

CED Public Policy Watch

07.09.2021

- 1. NEW UNEMPLOYMENT INSURANCE CLAIMS PAUSE IN THEIR DECLINE—AGAIN**
- 2. FEDERAL RESERVE BEGINS TO THINK ABOUT BEGINNING TO THINK ABOUT INTEREST RATES**
- 3. PANDEMIC NEWS**
- 4. VACCINE NEWS**
- 5. SPOTLIGHT ON REOPENING: THE DELTA VARIANT, VACCINATIONS, AND EUROPE**

1. NEW UNEMPLOYMENT INSURANCE CLAIMS PAUSE IN THEIR DECLINE—AGAIN

Once more proving unwilling to stick with a trend, new weekly Unemployment Insurance claims under regular state programs, seasonally adjusted, increased by a tiny 2,000 in the week ending July 3. (The level of the previous week was revised up by 7,000, which still leaves a substantial decline.) The four-week moving average of new claims continued to fall, however. The small increase in new claims does not alter the substantial broad improvement in economic indicators, including the strong monthly Employment Situation report for June that was released last Friday. This is especially true in that continuing claims (reported with an additional one-week lag) declined in the week ending June 26. Total claims, including under the federal pandemic relief programs (reported with a still-longer lag), declined by almost 450,000 to 14,209,007 in the week ending June 19. People are already speculating as to whether the suspension of the federal programs by the governors of half of the states (with court challenges underway) has motivated some previous beneficiaries to go back to work, but actual employment data by state for a time period after benefits have ended (as opposed to estimation of an “announcement effect” on Unemployment Insurance claims, using data collected from before benefits were actually lifted) will not be available at the state level until September.

2. FEDERAL RESERVE BEGINS TO THINK ABOUT BEGINNING TO THINK ABOUT INTEREST RATES

Federal Reserve officials always said that they would watch the data to decide their monetary policy. And the [minutes](#) of their June meeting [made clear](#) that they have been a bit surprised by the data they have seen. The Federal Open Market Committee’s press release and its “dot plot” showed that the members’ expectations had changed as of that meeting; they clearly had seen more inflation than they anticipated, even though they generally continue to believe that at least some of that inflationary pressure will prove temporary. Still, they are concerned that inflationary expectations can prove self-fulfilling, and they do not want to be caught behind the curve. Telling words in the minutes included a concern that, “as a matter of prudent planning, it was important to be well positioned to reduce the pace of asset purchases, if appropriate, in response to unexpected economic developments, including faster-than-anticipated progress” on the process of restoring both economic growth and inflation at the

2 percent target (and therefore out of harm's way with respect to a destructive deflation). The Fed has enunciated a two-part test for removing its monetary stimulus—full employment and restoring inflation—and will have a decision to make if inflation accelerates before the labor market is again sound.

3. PANDEMIC NEWS

The Pandemic Perils of Pauline continue to play out. The viral train accelerates, as our hero struggles up the steep, steep hill with medical syringe in hand. Will the captive be inoculated before the variant arrives? Tune in next week—and perhaps the week after that, and the week after that...

Nationally, the trend is in the wrong direction. Regionally, some parts of the nation continue to make progress, while other parts are suffering worsening outcomes that could come to test their health care institutions. But the national, and even global, risk is that new and more dangerous variants could emerge from the regional hotspots to threaten everyone.

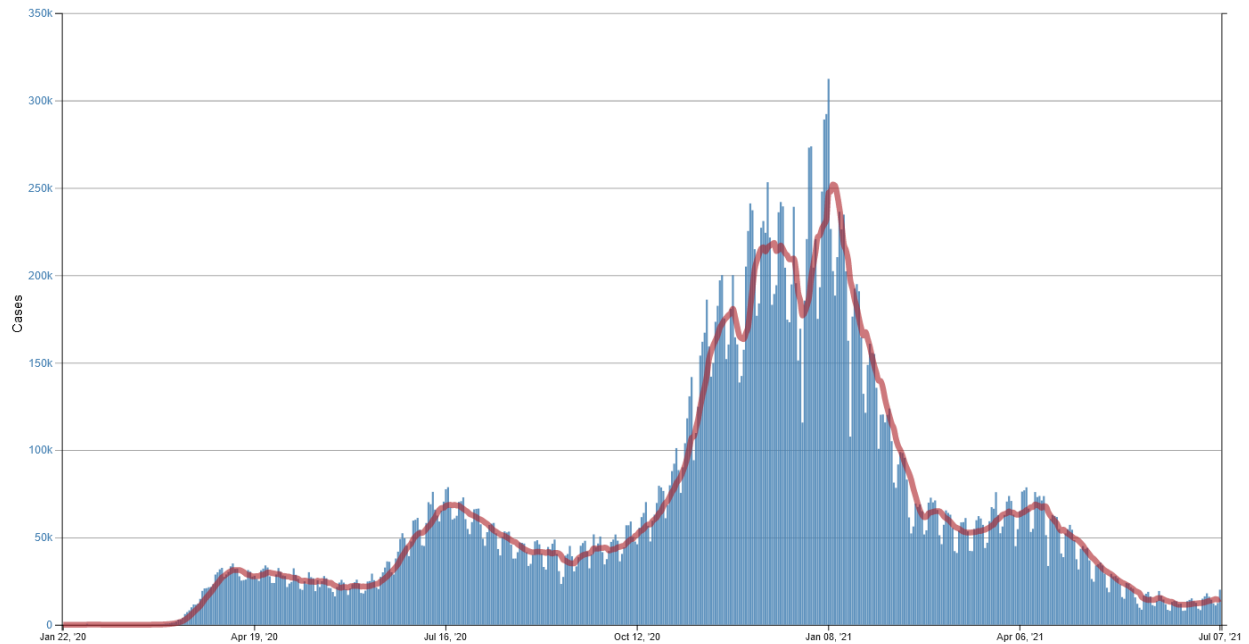
The seven-day average count of daily new cases is at a level for which we would have kissed the ground for much of the last 16 months. On March 28, 2020, that seven-day average was rising at what was clearly exit velocity, at 15,878, and only an upward blur (it had doubled by April 2). As of July 7, the seven-day average is lower than that, at 14,884.

