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1. 2022 STARTS WITH STRONG JOB GROWTH

Our Conference Board Labor Markets Institute colleague, Frank Steemers, provides the following analysis of today's Employment Situation Report for January from the Bureau of Labor Statistics:

Today's jobs report showed a better-than-expected increase in the number of jobs in January. Disruptions related to the Omicron variant do not seem to have derailed continued progress in the labor market. However, headwinds for employers persist, as labor shortages are still severe and economic activity remains healthy.

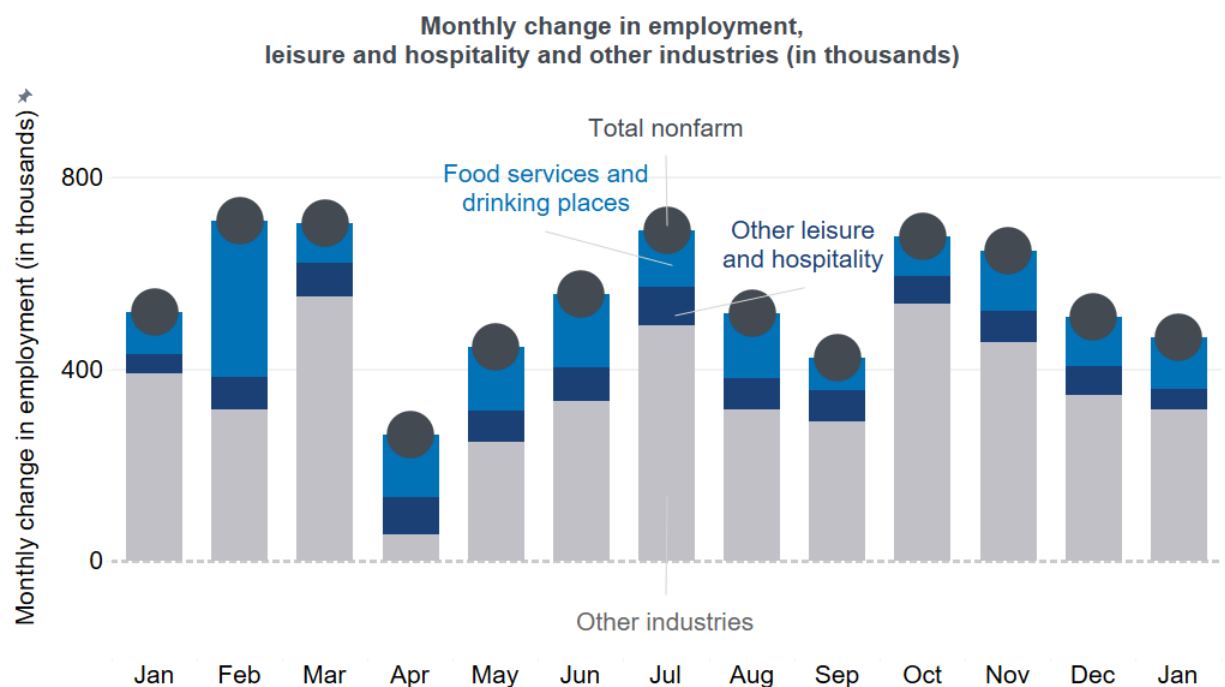
Nonfarm payroll employment increased by 467,000 in January, after an upwardly revised increase of 510,000 in December. The unemployment rate ticked up slightly to 4.0 percent, as the number of job-leavers and those on temporary layoffs increased; the labor force participation rate remained essentially the same at 62.2 percent in January after taking new statistical population controls into account. Overall, jobs still number 2.9 million below prepandemic (February 2020) levels, with women incurring 63 percent of these employment losses. Note that this month's release incorporates large revisions to the Establishment Survey (used for nonfarm payroll employment) and Household Survey (used for the unemployment rate). Revisions to payroll employment were especially large over the past year.

Leisure and hospitality gained 151,000 jobs in January—a possible signal that businesses have become better at continuing operations amid a surge in COVID-19 infections. A majority of other industries also added new jobs, except for construction and mining, where small job losses were recorded. On the other hand, many businesses still experienced disruptions. For example, 6 million people reported that they had been unable to work because their employer closed or lost business due to the pandemic at some point in the past four weeks, up from 3.1 million in December.

Wages continued to rise rapidly. Average hourly earnings increased 5.7 percent over the past 12 months, signaling that recruitment and retention difficulties remain high. With the unemployment rate expected to fall to near 3 percent by the end of the year, labor markets will remain tight in 2022 and likely beyond. The US working-age population is projected to barely grow over the next decade. Employers hiring manual labor and services workers (such as transportation, construction, food services, and personal care) will face an especially hard time finding qualified workers. In such an environment, wage growth will likely remain elevated, which in turn would put more pressure on price inflation.

Some relief could come for employers if more people would return to the labor force, but the labor force participation rate is still at 62.2 percent—more than 1 percentage point below its prepandemic rate. Continued improvements in the labor market and higher wages should attract some people back to the job market, and participation rates may improve slightly during 2022. On the other hand, workers retiring early during the pandemic explain part of the gap in participation, and few of these older workers are expected to return.

Job growth in November and December was revised up by 709,000, implying job growth did not slow towards the end of 2021. This jobs report supports the Fed's increasingly hawkish guidance, and we are currently expecting at a minimum four 25-basis-point interest-rate hikes in 2022.



