

CED Public Policy Watch

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- 1. NEW WEEKLY UNEMPLOYMENT INSURANCE CLAIMS CONTINUE DECLINE**
- 2. ACCELERATION OF INFLATION?**
- 3. PANDEMIC NEWS**
- 4. VACCINE NEWS**
- 5. INFRASTRUCTURE DISCUSSIONS MOVE FORWARD**
- 6. ENHANCED FEDERAL UNEMPLOYMENT INSURANCE STOPPED BY A NUMBER OF STATES**
- 7. GLOBAL FOCUS ON REOPENING: RISING CASES IN THE DEVELOPING WORLD, FALLING CASES IN DEVELOPED COUNTRIES**

1. NEW WEEKLY UNEMPLOYMENT INSURANCE CLAIMS CONTINUE DECLINE

In the week ending May 8, new Unemployment Insurance claims dropped once again. The headline number for regular state assistance fell by 34,000, to 473,000, the lowest level since March of last year, at the very beginning of the pandemic. The four-week moving average declined by 28,250 as well. However, total claims under all programs, including the federal pandemic programs, increased in the week of April 24 (these data are reported only with a longer lag). The picture therefore is of a labor market improving gradually from an enormous shock, with still a good way to go. This is consistent with the surprisingly tepid employment situation report that was released last week.

2. ACCELERATION OF INFLATION?

As expected, consumer price inflation showed acceleration in April; but the acceleration was perhaps somewhat faster than commonly expected. The monthly increase in the headline all-items number was 0.8 percent, but the headline might be stolen by an eye-popping 10.0 percent increase for used cars and trucks (which is a highly volatile category, because it contains no costs such as materials or labor and is driven solely by relative demand and supply). That might suggest that other prices were tame, but that was not really true, either; price increases were widespread. The index less food and energy (and that index of course includes used cars, too) increased 0.9 percent. Food prices continued rising, while the energy category decreased slightly (the prices were of course collected before the Colonial Pipeline cyberattack, whose effects are expected to be temporary in any event). But items all across the board increased beyond the historically low prior trend.

More-rapid inflation was expected, but it is still expected to be temporary. However, the strength of this jump might cause some increase in concern, and inflation certainly bears watching. Although the benchmark 10-year Treasury Note rate jumped at the news, from about 1.625 percent to about 1.680 percent, that rate remains close to historic lows. On the other hand, it is between double and triple the 0.62 percent of one year prior. Economic recovery will drive interest rates higher, and we all want that. A return to more-normal, higher interest rates will bring some benefits, including less “chasing yields” by otherwise risk averse investors (like retirees) and perhaps fewer low-value investment projects. On the other hand, higher interest rates will raise government debt-service obligations. Higher interest rates because of faster economic growth is a tradeoff; higher interest rates because of faster inflation, without faster economic growth, is a tradeoff that is far less favorable. Thus, we will want to confirm that the burst of inflation that showed up in the April data will in fact be temporary.

