARS ASSESSMENT OF THE LABOR MARKET

The CED Workforce Committee received a detailed briefing on the challenges to the US labor force—before, during, and after the pandemic—from Frank Steemers, Senior Economist at The Conference Board, where he analyzes the labor markets of the United States and other mature economies. There were several noteworthy takeaways. The US labor force was already growing much more slowly in the last pre-pandemic years than it had in the high-growth economy of the 1960s. However, the pandemic pulled still more adults out of the workforce. In particular, the non-college-educated workforce is shrinking markedly, which is the source of many of the pressures on employers today. Looking forward, the labor force participation of the adult population (25-54) has recovered only partially from the sharp decline at the onset of the pandemic. But most notable is a sharp increase in the number of Americans who describe themselves as “retired.” In fact, the US economy could not re-achieve the level of employment at the onset of the pandemic unless a substantial share—a minimum of half—of the persons who have retired reverse that decision and go back to work, which is most unlikely. Because of the dislocation caused by the pandemic on top of the long-term slowing of the growth of the labor force, it seems clear that US employers will be grappling with labor shortages for some time to come.

Early retirement is the main reason for leaving the labor force

**Increase in the number of people not working,
by labor market status and expectation for 2022, change Aug-Oct '21 over Aug-Oct '19**



Source: The Conference Board calculations on microdata from IPUMS-CPS, University of Minnesota

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4. THE FEDERAL RESERVE IS NOT ASKING YOU, IT'S TELLING YOU: IT WILL RAISE INTEREST RATES SOON

The Federal Reserve's Federal Open Market Committee ended its February meeting with a blunt notice that higher interest rates are on the way. The FOMC stated that "It will soon be appropriate to raise the target range for the federal-funds rate... The economy no longer needs sustained monetary-policy support." The FOMC cited both the tightening of the labor market and higher-than-target inflation, which has persisted much longer than expected after the initial supply shocks that emerged from the pandemic economy. The Fed will have completed its program of asset purchases by March, and sent clear signals that it will begin immediately thereafter to raise its target policy interest rate, which is now near zero. Some observers believe that the FOMC is behind the figurative curve, that inflation has had too much time to embed itself into the economy and into public expectations, and that it will therefore take significant interest rate increases to haul inflation back toward the target. On the other side of the issue debate, the FOMC is trying to reduce a supply-driven (according to most, but not all, assessments) inflation by cutting back on demand, in an economy where many Americans are already feeling aggrieved by slow wage growth in the face of significantly faster price increases; they may get a slowdown of inflation's bite on their wages, in exchange for a danger of losing the entire wage. Beyond that, the near-term (not to mention the long-term) course of the pandemic and its impact on supply chains, prices and the labor market is unknown.

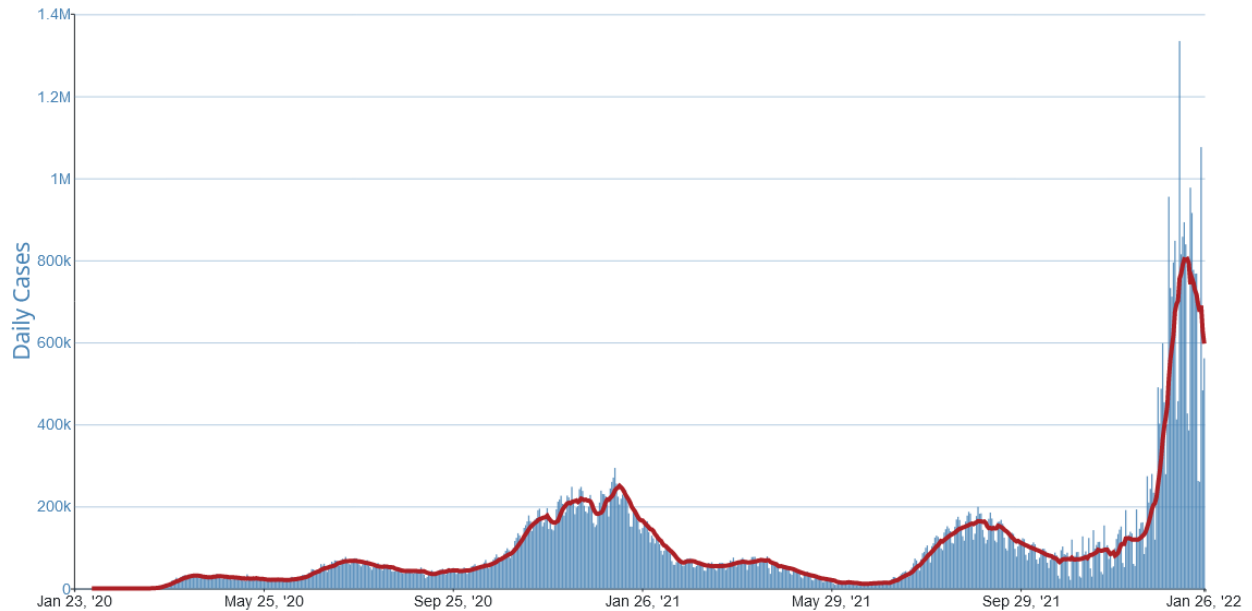
5. HOUSE LEADERSHIP FILES MAJOR TECHNOLOGY BILL, FOLLOWING DIFFERENT SENATE-PASSED BIPARTISAN BILL