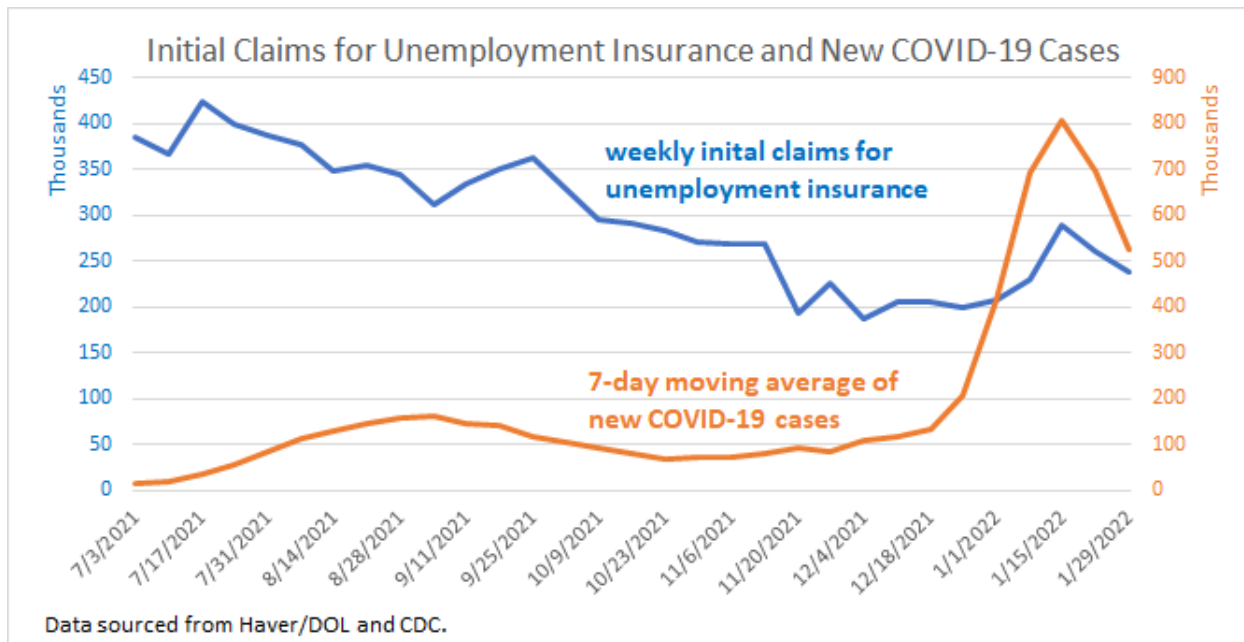
Source: US Bureau of Labor Statistics

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2. INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE DECLINE WITH OMICRON'S RETREAT

Initial claims for unemployment insurance declined for the second week in a row, decreasing 23,000 to 238,000 for the week ending January 29 (last week's initial claims were revised up a tiny 1,000). Initial claims were on a downward trend as COVID cases were stabilizing but reversed course with the spike in cases caused by the Omicron variant. As expected, initial claims have started trending down as COVID

cases have dropped precipitously, taking the related workforce interruptions with them. (See the chart below.)



Continuing claims also declined, falling by 44,000. Last week's total was revised up by 48,000, but the small blip up in claims is likely a result of COVID; and the expectation is that continuing claims will remain low as businesses continue to search for workers to fill almost 11 million job openings (as reported in the Bureau of Labor Statistics Jobs Opening and Labor Turnover Survey on February 1).

3. ADMINISTRATION ISSUES NEW GUIDANCE ON TRUCKING LICENSES

With the American Trucking Association estimating a [shortfall of 80,000](#) commercial truck drivers, and [a new Federal database that will exclude drivers with drug and alcohol violations](#), the Administration is seeking to increase the number of commercial drivers quickly to alleviate supply chain shortages. The recent infrastructure legislation includes an apprenticeship program; beyond this, on February 3, the Motor Carrier Safety Administration issued [guidance](#) providing that third parties approved by States may administer examinations for commercial driver licenses – an important clarification of the new requirement that commercial driver license applicants receive training on a set curriculum in an approved facility. The Administration also announced a [plan](#) in December reaching out to veterans to encourage trucking as a career and targeting women drivers.

4. PRESIDENT BIDEN ISSUES NEW CLIMATE EXECUTIVE ORDER

On January 27, President Biden issued Executive Order 14008, "[Tackling the Climate Crisis at Home and Abroad](#)" (86 FR 7619). The Order does many things to coordinate a Federal response to climate change. It calls for development of a "climate finance plan . . . to assist developing countries in implementing ambitious emissions reduction measures . . . and promoting the flow of capital toward climate-aligned investments and away from high-carbon investments." This will eventually impact US voting in bilateral

and multilateral financing institutions. By putting climate change “at the center” of US foreign and national security policy, it strengthens the powers of the Special Presidential Envoy for Climate, John Kerry.

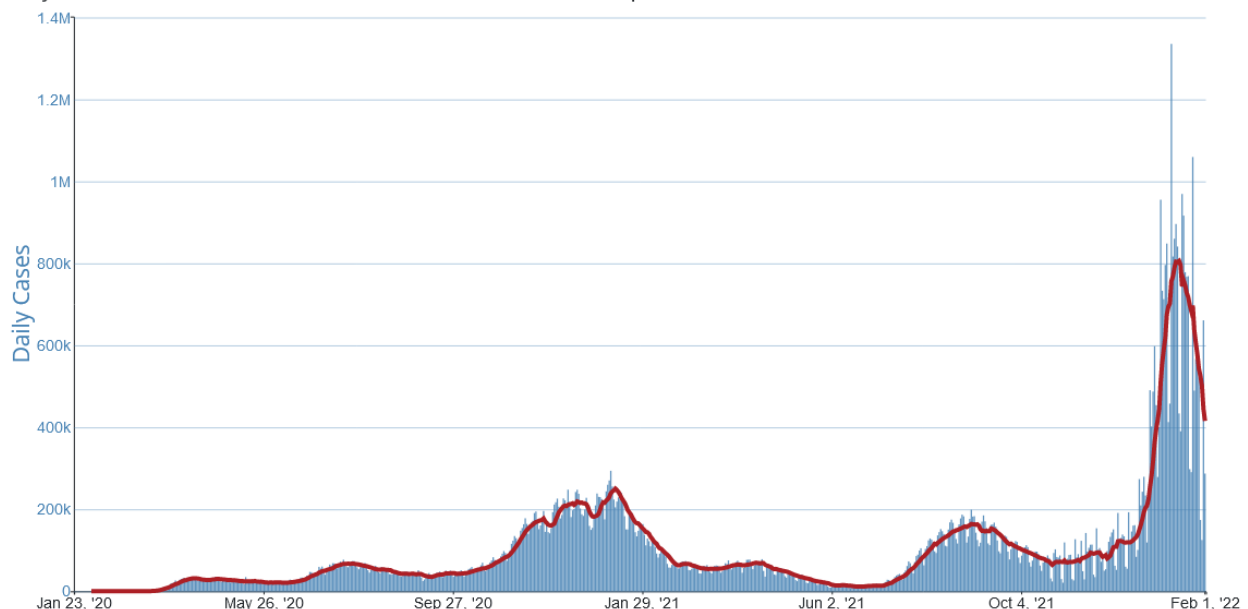
Domestically, the Order seeks “to implement a Government-wide approach that reduces climate pollution in every sector of the economy[.]” It establishes a new White House Office of Domestic Climate Policy headed by a National Climate Advisor to “coordinate the policy-making process with respect to domestic climate” issues; sets up a National Climate Task Force chaired by the National Climate Advisor; proposes a “Civilian Climate Corps Initiative”; forms an Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization, a White House Environmental Justice Interagency Council (headed by the Council on Environmental Quality), and an outside Environmental Justice Advisory Council.

