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1. **UNEMPLOYMENT CLAIMS RISE FOR THE THIRD CONSECUTIVE WEEK, BUT PARTIALLY DUE TO NON-ECONOMIC FACTORS**

New weekly unemployment insurance (UI) claims for the week ending September 25 increased for the third consecutive week. The headline seasonally adjusted number rose by 11,000 to 362,000 (and was unrevised for the previous week). The four-week moving average, which strips out the week-to-week volatility, also ticked up for the first time in seven weeks to 340,000, but remains near its pandemic-era low. With a record 10.9 million job openings and employers reluctant to shed workers amid labor shortages, rising initial jobless claims partially reflect workers [shifting from expired federal pandemic UI programs to regular state benefits](#).

With the end of federal pandemic UI programs on Labor Day, the total number of persons receiving unemployment benefits under both state and federal programs fell by more than half: total continuing claims for the week ending September 11 (reported with a lag) dropped from 11.3 million to 5.0 million, reaching a new low during the health crisis. Notably, about 2 million unemployed persons are still receiving benefits under the now expired federal programs as states continue to catch up on backlogs of applications.

2. **POWELL, YELLEN URGE CONGRESS TO INCREASE DEBT LIMIT**

It is more than predictable that a Treasury Secretary, in this iteration Janet Yellen, would [tell the Congress](#) to increase the debt limit promptly and without drama. It is just a bit more unusual for a Federal Reserve Chair to sing in harmony, but Jerome Powell [took the occasion](#) of testimony on Capitol Hill to add his voice. The nation has never defaulted on its debt before, and so the consequences are unknowable; but they are also immeasurable. Adding any element of risk to the holding of Treasury securities could increase the interest rates that the nation must pay in perpetuity. The financial

disruption that would follow a default would have untold consequences. And the United States would be forever diminished in the view of the rest of the world on matters far afield from finance. Some of the continuing dispute is procedural in form but political in substance (should the Democrats be forced to go back to square one on their entire reconciliation process to write the debt limit into it, or should Republicans eschew objecting to the consideration of a clean debt limit bill so that the Democrats could pass it with only their own votes without a filibuster). Some is substantive at a fine level of detail; the debt limit could be increased (which would be the only option using the reconciliation route), or it could be suspended to a date certain (which the financial markets have come to prefer given the greater degree of certainty—but still not absolute certainty, because the Congress could fail to act by the appointed date and force the Secretary into her “extraordinary measures,” which are uncertain as to the duration of their sufficiency).

### **3. PAULINE (STILL) IN PERIL!**

The Congress has decided to [forgo](#) the self-inflicted embarrassment of a government shutdown, but beyond not yet resolving the debt limit, the House has not been brought to the scheduled (but already once postponed) votes on either the bipartisan Infrastructure Investment and Jobs Act (IIJA) or the budget reconciliation bill. The hangup remains internal party agreement over the size and scope of the reconciliation bill. As of this writing and subject to change, there are dueling offers of a \$3.5 trillion bill from the progressive side, and a \$1.5 trillion topline from the moderates (specifically Senator Joe Manchin of West Virginia). From experience, there is always a magnetic pull in such a public negotiation toward a focus on a topline number. It is what the press and many in the attentive public can understand. Furthermore, there is often a perceived significance to the top line (“the largest deficit reduction in history;” “the largest tax cut in history;” “only X.X percent of GDP;” “more than X.X percent of GDP;” or something similar). However, the top line means nothing without the programmatic detail. One side might argue for a big number and then discover that even a number that big will not fund their priorities (which is already the case today, witness the gimmicks involved in the \$3.5 trillion bill so far), with the result that the bill becomes disingenuous and ineffectual. Another apparent condition proposed in this public negotiation is that all of the dollars in the pandemic relief legislation must be spent before the reconciliation dollars would be released; that is unrealistic, given the large number of complex new and one-off programs that were enacted in those relief bills, and the demands for federal and state/local innovation and coordination to make them work. (And for example, some of those programs were designed to help local school systems to get through the current academic year, which has just begun.) In sum, this negotiation has a long, long way to go. Will Pauline escape the onrushing train? Tune in next week! (And the week after that! And the week after that...)

### **4. CED REPORTS THAT BUSINESS SUPPORTS, BUT WORRIES OVER, VACCINE MANDATES**

A survey of more than 100 CEOs and Directors, conducted by CED, found support but mixed feelings about President Biden’s proposed vaccine mandate. Nearly two-thirds support it, but more than half are concerned about their ability to implement it at their companies. And roughly 30 percent believe the mandate has negatively impacted their employees and the overall company culture. You can read the press release [here](#), and read press reactions from the [Daily Caller](#), [USA Breaking News](#), and [The Hill](#).