But it is rising.

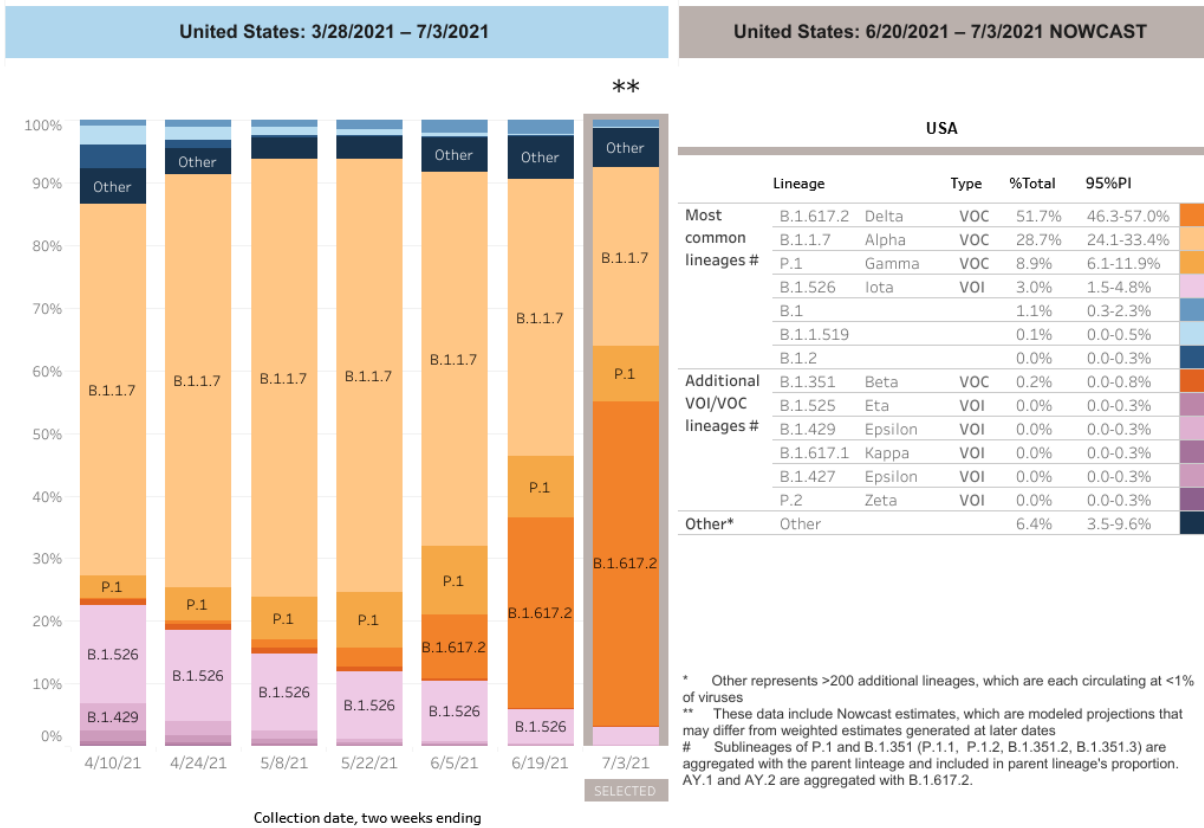
On June 20, it was 11,446. There should be a tendency of a falling pandemic incidence to continue falling, because with progressively fewer infections, there are fewer prospective donors for the virus to replicate itself.

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



But the [more transmissible](#) (by 40 to 60 percent, and possibly more lethal) Delta variant (B.1.617.2, first observed in India) is preying on the weaknesses of our nation's public health response (more below). The CDC does not have final data yet for the week ending July 3, but it projects that the Delta variant will be responsible for about half of all US cases for the first time, and its incidence is clearly rising at an alarming pace.



Enough of the nation has been vaccinated that the load on the health care system is much below where it was in prior surges. Hospitalizations, like daily new cases, are down from their peaks. But they, too, are rising again, with the seven-day average above where it was one week ago.

Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States August 01, 2020 – July 06, 2021



12,703

Current 7-Day Average

Jun 30, 2021 – Jul 06, 2021

12,032

Prior 7-Day Average

Jun 23, 2021 – Jun 29, 2021

123,865

Peak 7-Day Average

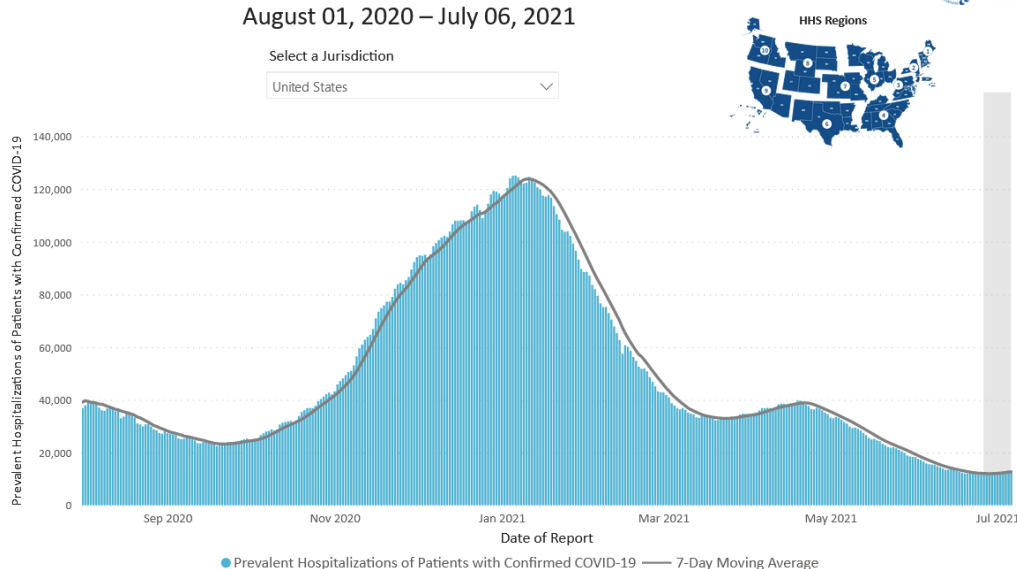
Jan 05, 2021 – Jan 11, 2021

+5.6%

Percent change from prior 7-day
avg. of Jun 23, 2021 – Jun 29, 2021

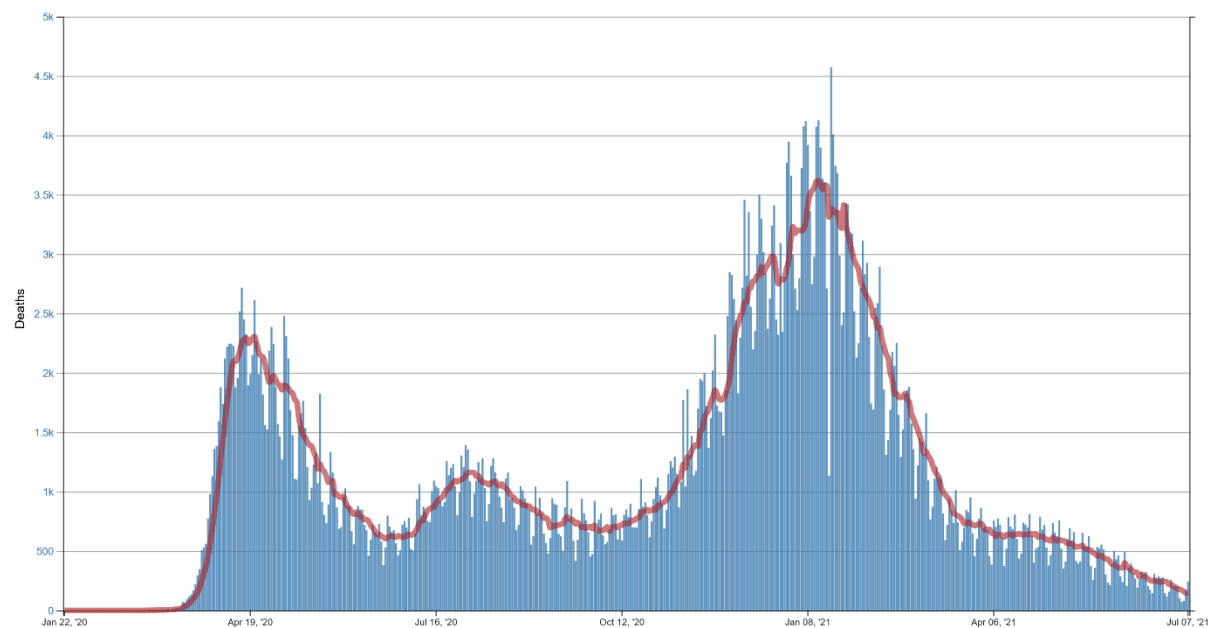
-89.7%

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



The trend of daily deaths is uncertain at this time. The health care delivery system has learned a great deal about treating the virus, but the rising case count may be on the point of taking a greater toll, especially given the role of the Delta variant in the case growth. One day's number is hardly a trend, but there was a big jump in deaths on July 7 (to 244, after a number as low as 70 reported on July 4).