The biggest immediate changes from the Order likely affect Federal procurement, especially of vehicles (the Administration has already asked USPS not to proceed with a major vehicle contract) and the directive to OMB to ensure that “to the extent consistent with applicable law, Federal funding is not directly subsidizing fossil fuels,” with a goal “to eliminate fossil fuel subsidies from the budget request for Fiscal Year 2022 and thereafter.”

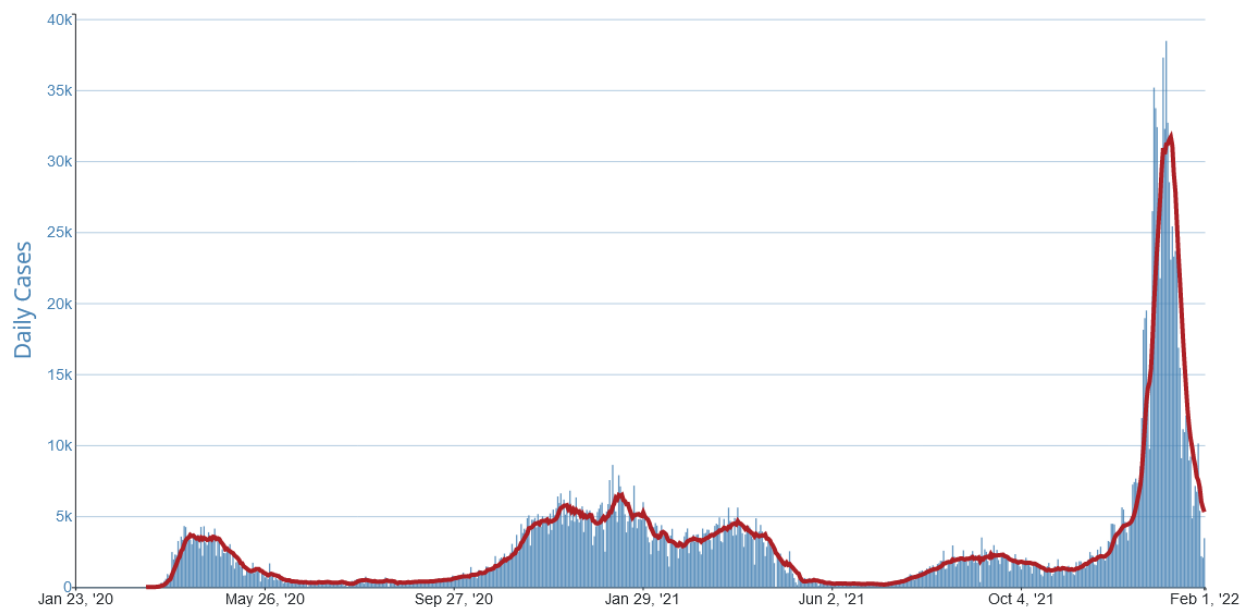
5. PANDEMIC NEWS

The good news is the beginning of the retreat of Omicron. After grasping after just about every susceptible individual in the country, caseloads are showing a sharp decline at the national level and in just about every state. As epidemiologists predicted, such a highly transmissible virus with an exponential rate of case growth had to run out of targets before long. All else equal, the first states beset with Omicron were the first to lose it; New Jersey was an example of a state that was ahead of the curve at both ends. Idaho was one of the last states to get the memos.

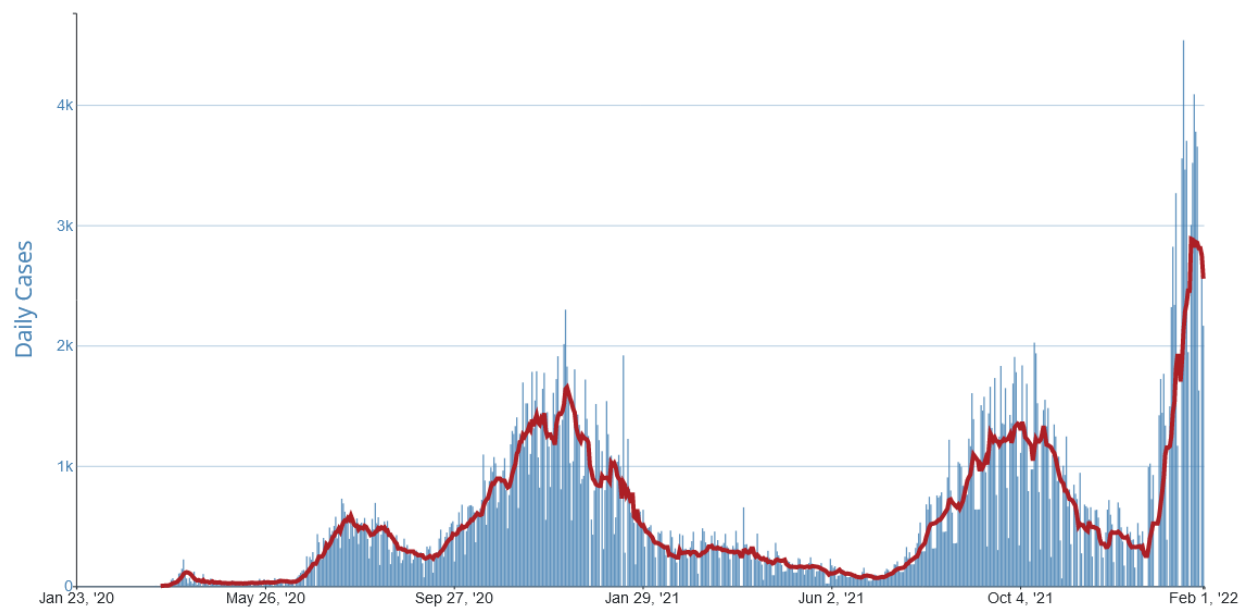
Daily Trends in Number of COVID-19 Cases in The United States Reported to CDC



Daily Trends in Number of COVID-19 Cases in New Jersey Reported to CDC



Daily Trends in Number of COVID-19 Cases in Idaho Reported to CDC



And that nation-wide decline in new cases is good news. However, we must curb our enthusiasm. The eye-popping drop (after the eye-popping rise) in cases distracts from the still-stratospheric level. The seven-day average remains more than double the Delta peak, and just about double last winter, when we did not even yet have vaccines. The load on the health care system is a function of the number of patients in hospitals, and that number lags the number of confirmed cases, just because newly identified cases worsen over a period of time before they reach the level of required hospitalization. The US count of hospitalized patients has just begun to decline (allowing for some delays in reporting), but it is still higher than at any previous point in this pandemic. And it remains elevated in many locations around the country. Hospitalizations in Missouri, for one example, may just have peaked (again noting reporting delays) but remain more than one-third higher than at any time before.