And on the topic of mandates, [crunch time](#) is arriving on several requirements imposed independently by employers. United Airlines found that fewer than 1 percent (but that was 593 souls; glass half empty

or half full, at your option) have refused vaccination, but in keeping with their policy of giving their customers the assurance of the greatest possible safety, the company is preparing to [fire](#) the resisters. [Tyson Foods](#) has achieved considerable success in achieving vaccination. [Reports](#) in New York hospitals suggest that some hitherto resisters to the vaccine have chosen to accept inoculation rather than losing their jobs (though some are [suing](#), and [Wyoming](#) is a far cry from New York), and there are similar [reports](#) from elsewhere. However, one [poll](#) suggests that fear of Delta may be more powerful than fear of job loss.

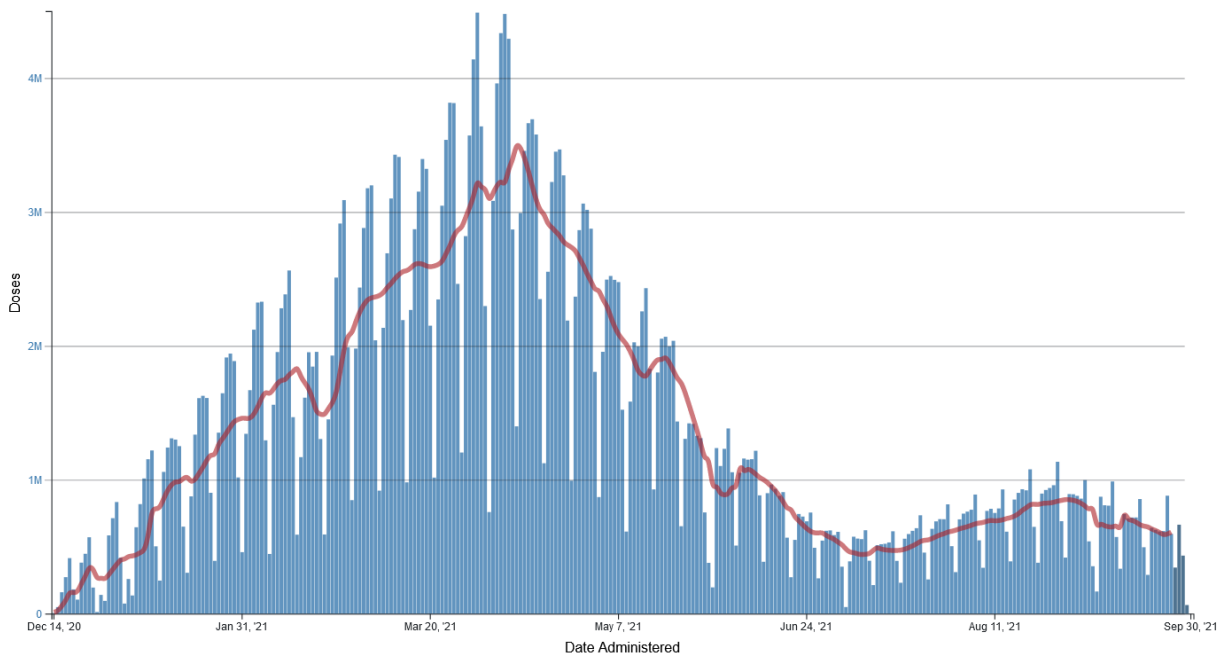
Indications are that your third vaccine shot (if you get one) will [affect you](#) pretty much as your second one did.

Pfizer and BioNTech have [begun](#) (but not completed) the process of applying for emergency use authorization for their vaccines to be administered to 5- to 11-year olds. And for those even younger—much, much younger—the CDC has [upped the urgency](#) in its admonition that pregnant and breastfeeding women should be vaccinated.

And potentially importantly, Merck has announced an [antiviral pill](#) for COVID patients. It is not as effective as monoclonal antibodies, but that treatment must be administered intravenously and is highly expensive, and so is much harder to administer, especially in poorer countries around the world. A comparison to remdesivir, also administered intravenously, is probably similar. The clinical trial has had the dream conclusion, in which the independent review board found that the results were so beneficial that it would be inhumane not to stop the trial and administer the drug to the control group. So this drug, to be called molnupiravir, appears to be set to succeed where [ivermectin](#) and [hydroxychloroquine](#) (and bleach) failed.