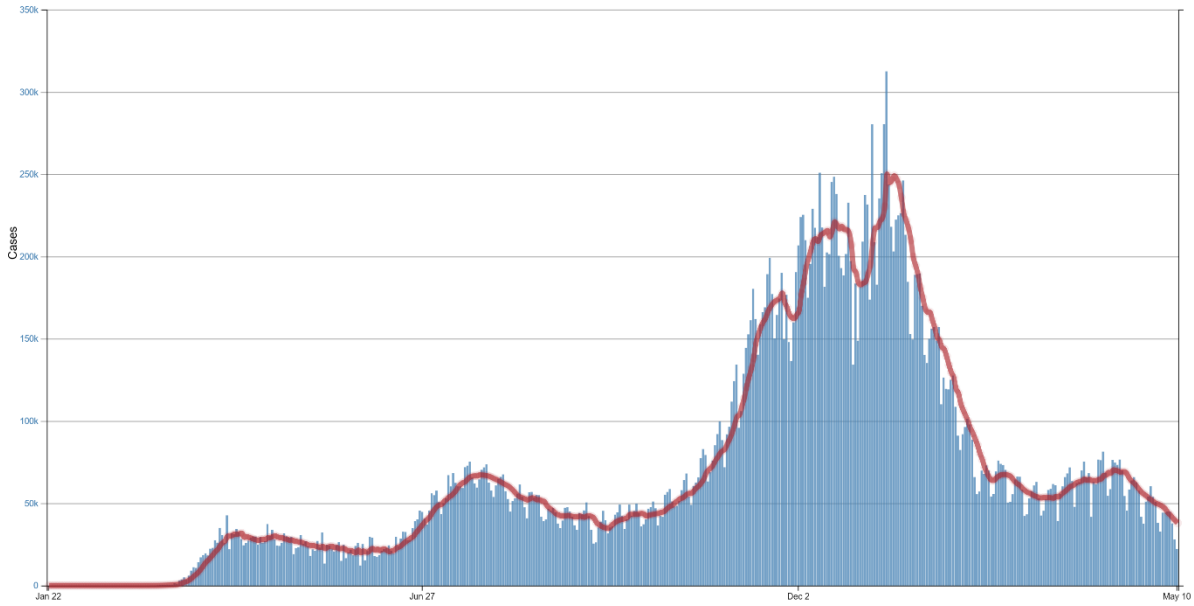
3. PANDEMIC NEWS

Gratifyingly, the number of new identified COVID-19 cases in the United States continues to decline. The seven-day moving average of new cases is now below 40,000, which is the lowest level since the lull last September, before the fall and winter surge. The number of people hospitalized with the virus is also down, and again about to September levels. Recorded deaths are following a similar pattern, and on the same scale. These trends underly the CDC to announce new guidance: Fully vaccinated people can Resume activities without wearing masks or physically distancing, except where required by federal, state, local, tribal, or territorial laws, rules and regulations, including local business and workplace guidance.

By virtually all assessments, the United States has not achieved “herd immunity;” and in fact even the current caseload and death toll was considered troubling eight months ago, and the current downward trend could be reversed by any number of conceivable and unforeseen developments. However, we have achieved what pre-COVID would have been called a miraculous level of vaccinations; and we do not really know how many unvaccinated people might have contracted the virus without symptoms, and what level of immunity they might have, to add to the population’s resistance to the spread of the virus. Any significant reduction in the number of hosts to pass on the virus of course pays dividends. There is at least a solid chance of continued favorable trends given the progress made so far (see below).

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



Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States August 01, 2020 – May 09, 2021