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



124,134

Current 7-Day Average
Jan 26, 2022 – Feb 01, 2022

142,482

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

146,532

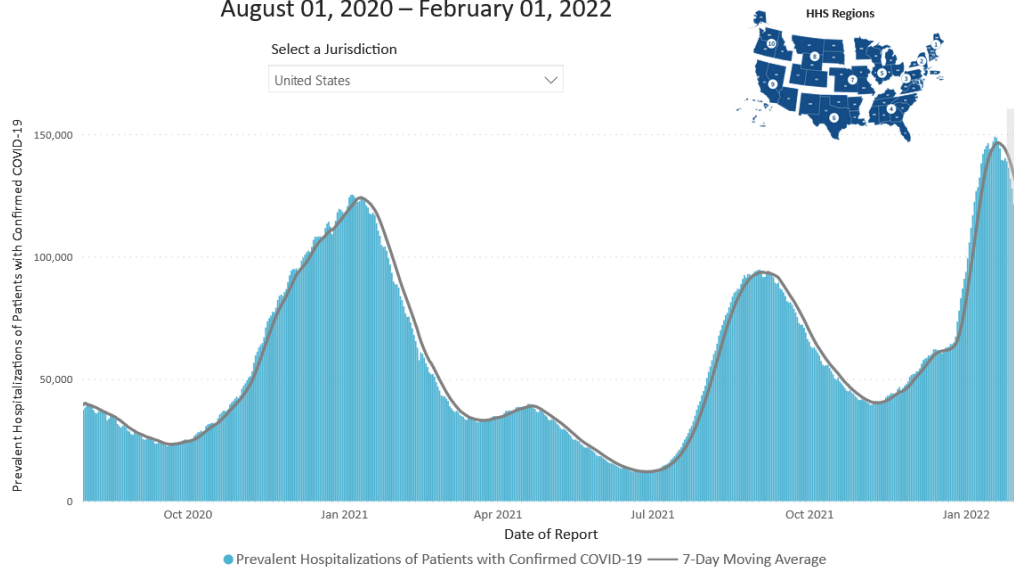
Peak 7-Day Average
Jan 14, 2022 – Jan 20, 2022

-12.9%

Percent change from prior 7-day
avg. of Jan 19, 2022 – Jan 25, 2022

-15.3%

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



Prevalent Hospitalizations of Patients with Confirmed COVID-19, Missouri August 01, 2020 – February 01, 2022



3,252

Current 7-Day Average
Jan 26, 2022 – Feb 01, 2022

3,551

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

3,580

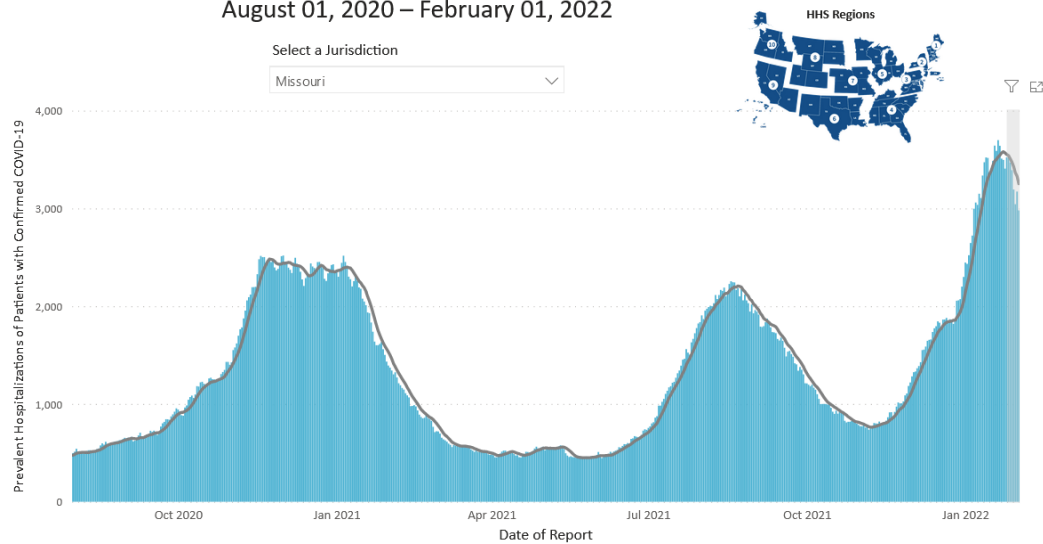
Peak 7-Day Average
Jan 17, 2022 – Jan 23, 2022