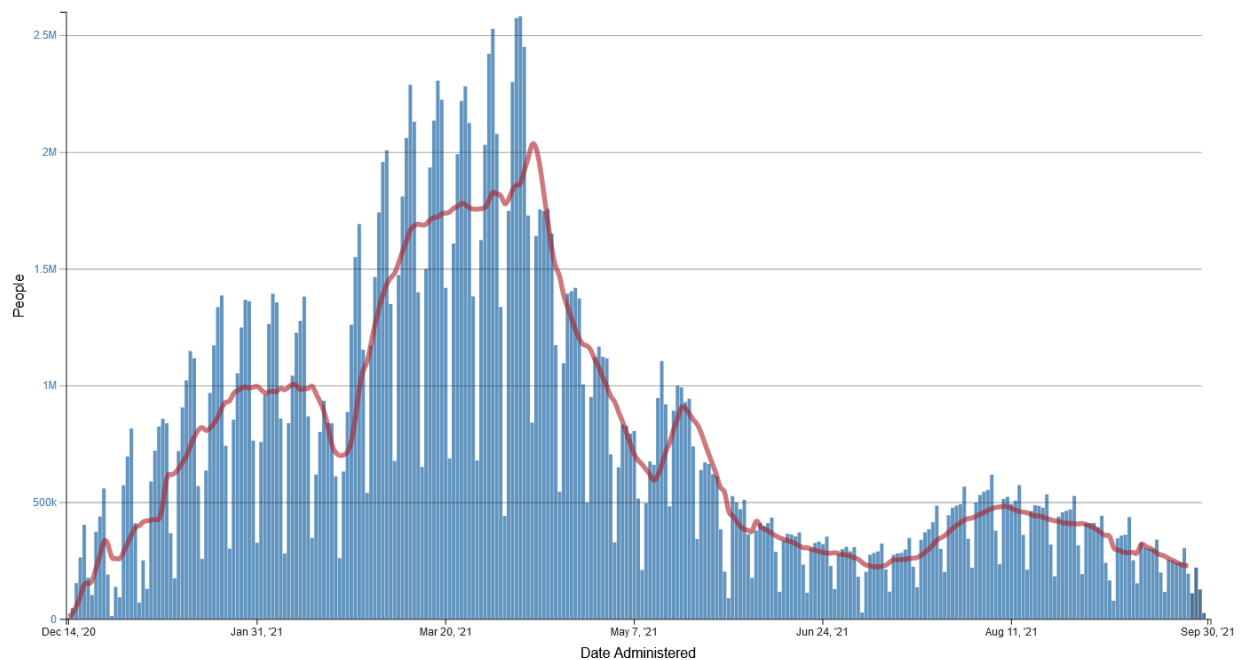
That good news aside, the US vaccination effort continues to inch, rather than leap, forward. The [share of the population](#) that has had one shot is now 64.6 percent, well short of any conception of “herd immunity.” Full protection is limited to 55.6 percent. Progress has been so slow because, limited geographic areas affected by local mandates notwithstanding, total vaccinations continue to decline nationally.