31,210

Current 7-Day Average

May 03, 2021 – May 09, 2021

35,076

Prior 7-Day Average

Apr 26, 2021 – May 02, 2021

123,845

Peak 7-Day Average

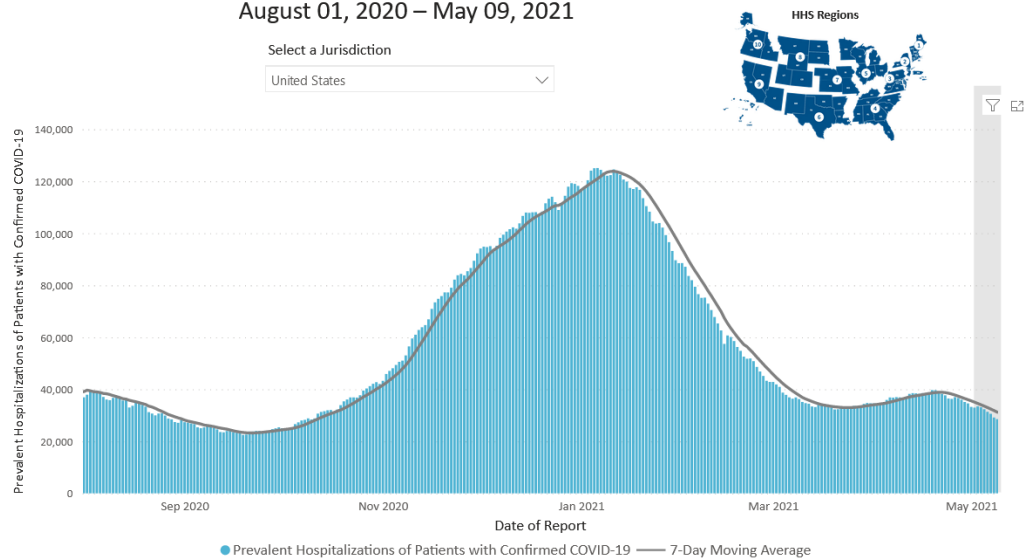
Jan 05, 2021 – Jan 11, 2021

-11.0%

Percent change from prior 7-day
avg. of Apr 26, 2021 – May 02, 2021

-74.8%

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



Based on reporting from all hospitals (N=5,250). Due to potential reporting delays, data reported in the most recent 7 days (as represented by the shaded bar) should be interpreted with caution.

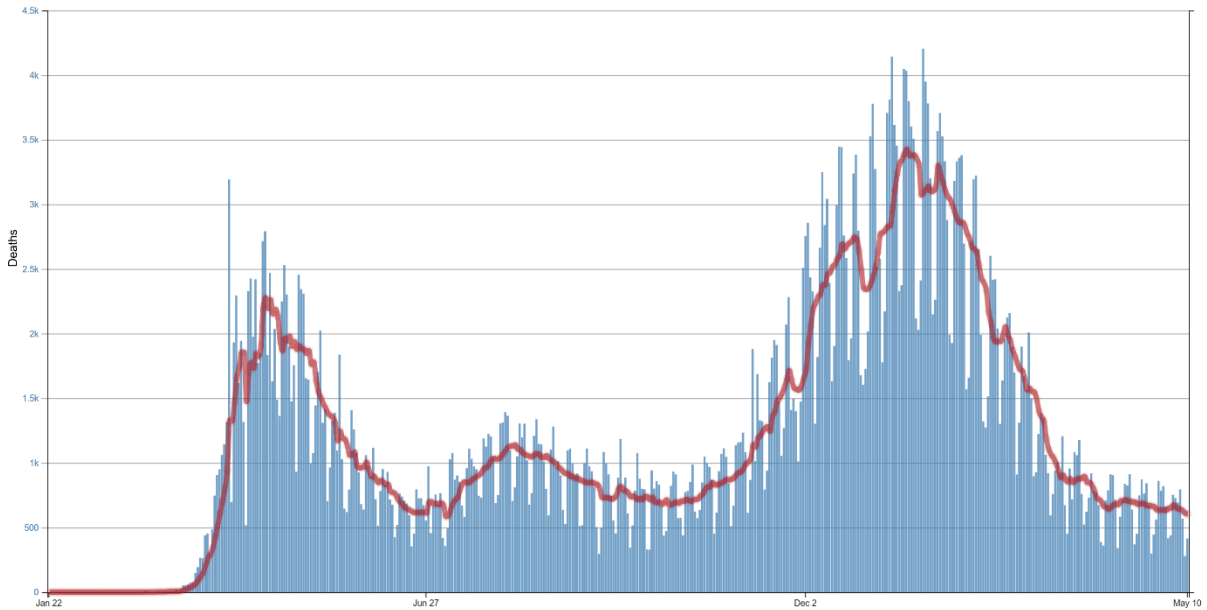
Small shifts in historic data may occur due to changes in the CMS Provider of Services file, which is used to identify the cohort of included hospitals. Data since December 1, 2020 have had error correction methodology applied. Data prior to this date may have anomalies that are still being resolved.

Last Updated: May 11, 2021

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

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.