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



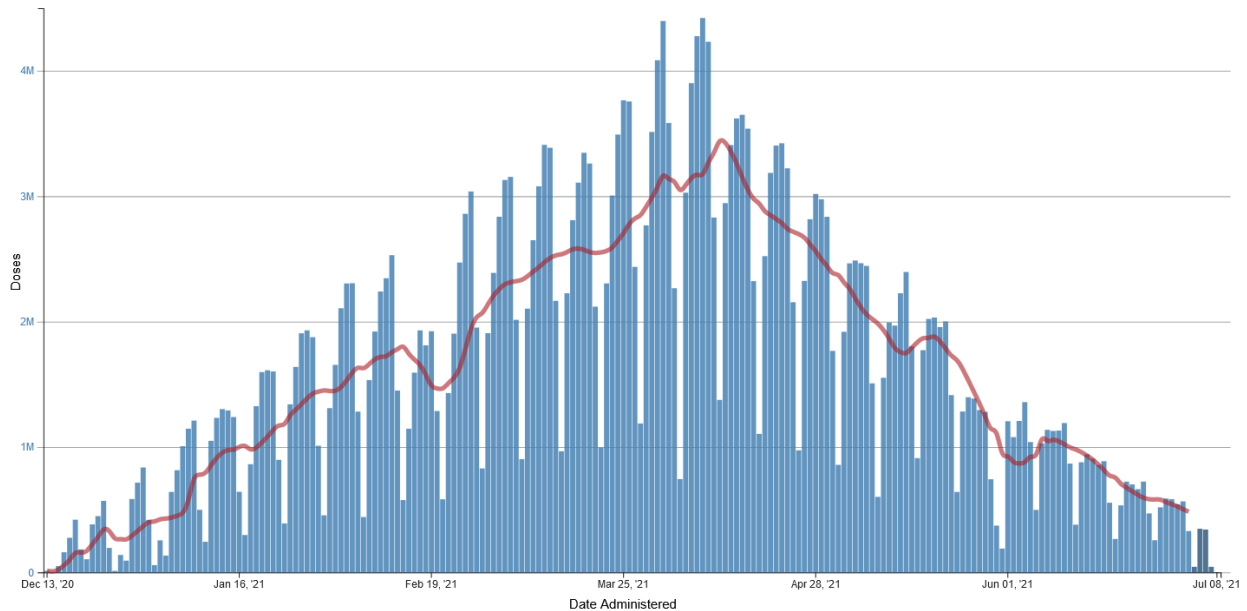
4. VACCINE NEWS

The number of vaccinations administered daily continues to decline.

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.

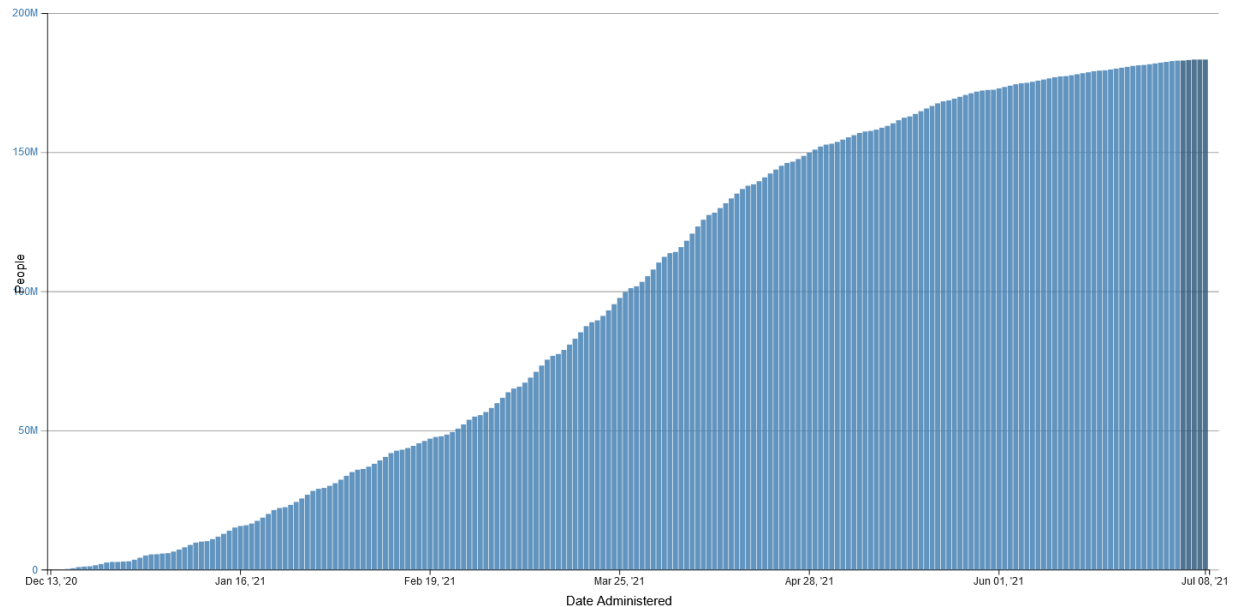
[How Do I Find a COVID-19 Vaccine?](#)

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



And the number of persons having received at least one shot remains apparently stalled, well below where it needs to be to snuff out the virus.

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

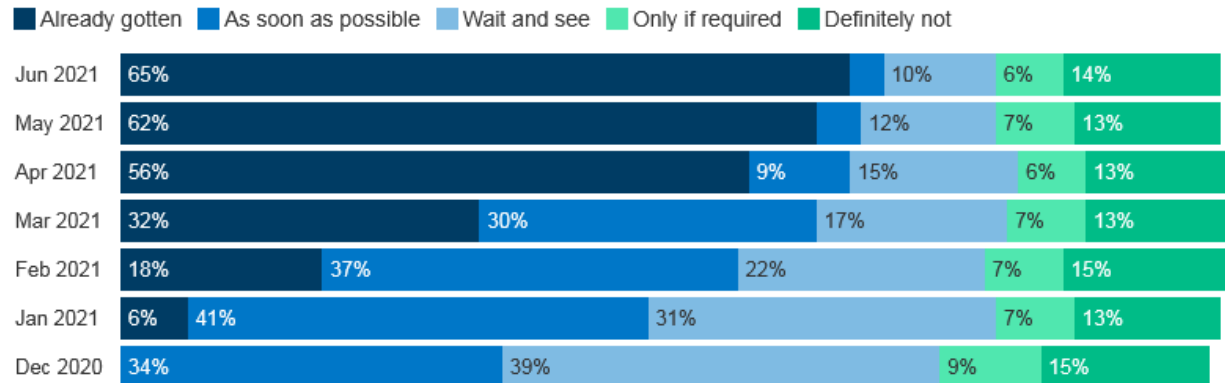


The reason for this stall is reconfirmed by the Kaiser Family Foundation in its [continued polling](#) of US attitudes toward the coronavirus vaccine. They find, yet again, that 20 percent of the population are firmly opposed to getting vaccinated. In the latest (June) poll, 6 percent said that they would be