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

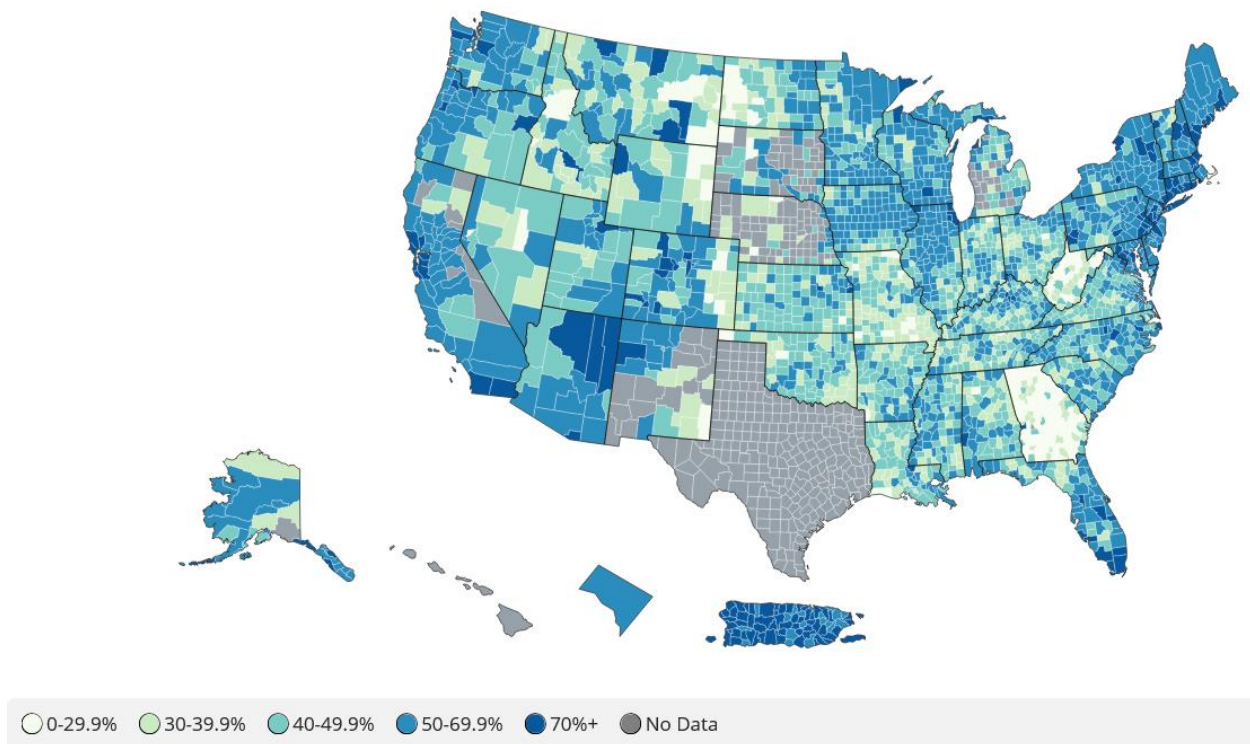


And in a trend that we have seen for two months now, the number of first vaccinations (rather than completions of two-shot regimens) is declining as much or more. Vaccine resisters continue to resist.

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



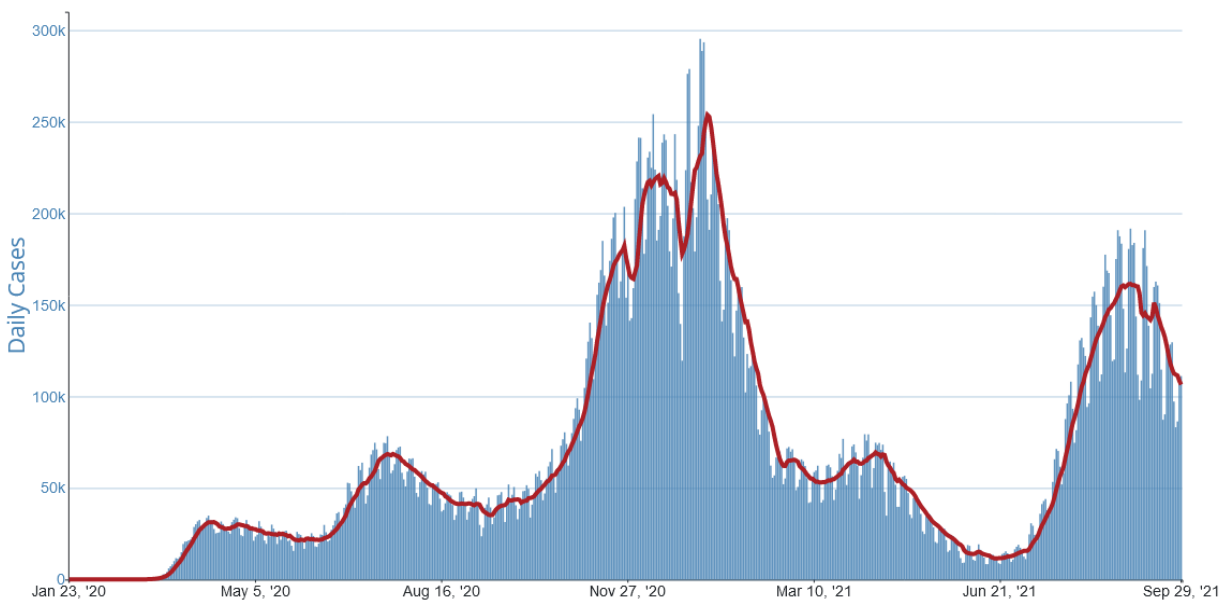
And contributing to the risk from very slow progress in total vaccinations, vaccination rates continue to be highly localized. Broad swaths of the country remain as fertile breeding grounds for the virus, sending infection into even more-vaccinated areas and causing breakthrough infections.



## 5. PANDEMIC NEWS

The most recent wave of infections arising from the Delta variant does continue to show signs of burning itself out, at least on a national average. The seven-day moving average of new daily cases is declining, though it still exceeds 100,000.