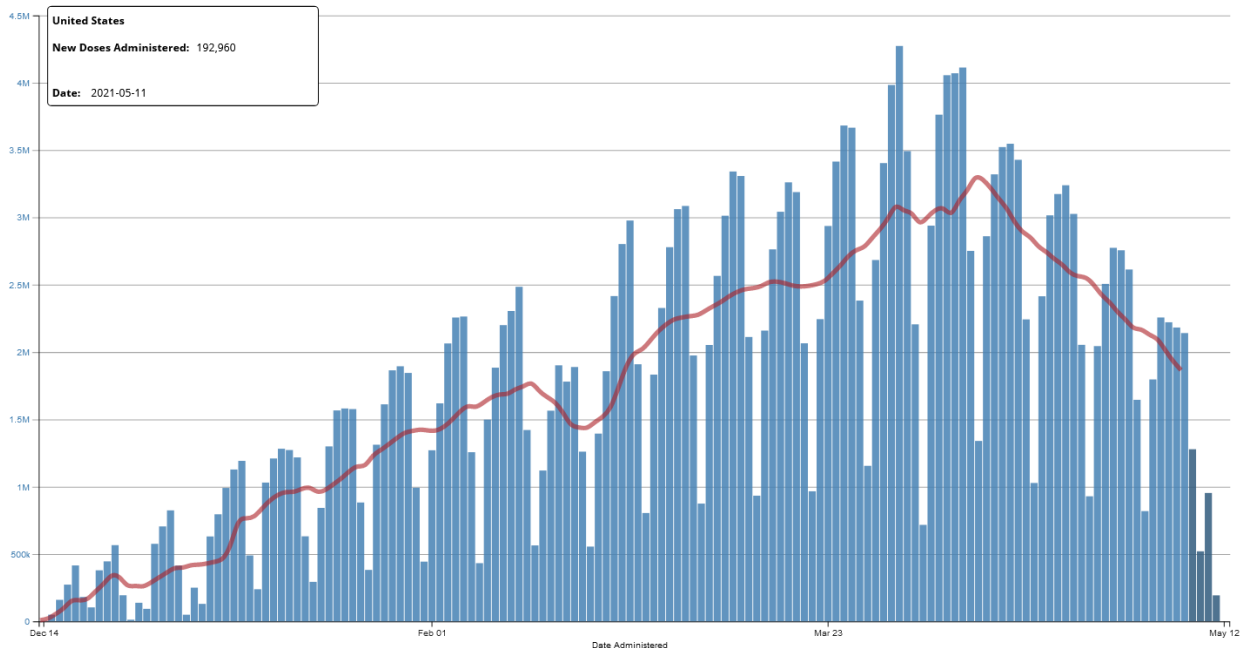
Daily Trends in Number of COVID-19 Deaths in the United States Reported to CDC



4. VACCINE NEWS

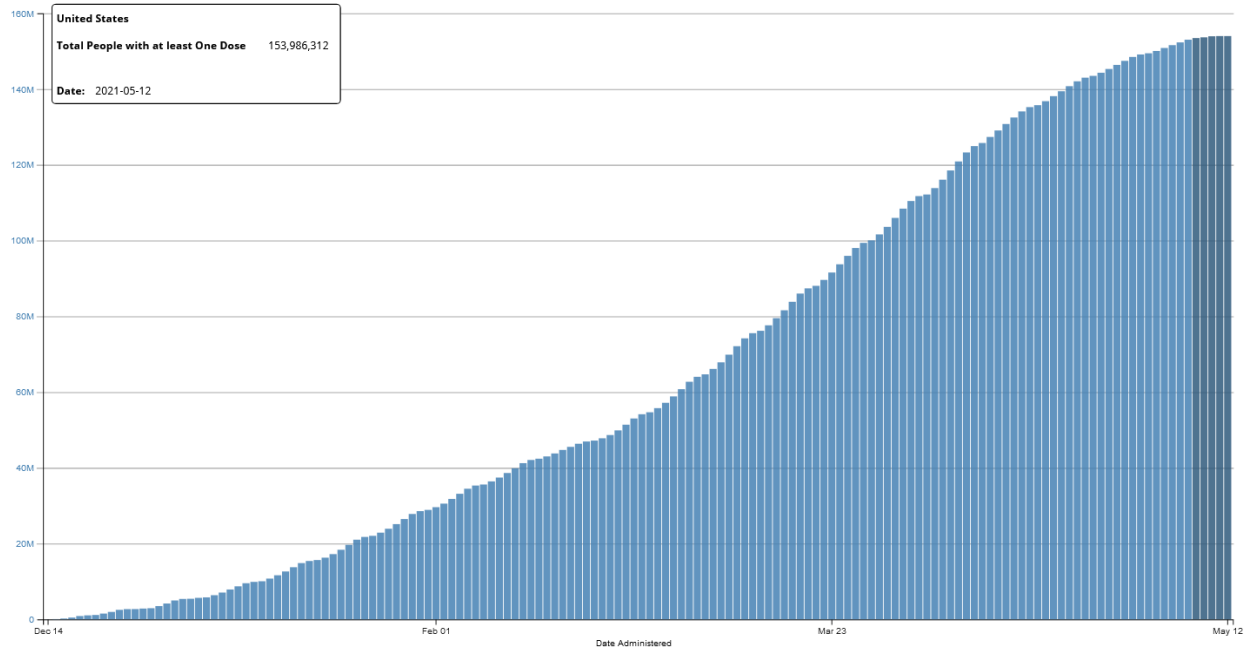
US progress. The pace of vaccination in the United States continues to wane. After a few daily vaccination deliveries at a peak of over four million, the daily rate has now fallen below two million. That decline cannot be attributed to success at covering the population; the count of the vaccinated, at about 50 percent of adults, remains below the level needed for herd immunity.