In a move that echoes the recent CED Solutions Brief, [*Back to Basic Research: An R&D Investment Plan to Enhance US Competitiveness*](#), the leadership in the House filed a new bill, the “[*America Creating Opportunities for Manufacturing, Pre-Eminence in Technology and Economic Strength Act of 2022*](#).” This COMPETES Act provides additional funding for technology, especially in the field of semiconductors but also broadly. A substantial part of this funding would be devoted to basic research, in keeping with the recommendations of CED’s Solutions Brief. This action follows on an analogous but different bill, the “[*United States Innovation and Competition Act of 2021*](#),” which passed the Senate on June 8, 2021 by a 68-32 (obviously bipartisan) vote. A [press story](#) downplayed the prospects for the House bill, arguing that the Senate bill had “languished” after passage. A contrary view would be that the Senate bill had certainly been crowded out of the House agenda by the bipartisan infrastructure bill and the truly languishing Build Back Better reconciliation bill, but that any initiative that could pass the Senate under the regular order with votes to spare beyond overcoming a filibuster surely has real prospects—particularly after the House leadership has filed its own version. It does appear that the bill could face strictly partisan treatment in the House, but that was largely true of the successful Senate-passed bipartisan infrastructure bill as well (House Republicans voted against that bill by a margin of 13-200). There are real issues to be resolved between the House and Senate versions, including just how prescriptive the law should be in directing research and other investment funds to comparatively narrow fields, and who in the federal executive branch should hold the reins of any such program. But concern about US world leadership and the economic challenge from the non-market economy of China could very well motivate enactment of a bipartisan compromise version of these bills, even in this hot election year.

6. PANDEMIC NEWS

The good news is that the daily new COVID case count in the United States has begun to drop quickly. The bad news is that it has a long, long way to go just to reach the peaks on new cases, last winter and during the Delta surge, that we considered so frightening at the time. New cases appear to be dropping just about everywhere across the country, even the localities that were so sorely beset a couple of weeks ago. The reason appears to be (literally) painfully clear: Omicron is so transmissible that it has attacked just about every susceptible person, and have achieved such success it now has very few places to go. But while new infections, though falling, are still at extremely high levels, we are still at risk of new variants, and those few persons who have evaded the virus thus far are still at risk.

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



And because hospitalizations lag confirmed infections—persons who contract the disease today, if they prove vulnerable, will be needing hospitalization in a week or two—the burden on our health care system remains acute. Nationally, the number of hospitalized patients may just be beginning to drop; the lag in reporting leaves that question open.

Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States
August 01, 2020 – January 25, 2022

139,974

Current 7-Day Average
Jan 19, 2022 – Jan 25, 2022

145,650

Prior 7-Day Average
Jan 12, 2022 – Jan 18, 2022

146,525

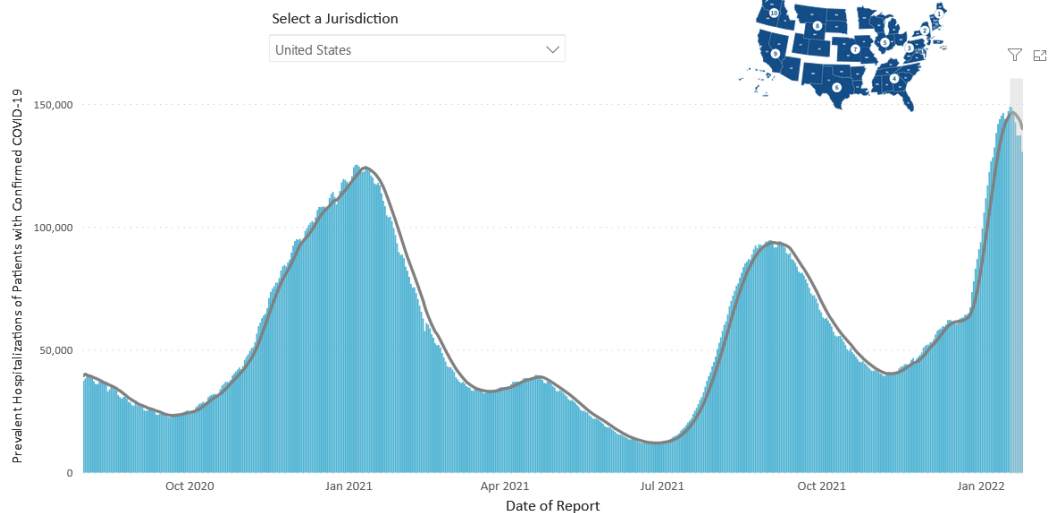
Peak 7-Day Average
Jan 14, 2022 – Jan 20, 2022

-3.9%

Percent change from prior 7-day
avg. of Jan 12, 2022 – Jan 18, 2022

-4.5%

Percent change from peak 7-day
avg. of Jan 09, 2022 – Jan 15, 2022



In the mountain region of Montana, the Dakotas, Wyoming, Utah and Colorado (HHS Region 8), hospitalizations are still growing. The same is true of the South, from Kentucky through Florida (HHS Region 4).

Prevalent Hospitalizations of Patients with Confirmed COVID-19, HHS Region 8 August 01, 2020 – January 25, 2022



3,402

Current 7-Day Average
Jan 19, 2022 – Jan 25, 2022

3,147

Prior 7-Day Average
Jan 12, 2022 – Jan 18, 2022

3,858

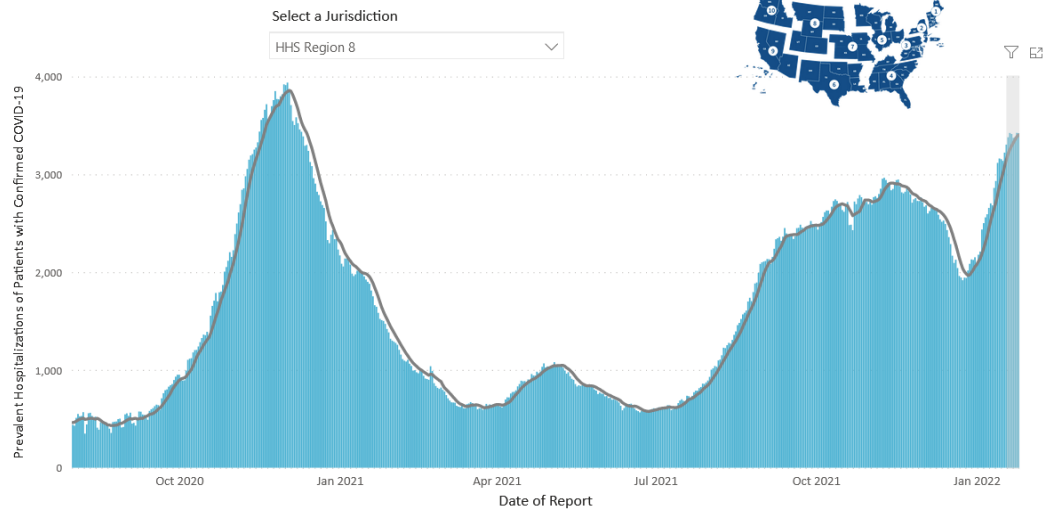
Peak 7-Day Average
Nov 27, 2020 – Dec 03, 2020