vaccinated only if required, while 14 percent said that they would definitely not accept vaccination (precisely what that would mean if vaccination were to be required is not clear; nor is it clear precisely what the 10 percent who say that they will “wait and see” are waiting to see, given that 100 percent of the fatalities in Maryland in June were [unvaccinated](#) people).

As Rate Of Increase In COVID-19 Vaccine Uptake Slows, Two-Thirds Of Adults Report Receiving At Least One Dose

Have you personally received at least one dose of the COVID-19 vaccine, or not? As you may know, an FDA-authorized vaccine for COVID-19 is now available for free to all adults in the U.S. Do you think you will...?



NOTE: December 2020 survey did not have an option for respondents to indicate they had already been vaccinated. Jan-Apr 2021 question wording: "When an FDA authorized vaccine for COVID-19 is available to you for free, do you think you will...?" See topline for full question wording.

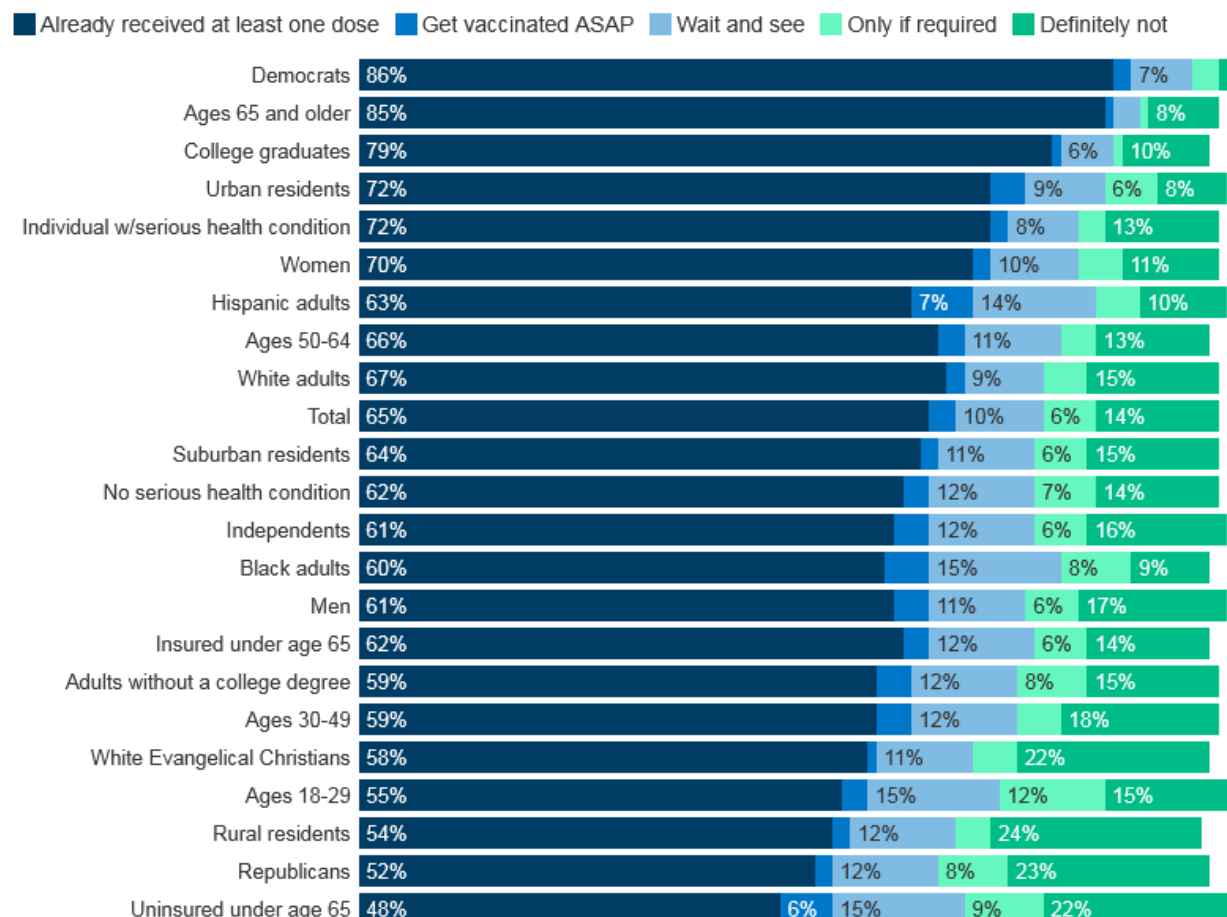
SOURCE: KFF COVID-19 Vaccine Monitor • [Download PNG](#)

[KFF COVID-19 Vaccine Monitor](#)

Among the fascinating KFF findings are continued signs of sharp differences in attitude among definable groups across the population—by race and ethnicity, political affiliation, education, and region.