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



Bars shown in the darker blue shade represent the most recent five days of reporting where the number of vaccine administrations might be impacted the most due to delays in reporting. All reported numbers might change over time as historical data are reported to the CDC.

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

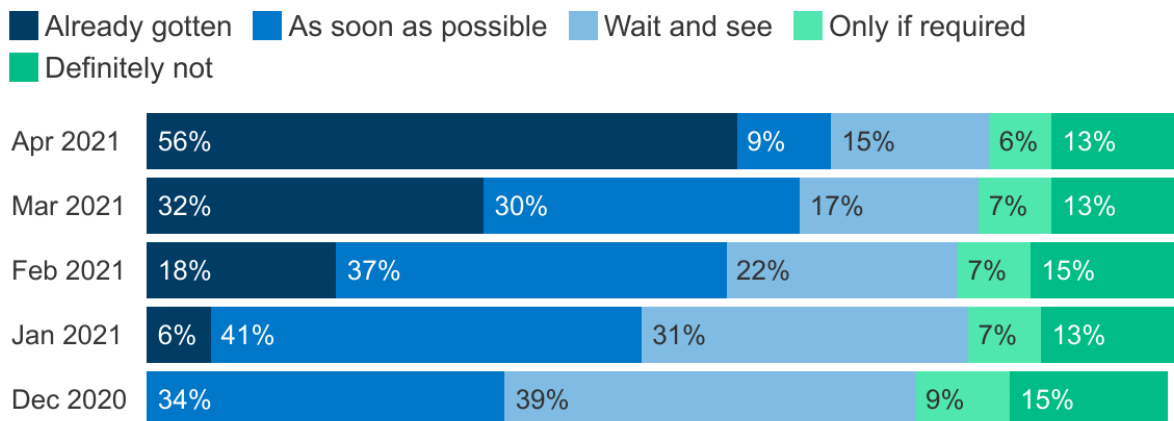


Vaccine hesitancy. The Kaiser Family Foundation has [released](#) one more month of its polling data on attitudes toward vaccination. The results show continued gradual improvement in the number of persons who either are vaccinated or plan to be as soon as possible. (Interestingly, among those in the “as soon as possible” group, there appears to be significant ignorance, misinformation, or uncertainty about how and when to make an appointment to be vaccinated, eligibility, and cost.) Much of the shifting from “wait and see” to “as soon as possible” appears to be occurring among Republicans, the most reluctant group (which is almost a tautology given the already high levels of willingness among others). However, there remain a stubborn 20 percent of the population who say they will be vaccinated only if required, or that they will continue to refuse.

Figure 1

Over Half Of Adults Report Receiving A COVID-19 Vaccine, But Demand May Be Slowing As Eager Group Shrinks

Have you personally received at least one dose of the COVID-19 vaccine, or not? When an FDA authorized vaccine for COVID-19 is available to you for free, do you think you will...?



NOTE: December 2020 survey did not have an option for respondents to indicate they had already been vaccinated. See topline for full question wording.