+8.1%

Percent change from prior 7-day
avg. of Jan 12, 2022 – Jan 18, 2022

-11.8%

Percent change from peak 7-day
avg. of Jan 12, 2022 – Jan 18, 2022



Prevalent Hospitalizations of Patients with Confirmed COVID-19, HHS Region 4 August 01, 2020 – January 25, 2022



31,421

Current 7-Day Average
Jan 19, 2022 – Jan 25, 2022

31,086

Prior 7-Day Average
Jan 12, 2022 – Jan 18, 2022

35,189

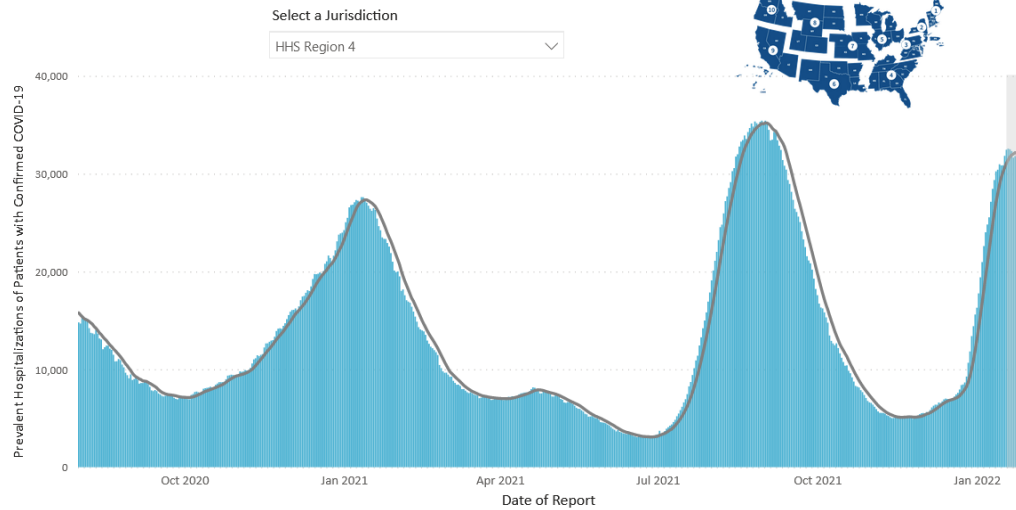
Peak 7-Day Average
Aug 26, 2021 – Sep 01, 2021

+1.1%

Percent change from prior 7-day
avg. of Jan 12, 2022 – Jan 18, 2022

-10.7%

Percent change from peak 7-day
avg. of Jan 14, 2022 – Jan 20, 2022



And if you were in any doubt, the latest data indicate that 99.8 to 99.9 percent of all US infections are of Omicron.



The CDC has [found further evidence](#) that the Omicron variant, now fully dominant in the United States, yields less-serious illness than the prior strains, as manifest in shorter hospitalizations. However, the [higher transmissibility of Omicron](#) continues to burden hospitals and to cause substantial serious illness and death; so many more people are taken ill that even the lower proportion with serious illnesses yields substantial suffering. Omicron's transmissibility is so great that China's enormous effort at stamping out all infections—a so-called "Zero-COVID" policy—may spend enormous resources and sacrifice large amounts of economic output, only at the end of the day to suffer large numbers of infections anyway. At the same time, researchers are trying to determine whether Omicron has a [significant propensity](#) to create so-called "[long COVID](#)." (Spoiler alert: We don't know yet.)

[Numerous](#) reports of straining health care institutions, [here](#) and [overseas](#), over both [COVID](#) and [non-COVID](#) care alike, show the damage that even this less-virulent virus can cause, just by infecting almost everyone (or so it seems).