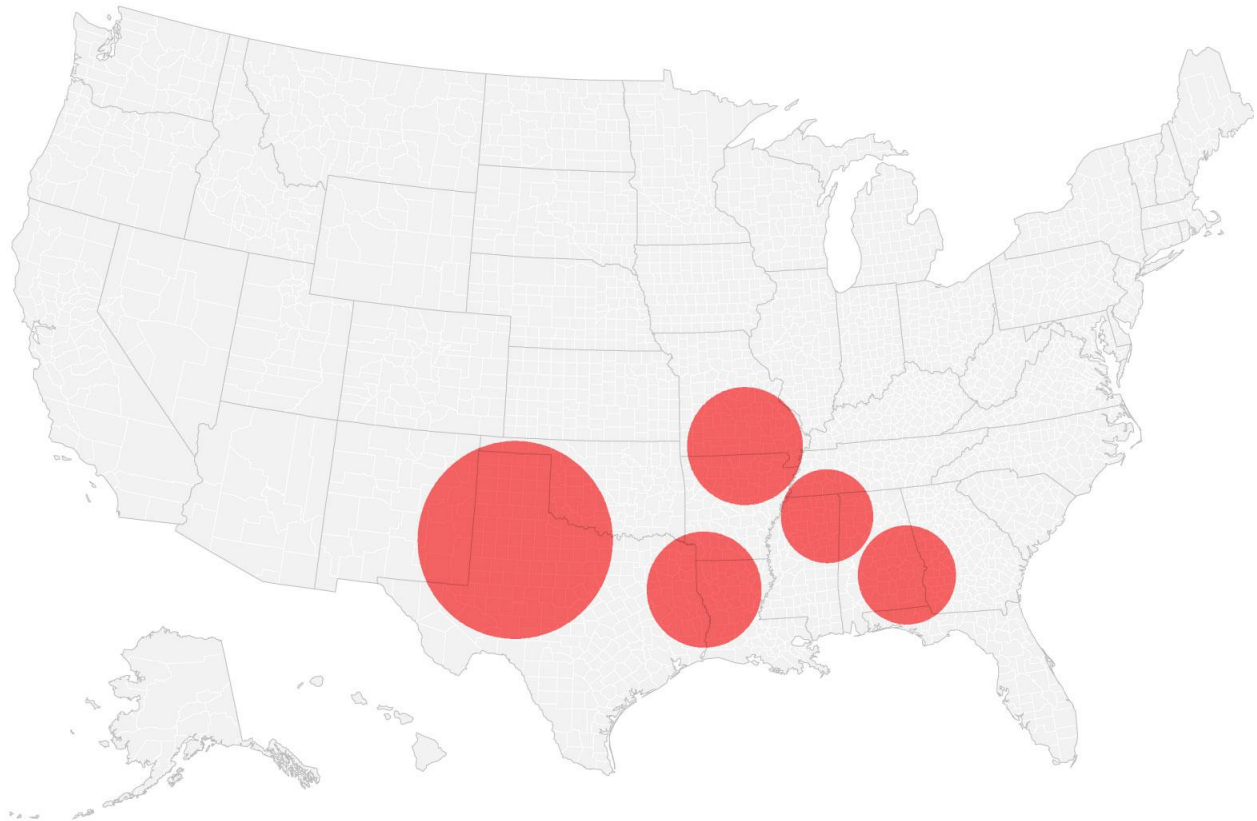
Across Most Subgroups, At Least Half Report Receiving A COVID-19 Vaccine

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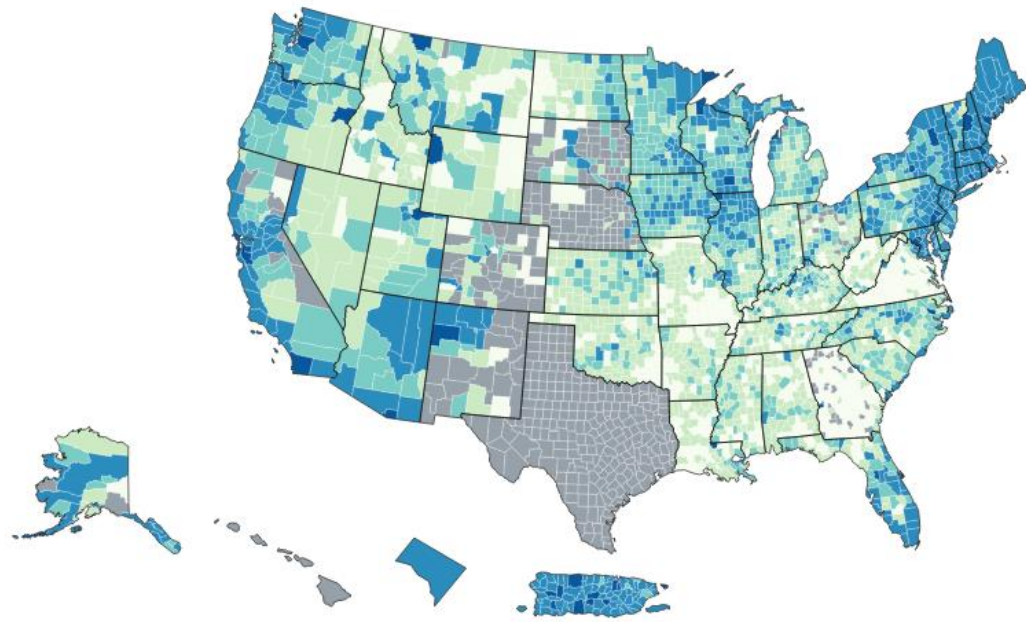