SOURCE: KFF COVID-19 Vaccine Monitor

**KFF COVID-19
Vaccine Monitor**

Vaccinating the young. The most significant news of this week is emergency-use [approval](#) by organs of the FDA and CDC of the Pfizer vaccine for 12- to 15-year-olds. Previously, the Pfizer vaccine had emergency-use approval down to age 16, while the Moderna and Johnson & Johnson vaccines were approved to 18. Results in Pfizer's clinical trial were even stronger than those for older persons. Even though the potential for serious infection for teens is lower (but not zero), preventing infection would take that additional segment of the population off the table as potential propagators of the virus, [helping](#) the nation to achieve "herd immunity." There is a legal complication in that minors may not be able to present themselves alone in some states to be vaccinated. Pfizer says that it will apply in September for emergency-use authorization down to age 2. It is currently testing down to age 6 months. The Kaiser Family Foundation [reports](#) that parents' attitudes toward vaccinating their children generally mirrors their attitudes toward their own vaccination, although internet based rumors about reduced [fertility](#) are a potential sticking point. Schools and other institutions are [considering](#) all manner of approaches to encourage teens to be vaccinated; many teens reportedly want the [freedom](#) to undertake more activities without fear of the virus. There are complications with linking the COVID-19 vaccine to other required vaccinations, because so far, the COVID-19 vaccine has only emergency-use approval. Another wrinkle is changing positions on the timing of administration of the COVID-19 vaccine relative to that of other required vaccines, although the latest opinion appears to be that vaccines can be delivered [together](#).

New vaccines. The issues that have arisen with the J&J and the AstraZeneca vaccines have illustrated that it is always good to have options (even though those vaccines might well be widely accepted in time). And although the storage conditions for the Pfizer and the Moderna vaccines might prove to have been overstated, it remains true that the simpler the handling requirements, the better, especially in less-prosperous countries. Thus, it is good news that a German mRNA vaccine from CureVac, which is advancing toward emergency-use approval, may soon be [available](#). That vaccine may share the potency of the Pfizer and Moderna products, but it appears stable in a standard refrigerator—not even a pharmaceutical freezer, much less the rare laboratory freezers that have been called upon this year.

Meanwhile, there are mixtures of news—some [optimistic](#), and [some pessimistic](#)—for the vaccine from Maryland firm Novavax. The Novavax vaccine appeared robust against the B.1.1.7 variant (first identified in the United Kingdom) in early data. However, it has been slower than expected in assembling its emergency-use application, and has also confronted shortages of raw materials needed in manufacturing. The application had been expected in the second quarter of this year, but it has not happened, and it appears likely to be delayed until the third. Like the CureVac product, the Novavax vaccine was thought of as a contributor to progress in the emerging countries; Novavax had pledged 1.1 billion doses to an international public-private partnership. The delays are reducing the value of that commitment.

5. Infrastructure Discussions Move Forward

This week President Biden met with Republican members of Congress to discuss the infrastructure bill and asked a group of Republican Senators to provide [additional details](#) to their \$568 billion infrastructure proposal including how they would pay for it. The President said after the meeting that he was optimistic the group could reach a reasonable agreement and planned to discuss a reworked offer from the GOP senators next week. The Wall Street Journal also reported that many business leaders want the administration to avoid corporate tax increases and [find other ways](#) to pay for its infrastructure package.

The President's Infrastructure Plan includes \$621 billion to modernize transportation infrastructure, \$400 billion to help care for the aging and those with disabilities, \$300 billion to boost the manufacturing industry, \$213 billion on retrofitting and building affordable housing and \$100 billion to [expand broadband access](#), among other items. It would also [raise the corporate tax rate](#) to 28% from 21% and increase taxes on U.S. companies' foreign earnings to cover the cost of the eight-year spending plan over 15 years.