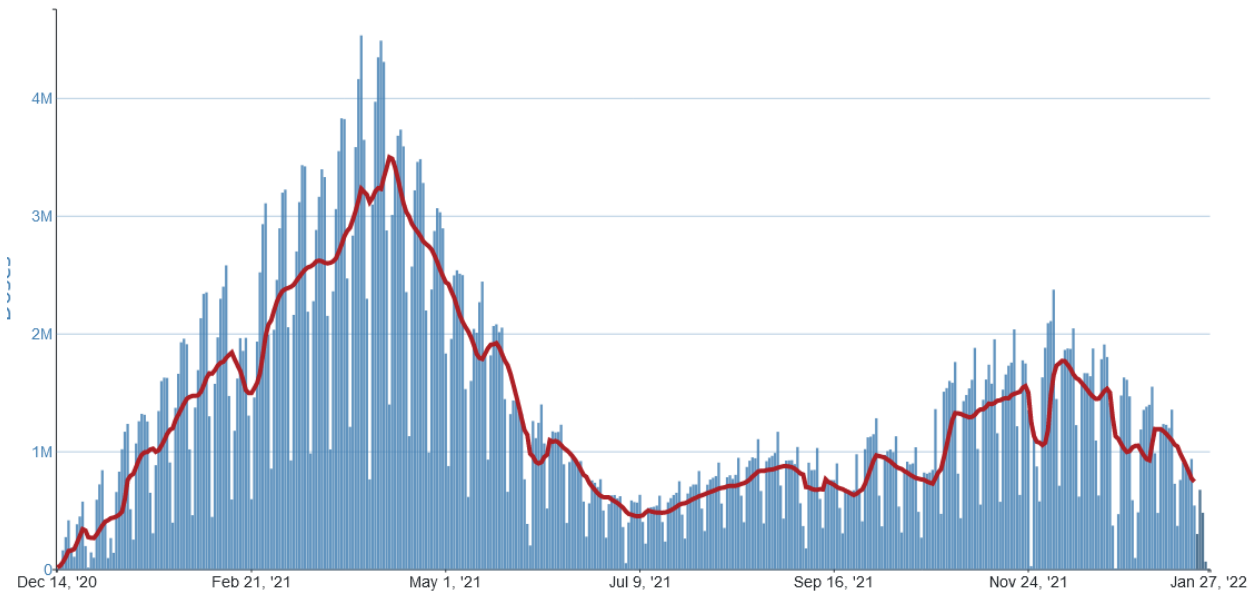
The declining numbers of cases of COVID-19 around the world have led the [World Health Organization \(WHO\)](#) to [express some mild optimism](#) about prospects for the pandemic. However, at least in the United States, the case count and numbers of resulting hospitalizations and deaths remain so high that the WHO and US authorities remain extremely cautious.