-8.4%

Percent change from prior 7-day
avg. of Jan 19, 2022 – Jan 25, 2022

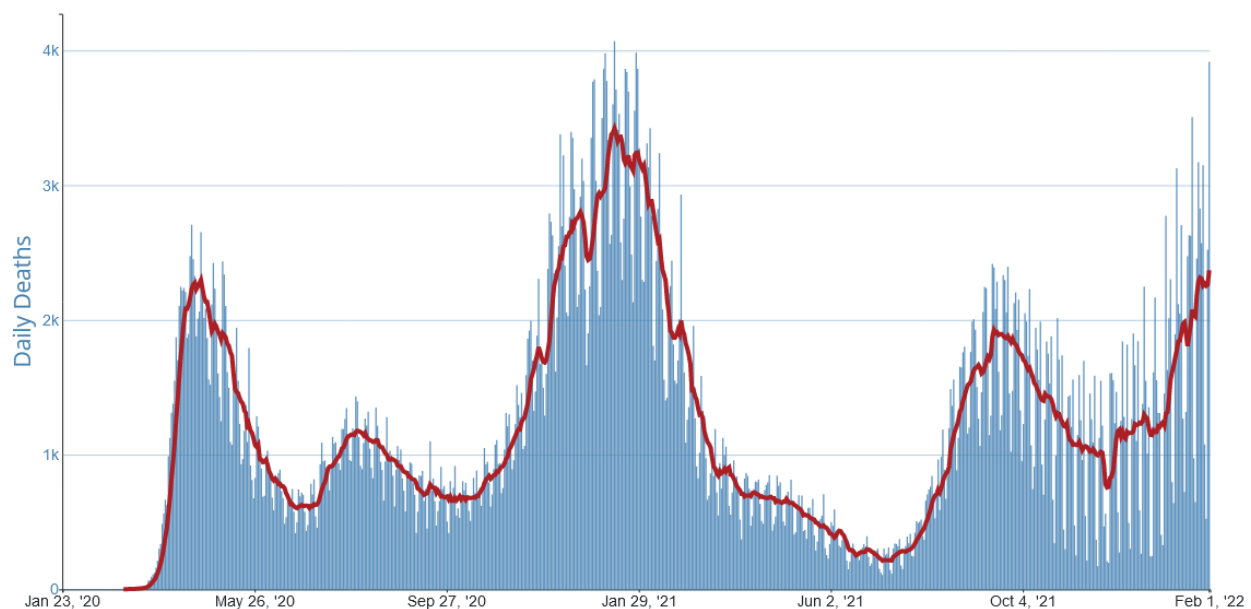
-9.2%

Percent change from peak 7-day
avg. of Jan 15, 2022 – Jan 21, 2022



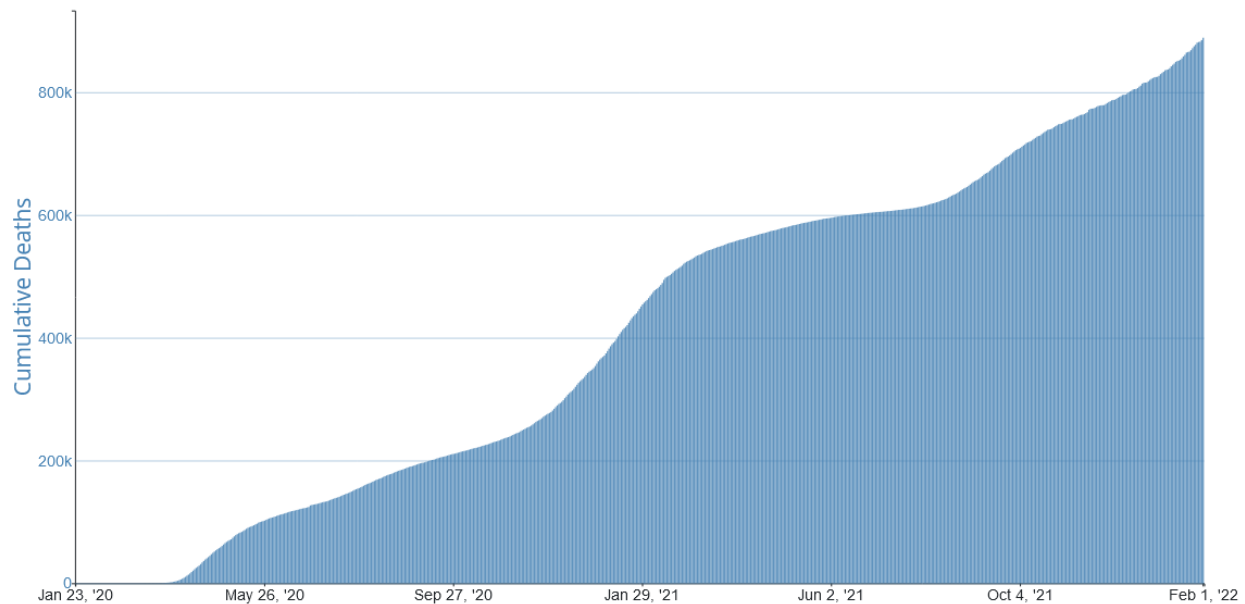
COVID deaths, which lag yet another stride behind the case count, are still rising nationally.

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

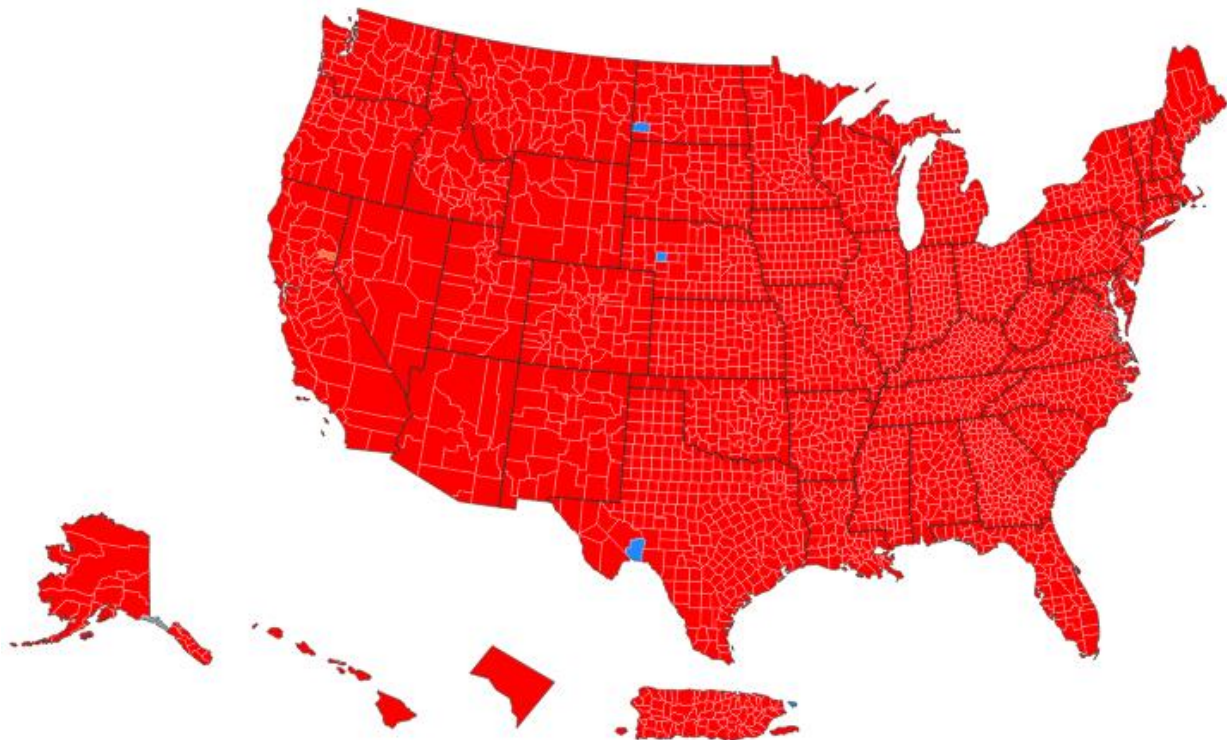


And by that metric, we are approaching yet another grim milestone. Within the next few days, the cumulative death toll of the pandemic will reach 900,000. This will exceed, for those who are counting, three times the number of US combat deaths in World War II.