And therein lies another interesting—and troubling—dimension to this tale. Many of these population indicators of vaccine preference boil down to an urban-rural divide. Researchers at Georgetown University, looking at contiguous counties with very low vaccination rates, [found](#) five major clusters, all in the southern and southeastern United States (with 25 smaller clusters elsewhere), with vaccine takeup at barely half the national average. This means, of course, that their residents remain vulnerable while other parts of the country are quite secure—unless and until a new variant arises in the unvaccinated regions that can find its way around the vaccines. And while parts of the country remain fertile breeding grounds for the virus, a new and even more dangerous variant of the virus is always just one genetic mistake away.

The five major clusters identified by the Georgetown researchers contain more than 15 million people, with few major metropolitan areas, and thus they are rural in nature.

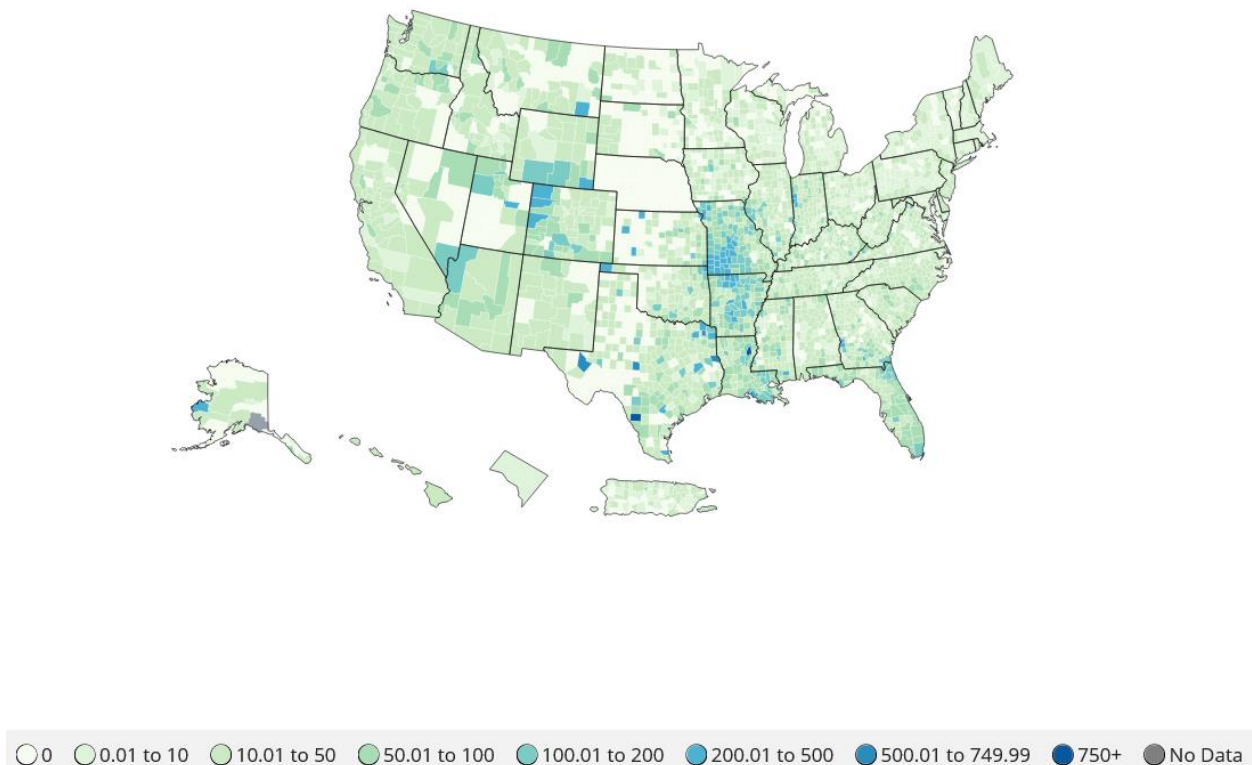


Compare that impressionistic view of the county vaccination data with the literal county data (percent of the population with at least one dose) reported by the CDC (noting that the CDC does not collect data from parts of the country, notably Texas, whereas the Georgetown researchers reached down to the state and county levels for data to draw their inferences):



○ 0-29.9% ○ 30-39.9% ○ 40-49.9% ○ 50-69.9% ○ 70%+ ○ No Data

And here are the CDC's reported county data for cases, which correspond closely with the pattern of vaccination:



So are we protected? The systematic geographic attitudinal differences within our population are exceedingly dangerous. Data thus far do [indicate](#) that the existing vaccines are highly effective against the Delta variant, even though it is highly infectious for the unvaccinated. Pfizer has [reported](#), not totally surprisingly, that the efficacy of its vaccine does decay over time, although so far the reduced protection is associated with symptom-free or mild infections, not serious episodes leading to hospitalization or death. But these signs do point to an eventual need for booster shots, which Pfizer says it is developing apace. Pfizer also says that it seeks to expand its current emergency use authorization to full FDA approval.