7. VACCINE AND THERAPEUTICS NEWS

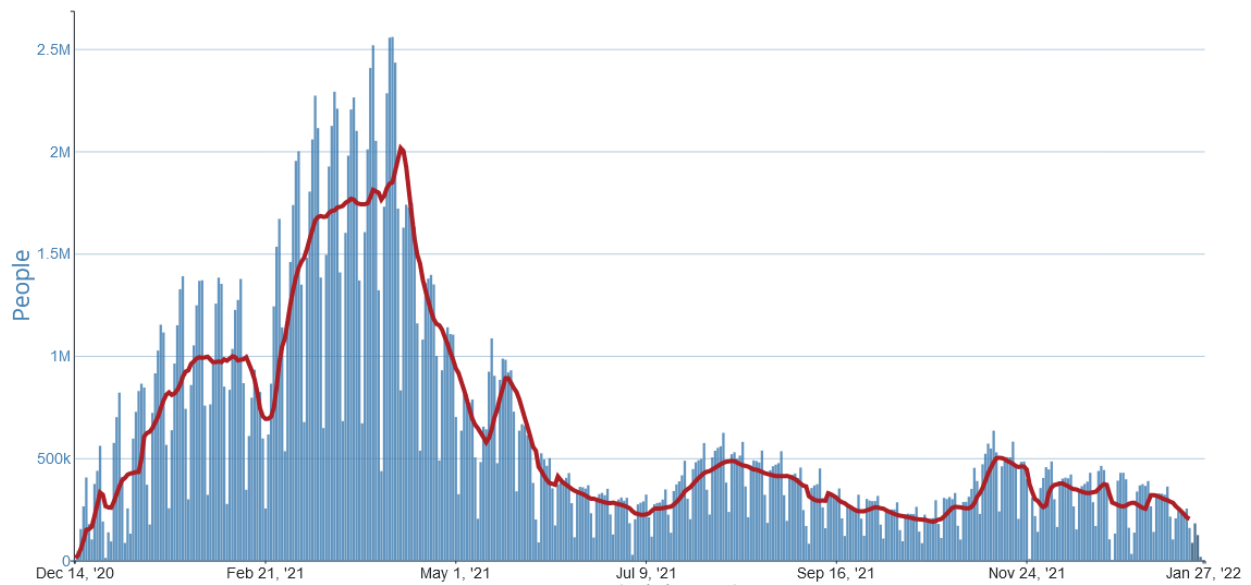
As painful as it seems, the number of vaccinations delivered in the United States continues to decline. And still, too few of those vaccines are going to the unvaccinated; more are boosters for those who already have at least a modicum of protection (although with Omicron, boosters are valuable too; see below). As of the latest apparently solid reporting days, only about one-third of the new injections went

to people who were previously unvaccinated. Only about 75 percent of the total population have received at least one dose; only about 64 percent have completed a two-dose regimen (or a single dose of J&J); and only about 41 percent have received a booster shot.

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



Daily Count of People Receiving Dose 1 Reported to CDC by Date Administered, United States



Total Vaccine Doses Delivered 663,451,855 Administered 536,370,947 Learn more about the distribution of vaccines.	At Least One Dose	Fully Vaccinated	Booster Doses	Booster Eligible***
	Vaccinated People	Count		Percent of US Population
211.2M People fully vaccinated	Total	249,267,851		75.1%
	Population ≥ 5 Years of Age	249,215,015		79.8%
	Population ≥ 12 Years of Age	240,652,438		84.9%
	Population ≥ 18 Years of Age	223,987,198		86.7%
	Population ≥ 65 Years of Age	55,808,608		95%

Total Vaccine Doses Delivered 663,451,855 Administered 536,370,947 Learn more about the distribution of vaccines.	At Least One Dose	Fully Vaccinated	Booster Doses	Booster Eligible***
	Fully Vaccinated* People	Count		Percent of US Population
211.2M People fully vaccinated	Total	211,162,083		63.6%
	Population ≥ 5 Years of Age	211,151,548		67.6%
	Population ≥ 12 Years of Age	205,192,003		72.4%
	Population ≥ 18 Years of Age	191,111,255		74%
	Population ≥ 65 Years of Age	48,368,850		88.3%

Total Vaccine Doses Delivered 663,451,855 Administered 536,370,947 Learn more about the distribution of vaccines.	At Least One Dose	Fully Vaccinated	Booster Doses	Booster Eligible***
	Fully Vaccinated* People with a Booster Dose**	Count		Percent of Fully Vaccinated*
211.2M People fully vaccinated	Total	86,484,618		41%
	Population ≥ 18 Years of Age	84,313,392		44.1%
	Population ≥ 50 Years of Age	54,917,777		55.5%
	Population ≥ 65 Years of Age	30,962,049		64%

There is ongoing fear that new variants will be bred from continued spread of the virus, leading to [greater interest in global vaccination](#). The [White House has announced](#) that US donations to the global effort have reached 400 million doses. But reminders of the danger linger; a [new variation of Omicron has emerged](#), and even though it has not thus far shown any more-troubling attributes, it remains a worry. Pfizer and BioNTech have responded by developing an [Omicron-specific vaccine](#), but it will need

to go through trials, and of course Omicron will need to stand at least relatively still for a while for this vaccine to be productive. In the meantime, the [CDC has reported](#) that existing mRNA (Pfizer and Moderna) [booster shots have been effective](#) at keeping people infected with Omicron from serious illness and hospitalization. The boosters are not as effective as they were against the Delta variant, but they have proved to provide more protection against Omicron than would a two-dose regimen.