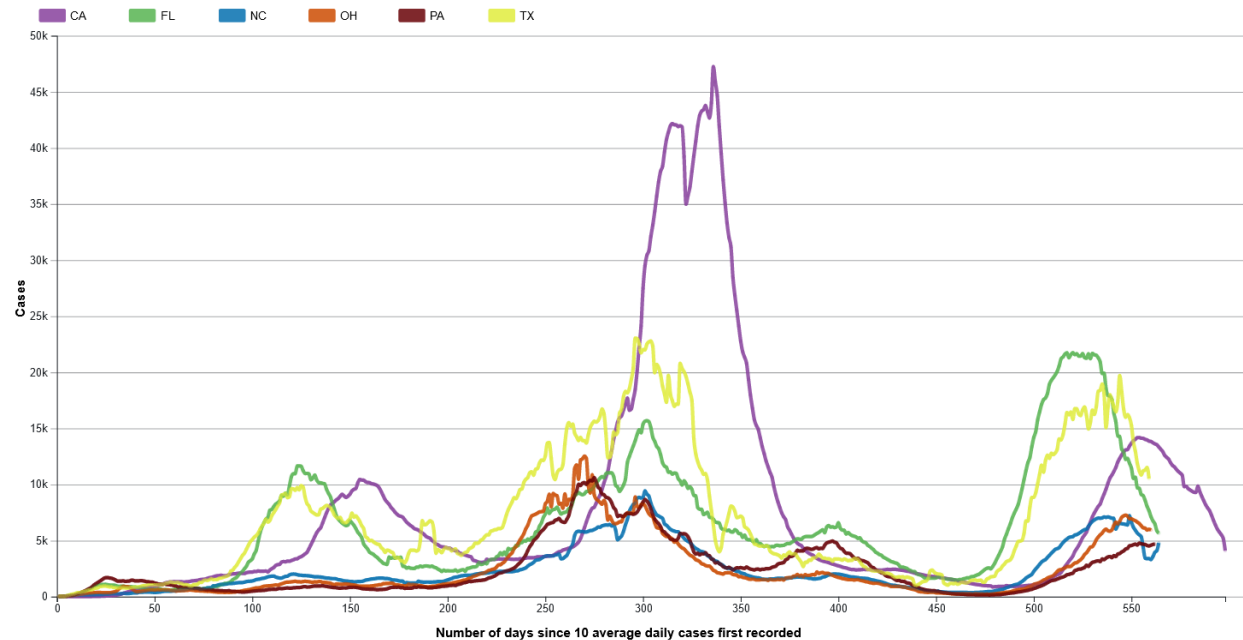
Daily Trends in Number of COVID-19 Cases in The United States Reported to CDC



The decline in the national case count, naturally enough, does entail declines in the places where the recent infection wave was worst. However, that leaves open the possibility that the virus is finding its way into some of the states that had avoided the recent surge, to wreak its havoc there.

#### New cases of Covid-19, reported to CDC, in CA, FL, NC, OH, PA, and TX

Seven-day moving average of new cases, by number of days since 10 average daily cases first recorded.



Hospitalizations lag the new daily case count, but the number of hospitalized patients has declined. The seven-day average is down more than 10 percent in the last two weeks. But it still remains high enough to stress many health care institutions and the long-suffering and generous people who work there.

#### Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States

August 01, 2020 – September 28, 2021

HHS Regions

**73,437**

Current 7-Day Average

Sep 22, 2021 – Sep 28, 2021

**82,827**

Prior 7-Day Average

Sep 15, 2021 – Sep 21, 2021

**123,899**

Peak 7-Day Average

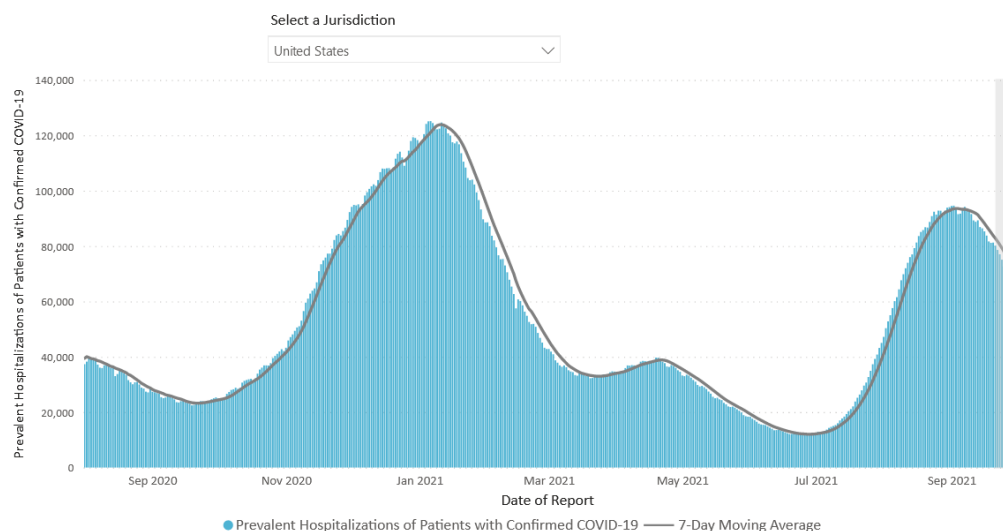
Jan 05, 2021 – Jan 11, 2021

**-11.3%**

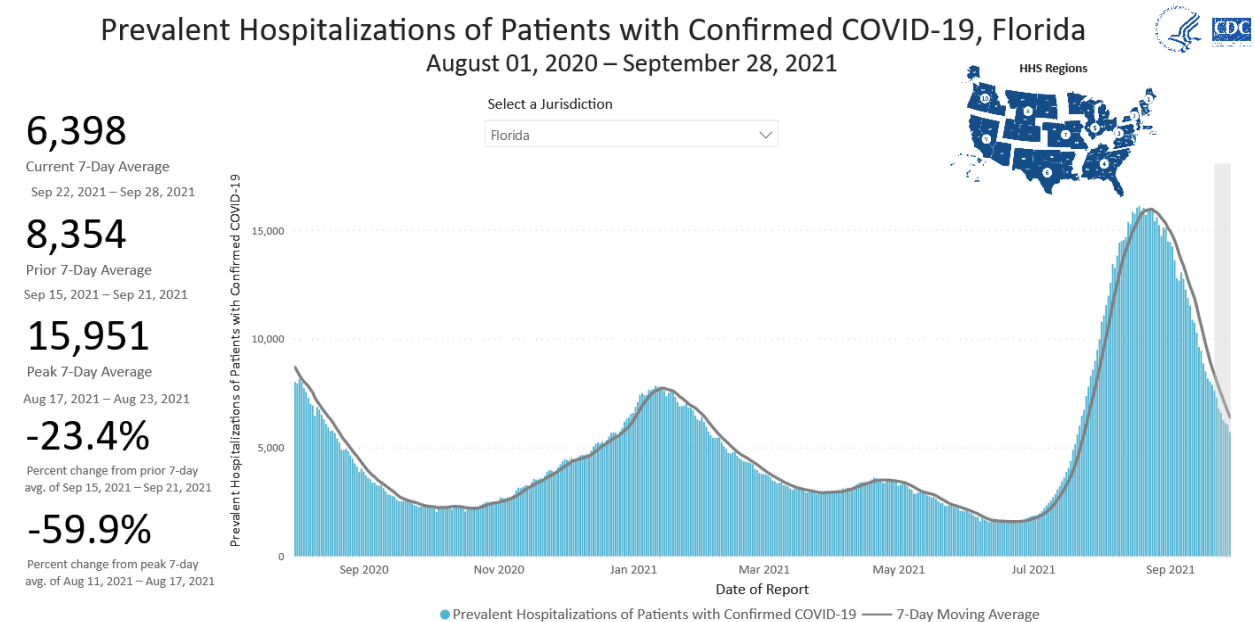
Percent change from prior 7-day avg. of Sep 15, 2021 – Sep 21, 2021

**-40.7%**

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

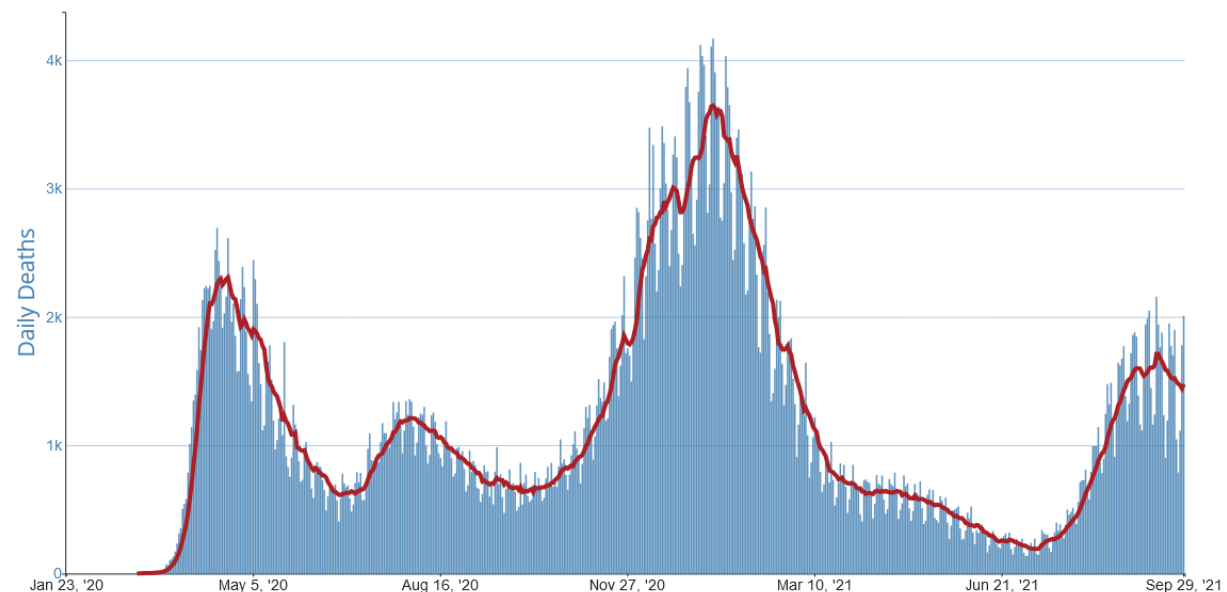


In Florida, for example, hospitalizations are down almost 60 percent from their recent all-time peak. But they are down little more than 10 percent from the peak of last winter.