5. SPOTLIGHT ON REOPENING: THE DELTA VARIANT, VACCINATIONS, AND EUROPE

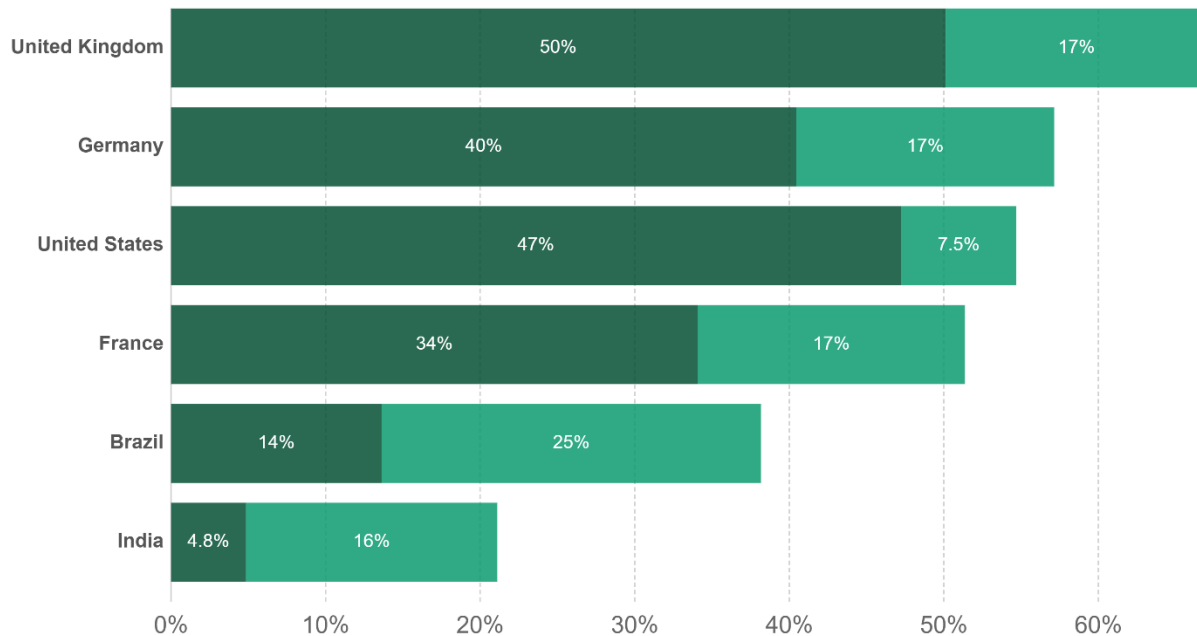
On Wednesday, data from [John Hopkins](#) showed that over 4 million people around the world have died of COVID-19. The Delta variant, first discovered in India where it caused a second wave of deadly infections, is now rapidly spreading across the globe. Delta is more contagious than previous variants and there is evidence that it increases the risk of severe illness and is more resistant to vaccines. Delta is the dominant strain in the UK, comprising of 95 percent of all sequenced cases. The variant currently accounts for half of all COVID-19 cases in many areas of the US – increasingly worrisome as US vaccination rates have [stalled](#). "It's twice as infectious. Fortunately, unlike 2020, we actually have a tool that stops the Delta variant in its tracks: It's called vaccine," said Andy Slavitt, a former senior adviser to Biden's Covid Response Team. Twenty-four states have seen an [uptick](#) of at least 10 percent in new cases over the past week.

Share of people vaccinated against COVID-19, Jul 7, 2021

This data is only available for countries which report the breakdown of doses administered by first and second doses.



■ Share of people fully vaccinated against COVID-19 ■ Share of people only partly vaccinated against COVID-19



Source: Official data collated by Our World in Data

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Current evidence suggests that the full regimen of a COVID-19 vaccine (two shots if called for) is highly effective in preventing serious illness from the virus. Public Health England (PHE) published [analysis](#) showing that one dose of vaccine is 17 percent less effective at preventing symptomatic illness from the Delta variant compared to Alpha, but there is only a small difference after two doses. Health and Social Care Secretary Matt Hancock said, “This evidence of the effectiveness of two doses against variants shows just how crucial it is to get your second jab.” Britain’s [“one-jab”](#) strategy, the prioritization of first doses to as many individuals as possible, proved successful in saving lives and slowing virus spread—to a point. But now as Delta runs rampant throughout the UK, the 17 percent of the population who have not returned for their second dose—many out of complacency after the early apparent success—are at risk.

“A 10-week decline in the number of COVID-19 cases in the 53 countries in the WHO European region has come to an end,” said [Hans Kluge](#), the WHO’s regional director for Europe. Millions remain unvaccinated in Europe amid the spread of the Delta variant, increased social gatherings and travel, and easing of restrictions. Despite its large number of cases caused by the Delta variant, the UK plans to end public health restrictions on July 19. While US markets were closed on Monday due to the Fourth of July holiday, European markets opened lower, which many analysts attributed to the spread of the Delta variant and its [dampening effect](#) on reopening bullishness. COVID-sensitive assets struggled, with the [STOXX 600](#) Travel & Leisure index down 0.13 percent, extending the previous week’s losses.

Amid worries over Delta’s impact on summer travel, the European Commission predicted that the [euro zone will grow](#) by 4.8 percent this year, faster than the 4.3 percent expansion it had forecast in May. The

upward revision is due to the reopening of the bloc's major economies in the second quarter, which benefited the services sector and is expected to boost tourism. Additionally, economic activity in the first quarter of the year has exceeded initial expectations. But all of that could be put at risk by the lagging of vaccinations and the advance of the Delta variant.