The FDA has lowered one barrier to the use of the antiviral drug remdesivir, by [making it available on an outpatient basis](#). It had previously required hospitalization.

The Administration's free COVID test-kit program is gearing up, which is the good news; but it is putting an [enormous burden on the US Postal Service](#), which is the bad news. Like the Internal Revenue Service before it, which was charged with distributing pandemic relief funds, USPS will need to stretch its already scarce resources to the limit to make the free testing program a reality.

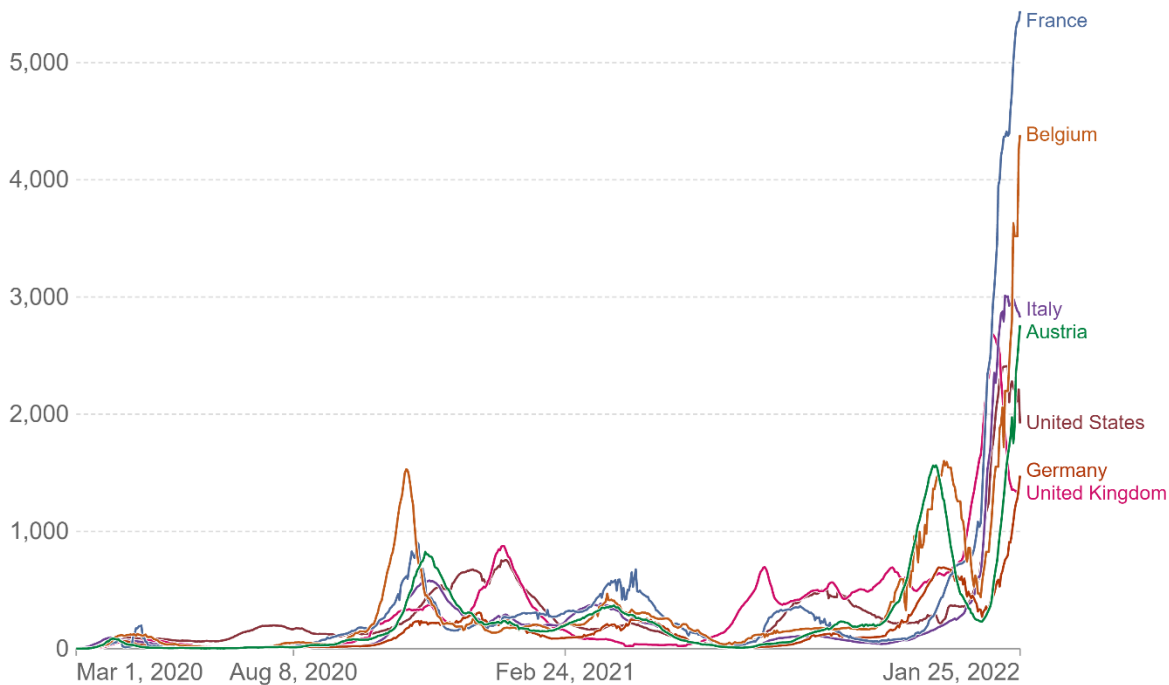
8. SPOTLIGHT ON REOPENING: MORE VACCINATIONS COMING IN AUSTRIA

The Austrian Parliament voted on January 20 to make vaccination against COVID-19 mandatory for most adults. The [Parliament voted](#) 137 to 33 in favor of the mandate which will go into effect February 1. The mandate applies to all residents aged 18 and over, and exempts pregnant women, people with certain medical conditions, and those who have recovered from the virus in the past six months. From mid-March, police will begin checking people's vaccination status during routine checks. Those who cannot show proof of vaccination will be asked in writing to do so, and will be fined up to 600 euros if they do not comply, with a [maximum potential fine](#) of up to 3,600 euros for those who do not comply after a series of reminders. As of last week, 71.8 percent of the population of 8.9 million are fully vaccinated.