For Further Reading: CED's Solutions Brief: [*A US Infrastructure Plan—Building For The Long-Haul*](#)

6. Enhanced Federal Unemployment Insurance Stopped By A Number of States

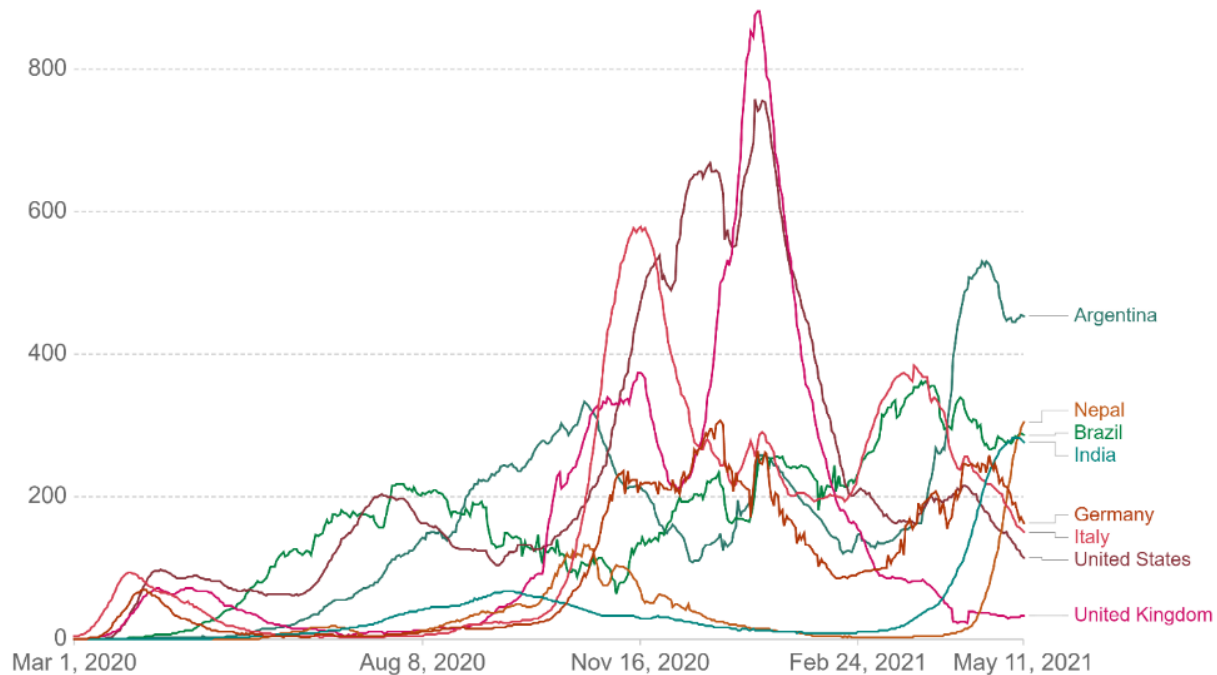
[At least 16 states](#) are opting out of the \$300 federal unemployment benefits programs, set to expire in September. The states, which all have Republican governors, include Alabama, Arizona, Arkansas, Georgia, Idaho, Iowa, Mississippi, Missouri, Montana, North Dakota, Ohio, South Carolina, South Dakota, Tennessee, Utah and Wyoming.

7. GLOBAL FOCUS ON REOPENING: RISING CASES IN THE DEVELOPING WORLD, FALLING CASES IN DEVELOPED COUNTRIES

In recent weeks, India has been at the forefront of international discussion over rising rates of COVID-19 in the developing world. India's unexpected second wave began around mid-March and peaked at the end of April, with a record of over 400,000 recorded new cases on [April 30](#). The wave is finally bending, but the situation in India remains alarming. On May 10, a World Health Organization (WHO) official stated that the organization is reclassifying India's highly-contagious triple-mutant COVID-19 variant as a "[variant of concern](#)" at the global level. The variant, known as B.1.617, has been found in preliminary studies to spread more easily than the original form of the virus.

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.