Trends in Total Deaths in The United States Reported to CDC



Even though Omicron is on average less virulent than past variants (such as Delta), it [remains a serious threat to persons with chronic illness](#). And Omicron remains abroad throughout the land, such that any [remaining susceptible persons who are exposed are likely to contract it](#). The level of community transmission, measured according to the prevalence of new cases and positive tests over the last seven days, still registers as “high” in 3214 of the 3220 counties in the United States.



Community Transmission in US by County

	Total	Percent	% Change
High	3214	99.75%	-0.03%
Substantial	1	0.03%	-0.03%
Moderate	0	0%	0%
Low	5	0.16%	0.03%

And just to close the loop, Omicron now accounts for virtually every new case of COVID-19 in the United States. And that is the “original” BA.1 version of Omicron. A new “stealth” variant known as BA.2 is becoming prevalent in some other countries; it is [thought to be even more transmissible, but not more virulent](#). Vaccination appears to be just as effective against BA.2; the jury is still out as to whether someone infected with BA.1 could become reinfected with BA.2. But read on...



6. VACCINE AND THERAPEUTIC NEWS

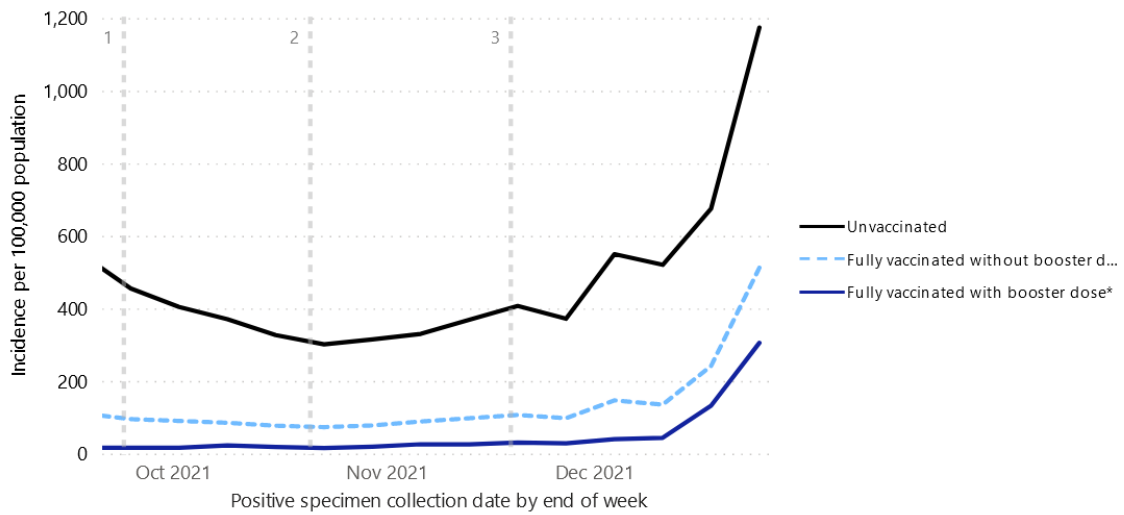
Dr. Ashish K. Jha, Dean of the School of Public Health at Brown University, [makes the point](#) that Omicron has been clawing into a far disproportionate number of unvaccinated persons; vaccination, especially with a booster dose, continues to provide meaningful protection against infection, and extraordinary protection against serious illness and death from COVID.

Select Outcome

- Cases
- Deaths

Rates of COVID-19 Cases by Vaccination Status and Booster Dose**

September 19 - December 25, 2021 (25 U.S. jurisdictions)

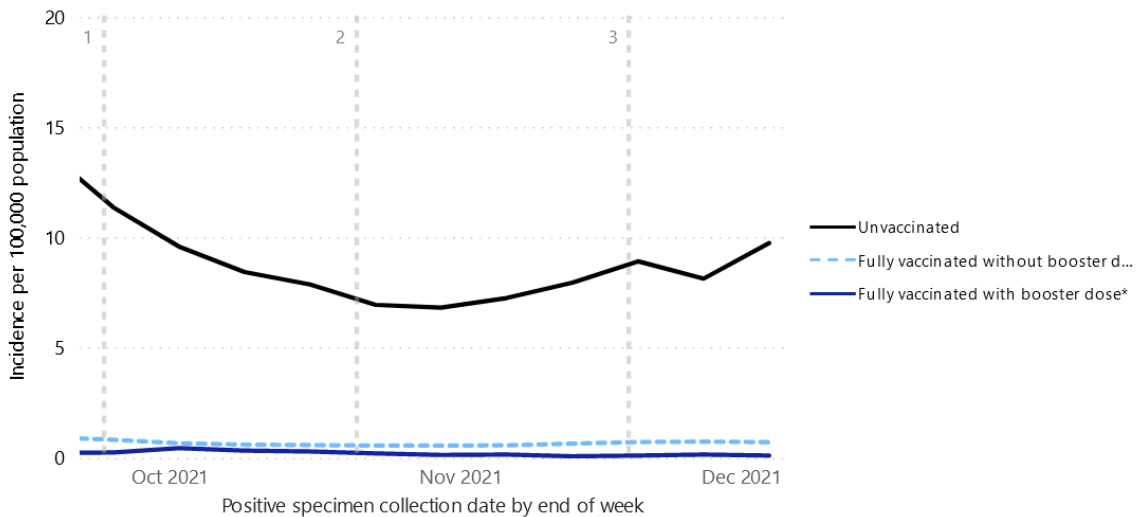


Select Outcome

- Cases
- Deaths

Rates of COVID-19 Deaths by Vaccination Status and Booster Dose**

September 19 - December 04, 2021 (24 U.S. jurisdictions)



Unvaccinated adults aged 18 years and older had:

13X

Risk of Testing Positive for COVID-19

AND

68X

Risk of Dying from COVID-19

in November, and

5X

Risk of Testing Positive for COVID-19

in December,* compared to fully vaccinated adults.