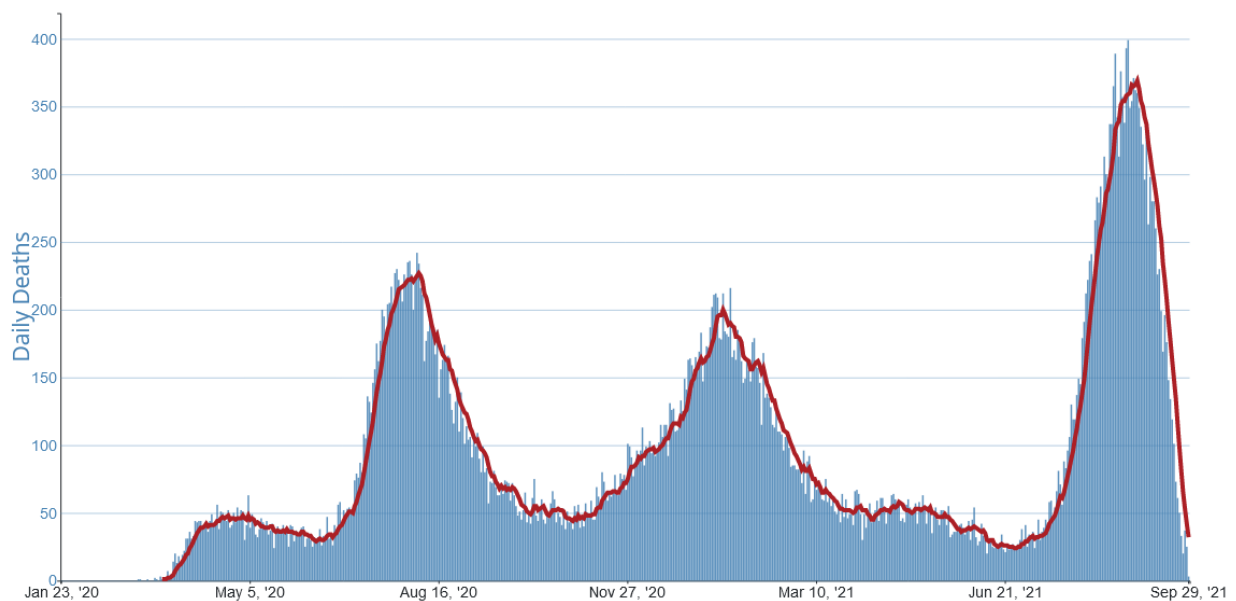
The death count, too, is a lagging indicator, but here again we begin to see some relief. The national seven-day average of daily deaths is down about one-seventh from its recent peak of September 14-15. However, that still leaves 1,476 Americans dying, on average, every day.

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



In local results, the death count in Florida, too, is falling; but precisely how much is unknown given delays in reporting the data.