Source: Johns Hopkins University CSSE COVID-19 Data

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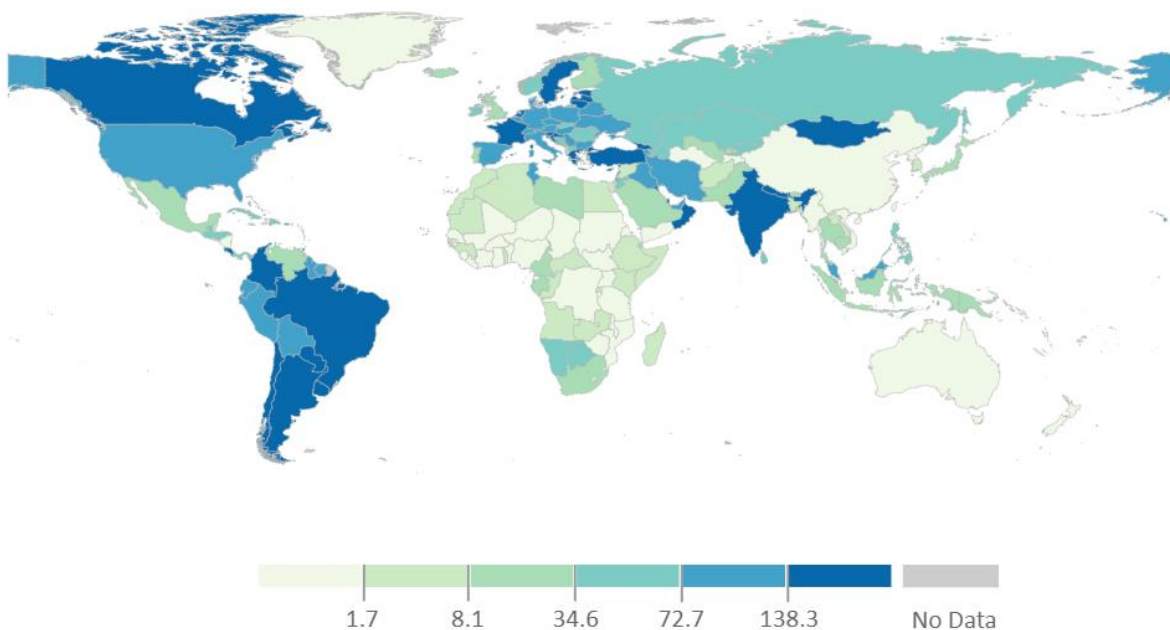
India is not alone in its recent spike in cases. As the US and Europe continue to enjoy falling caseloads due to greater vaccine distribution, much of the developing world is facing new waves of the virus. From [Argentina](#) to [Nepal](#), these new spikes are putting severe strain on the healthcare systems of these countries as they report significant surges in infection rates in past weeks. Experts are saying that these spikes are largely being caused by new [virus variants](#) in addition to the lack of resources. Nepal, which neighbors India, faced an eruption in its caseload in mid-April, the same time that India's second wave picked up. Several variants, including those first identified in India and the United Kingdom's B.1.1.7, have been identified in Nepali patients.

	New Covid cases in the past month	% change vs the month before
Laos	884	22,000%
Nepal	58,390	1,645
Thailand	40,037	1,293
Bhutan	222	909
Trinidad & Tobago	3,197	701
Suriname	1,359	612
Cambodia	11,974	604
Fiji	52	550
India	7,254,326	516

Note: The past month measures data as of May 2
Source: Johns Hopkins University, Bloomberg

Meanwhile, Brazil's COVID-19 variant, P.1, is causing a surge in cases throughout [South America](#). In late April, Colombia's capital of Bogota saw intensive-care units hit 90 percent capacity, while other cities reached their breaking point. Doctors in Argentina are seeing a rise in younger patients as youth are being infected by the new strains and older people are protected by the vaccines they have received. Vaccinating the developing world will be a challenge. In March, India [suspended](#) its COVID-19 vaccine exports to focus on vaccinating its own population. India's export restrictions are highlighting a weakness in the WHO-backed Covax initiative, a program financed by mostly Western countries to distribute vaccines to 92 low- and middle-income countries. As noted above, production delays by Novavax will set back vaccine distribution to developing countries, much of which are being hard hit by these highly contagious new variants.

Global cases of COVID-19 reported per 100,000 population in the past 7 days



[Source: WHO COVID Data Tracker](#)