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

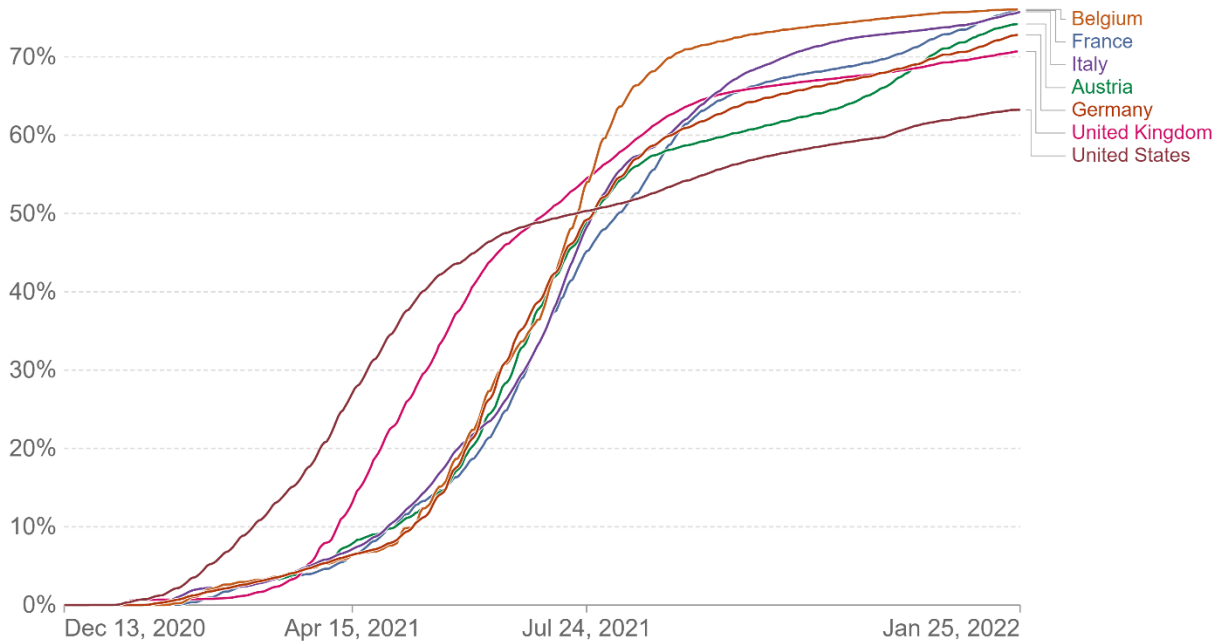
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“This is how we can manage to escape the cycle of opening and closing, of lockdowns,” said Austrian Health Minister Wolfgang Mueckstein, speaking in parliament, noting that the mandate is not only about fighting Omicron, but future variants that may emerge. The mandate is expected to remain in place through January 2024. An expert commission will report to the government and parliament every three months on vaccination progress. The government is prepared to [invest 1.4 billion euros](#) in measures designed to encourage the unvaccinated to come forward and get the vaccine. Since the announcement of the mandate, the Austrian capital, Vienna, has seen regular protests, some having over 40,000 people in attendance. Austria is the first European nation to instill such a stringent mandate on vaccination. Germany is [considering a mandate for all](#), but it is not yet clear what such a mandate would look like. The new government led by Chancellor Olaf Scholz will introduce a vaccination bill in the Bundestag in March.

Share of the population fully vaccinated against COVID-19

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

Our World
in Data



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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Meanwhile, Austrian Chancellor Karl Nehammer announced Wednesday that the [lockdown for the unvaccinated](#) will end next week. Unvaccinated individuals can leave their homes starting Monday without a "good reason." However, they will still be barred from many valued aspects of public life, such as restaurants and non-essential retail. Health Minister Wolfgang Mueckstein said that the lockdown was no longer necessary even as cases soar, as the situation in the country's hospitals is said to be stable. "We came to the conclusion that the lockdown for unvaccinated people in Austria is only justifiable in the event of the threat of an imminent over-burdening of intensive-care capacity," said Mueckstein.

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