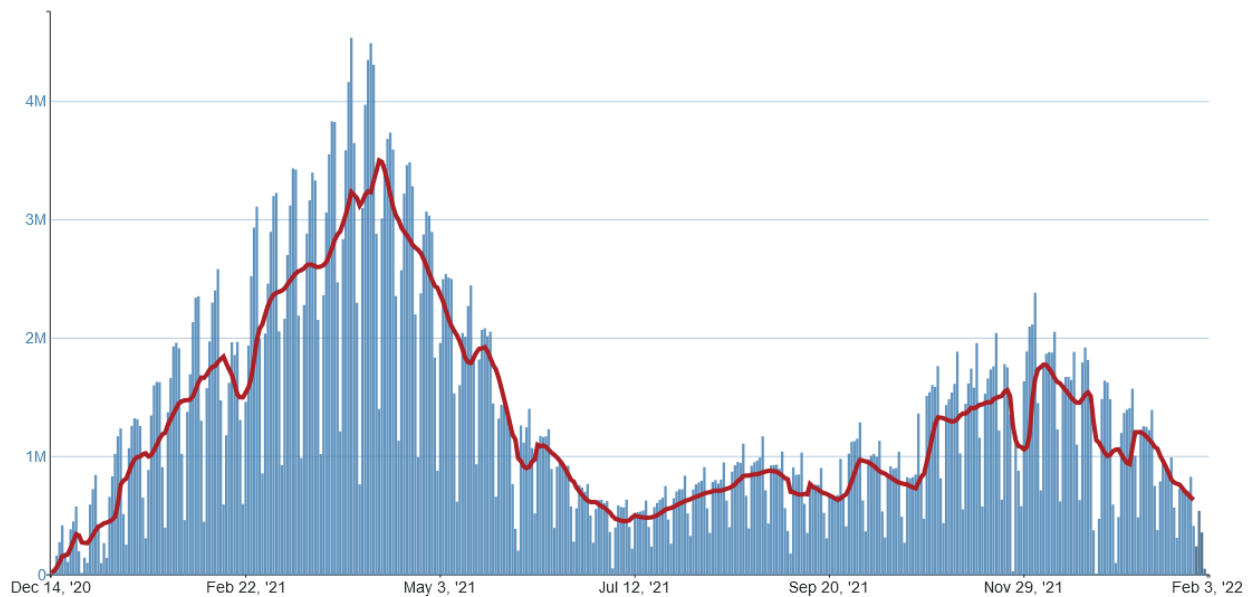
Source: CDC COVID-19 Response, Epidemiology Task Force, Surveillance & Analytics Team, Vaccine Breakthrough Unit

Dr. Jha's point is that a very high percentage—he quotes 60 to 70 percent—of unvaccinated persons are estimated to have already contracted COVID. If such estimates are accurate, Dr. Jha reasons, but unvaccinated people are coming down with Omicron in such large numbers, what does that tell us about

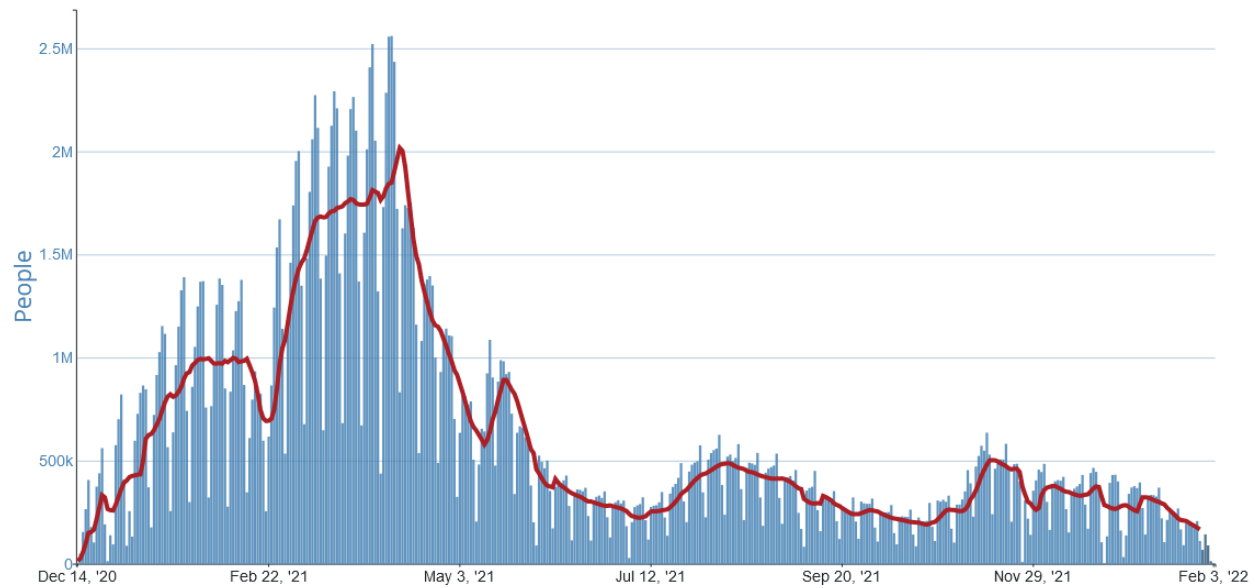
the efficacy of past infection in providing protection about infection now? It is a troubling thought for the [prospects of putting down the virus](#) in a world where so many people absolutely refuse to accept vaccination. So long as infections continue—incidentally increasing the chances of mutation into a new, far worse variant—it will be impossible for even fully vaccinated and boosted persons to get back to a “normal” life.

And there is little comfort in the latest data on vaccination. By all indications, those who want vaccination have already been vaccinated, and those who remain unvaccinated will not accept it under any circumstances. The daily count of the number of jabs being delivered continues to drop, and those vaccinations that do occur are more the delivery of boosters than the first injections that would begin to provide protection to those without it. By the end of January, fewer than 30 percent of new injections were first doses.

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



We do now have more than 75 percent of the total population having received at least one dose of vaccine. But only 64 percent have completed what had been thought a complete vaccine regimen, and less than 42 percent have been boosted.