Daily Trends in Number of COVID-19 Deaths in Florida Reported to CDC



## 6. SPOTLIGHT ON REOPENING: PORTUGAL'S VACCINE TRIUMPH—AND ITS LIMITS

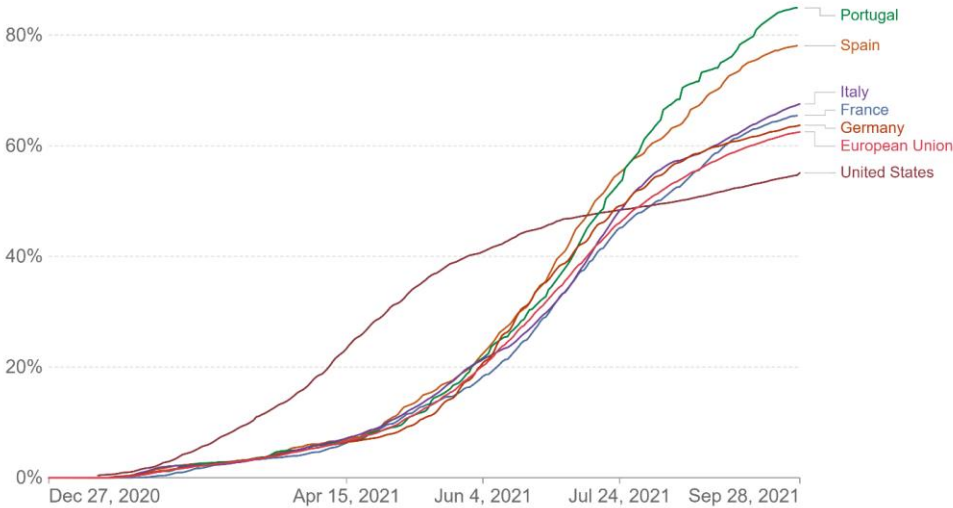
In just a matter of months, Portugal has gone from having the world's highest number of COVID-19 cases proportionate to its population, to being a global vaccine frontrunner with 85 percent of its population fully vaccinated. The country owes its success to its [military-led vaccine task force](#), which is now being wound up after it has reached its target of fully inoculating 85 percent of the population. The task force has been headed by Vice-Admiral Henrique Gouveia e Melo, former submarine commander, who has become a [quiet hero](#) of Portugal's fight against the virus. A week earlier, he was praised for his handling of an anti-vaccine protest, calmly telling demonstrators that "the real killer is the virus" as some people in the crowd shouted "murder" at him. Protests of this type have been rare in Portugal. An overwhelmingly positive public response to the Vice-Admiral is one of several factors that have made Portugal one of the [most highly vaccinated countries in the world](#), tied for first with the United Arab Emirates and Malta. Portugal's assessment was that 86 percent of the country's 10.3 million residents fully vaccinated by the end of September was the highest possible number, according to Gouveia e Melo, taking into account people who cannot or will not receive shots – children under 12 years of age, people with certain medical conditions, and vaccine-resisters. Portugal offers [four vaccines](#): Moderna, Pfizer, Johnson & Johnson, and AstraZeneca. (AstraZeneca is offered only to [people over 60](#) due to its link to rare blood clots in younger people.)



## Share of the population fully vaccinated against COVID-19

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

Our World  
in Data



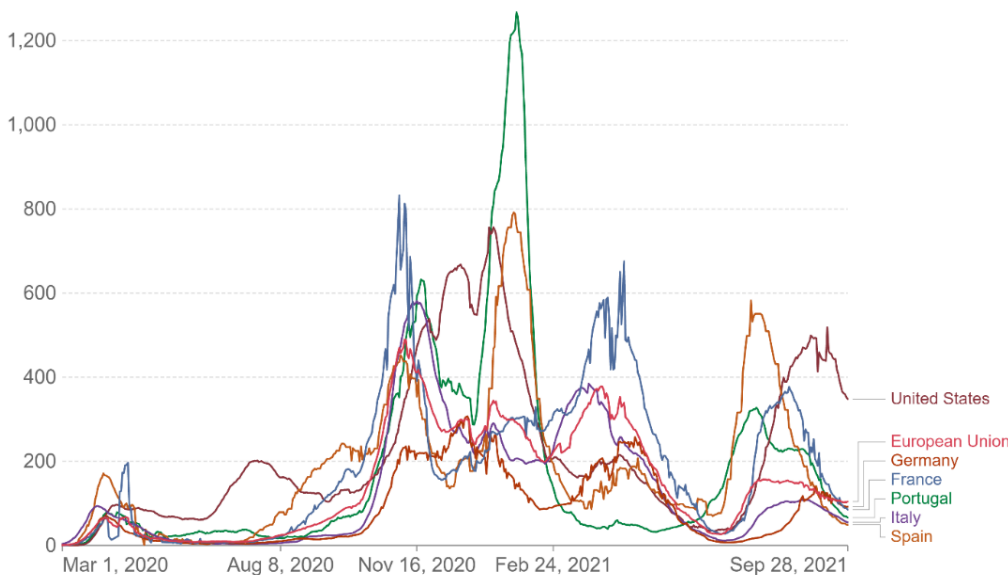
Source: Official data collated by Our World in Data. Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.  
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Portugal's experience provides a [note of caution](#): despite the country's enormously high vaccination rate, the virus still poses a threat to daily life. Cancellations, lost work days, and sickness – in rare cases, severe – have not gone away. The virus spreads less quickly and less far than in other countries with lower vaccination rates, which benefits everyone – specifically the under 12 age group who cannot yet receive shots. But herd immunity remains elusive, even without a significant proportion of unvaccinated residents to blame. "We have achieved a good result, but it's not the solution or miracle one would think," Portugal's health minister, Marta Temido, said in an interview.

## 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.

Our World  
in Data



Source: Johns Hopkins University CSSE COVID-19 Data

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Portugal Prime Minister António Costa this week is set to reopen nightclubs ([Fado](#) fans will note) and lift the 2 a.m. closing time for bars on the path to what he considers “total freedom.” Mask-wearing will remain mandatory in crowded indoor settings, and digital health certificates will remain mandatory for travel and events with large crowds. Portugal, which ranks among European countries most [dependent on tourism](#), expects annual tourism revenue to reach the pre-pandemic record in about two years. Revenue this year is expected to total about 9 billion euros (\$10.6 billion), half of the record figure of 18 billion euros in 2019 just prior to the pandemic.