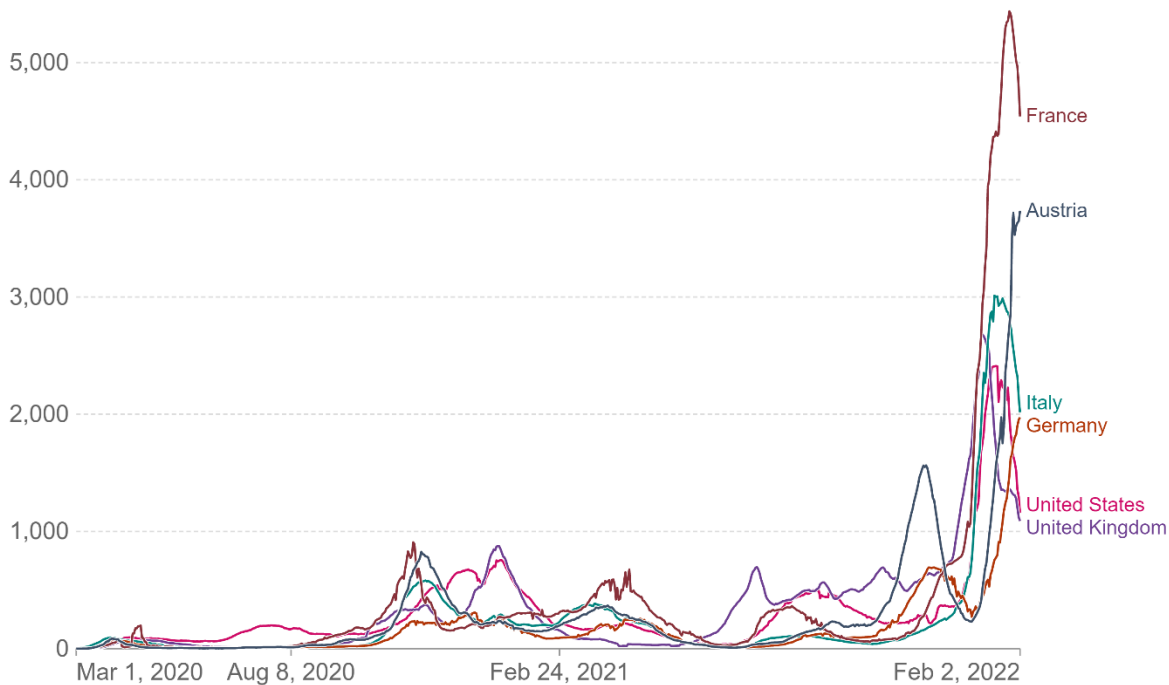
Total Vaccine Doses Delivered 669,540,355 Administered 541,410,847 Learn more about the distribution of vaccines.	At Least One Dose	Fully Vaccinated	Booster Doses	Booster Eligible***
	Vaccinated People	Count		Percent of US Population
	Total	250,593,665		75.5%
	Population ≥ 5 Years of Age	250,536,335		80.2%
	Population ≥ 12 Years of Age	241,695,709		85.2%
	Population ≥ 18 Years of Age	224,900,322		87.1%
	Population ≥ 65 Years of Age	55,915,032		95%

Total Vaccine Doses Delivered 669,540,355 Administered 541,410,847 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
	Total	212,336,183		64%
	Population ≥ 5 Years of Age	212,324,253		68%
	Population ≥ 12 Years of Age	205,951,458		72.6%
	Population ≥ 18 Years of Age	191,743,081		74.2%
	Population ≥ 65 Years of Age	48,437,815		88.4%

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

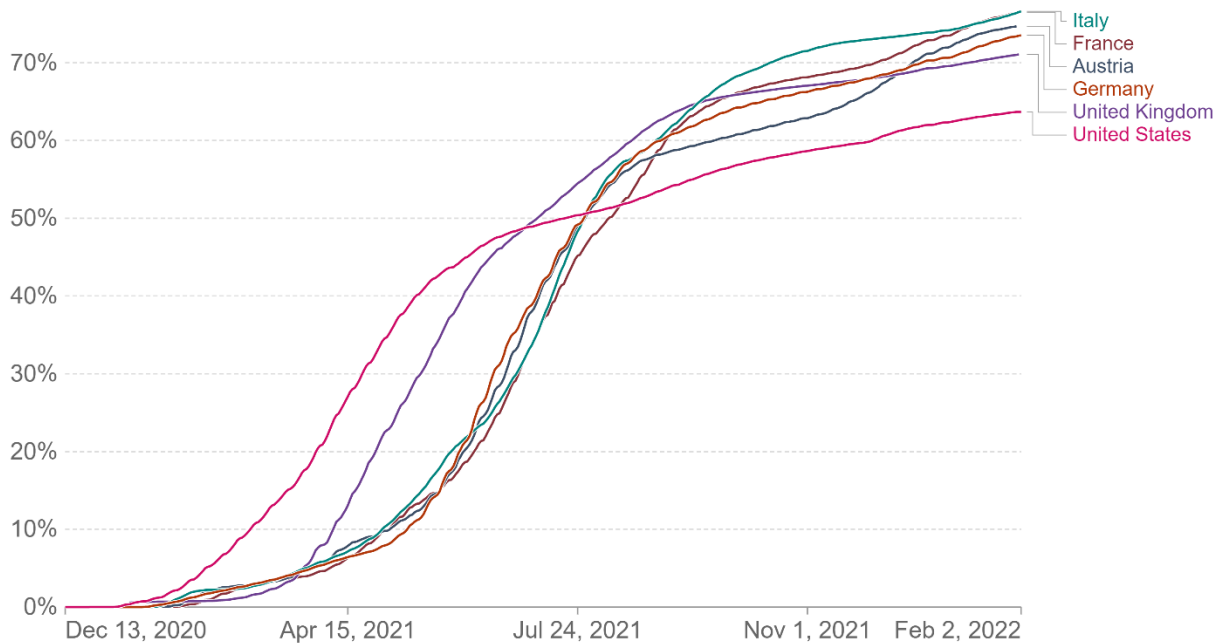
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But just as restrictions are loosened for the vaccinated, they have tightened for the unvaccinated. As of January 24, France began enforcing a rule barring people who do not show proof of vaccination from entering public establishments such as bars, restaurants, and museums. The government plans to keep these restrictions in place until the pressure on hospitals has lessened significantly. France "will be able to lift most of the restrictions taken to curb the epidemic in February" thanks to the new vaccination pass, which replaced the health pass, Prime Minister Jean Castex said in January. Proof-of-inoculation records are required for the new passes, which are needed to access bars, restaurants, and long-distance transport. The [previously used health passes](#) could be obtained with a recent negative COVID-19 test. To convince more people to get vaccinated, the government has ended this policy. "We will apply the vaccine pass as long as necessary, but no longer than necessary," Olivier Véran, the French health minister, said at the news conference. Approximately 76 percent of the French population is fully vaccinated.

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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On Tuesday, France recorded 381 [deaths due to COVID-19](#). The number of daily deaths is still rising, but at a slowing rate over the past week. The number of new admissions to intensive-care units fell 2 percent from a week earlier. The decision to go forward with the planned easing of restrictions has been, to no one's surprise, controversial.