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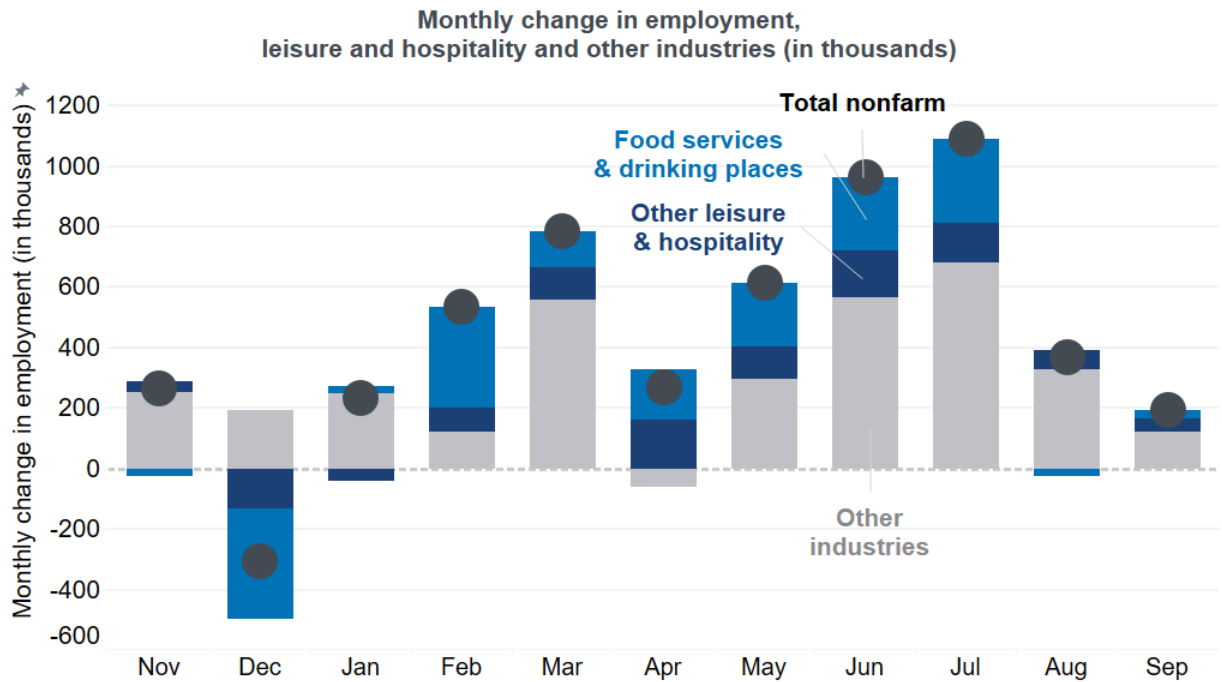
1. **LACKLUSTER JOBS GROWTH AMID DELTA AND LABOR SHORTAGES**
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1. LACKLUSTER JOBS GROWTH AMID DELTA AND LABOR SHORTAGES

Our colleague Frank Steemers of The Conference Board Labor Markets Institute provided his analysis of the Employment Situation Report for September, which we except below:

Today' jobs report showed the second consecutive month of lackluster job growth, reflecting Delta's impact on the economy and a US labor market that remains tight.

Nonfarm payroll employment increased by 194,000 in September, after an upwardly revised increase of 366,000 in August. The published unemployment rate ticked down from 5.2 to 4.8 percent, and the true rate, after adjusting for a misclassification error that confused permanent and temporary layoffs early in the pandemic, declined from 5.5 to 4.9 percent. Overall, jobs still number 5 million below February 2020 levels, with women suffering 57.5 percent of these employment losses. The labor force participation rate ticked down from 61.7 to 61.6 percent in September.



Source: US Bureau of Labor Statistics

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Only 74,000 jobs were added in the leisure and hospitality industry, with food services and drinking places adding just 29,000 jobs. This weakness shows how the pandemic continues to hamper job growth, especially in the in-person services industries. Jobs were gained in retail trade, construction, and professional and business services. On the other hand, even though schools are reopening, private and government education declined by 179,700 jobs, possibly showing that some schools are not returning to prepandemic employment levels and vaccine mandates are constraining the return of some workers.

While overall job growth was weak for the second consecutive month, peak disruption may be behind us, with the number of COVID-19 cases nationally slowly declining. Today's job numbers were collected in the first half of September when Delta cases were at their peak. If infections continue to decline over the coming months, job growth may pick up again, primarily in the in-person services industries.

The labor market remains tight and labor shortages are perhaps getting even more severe. Average hourly earnings increased 6.0 percent (annual rate) over the past six months and other labor market indicators also show that employers are having difficulties attracting and retaining workers, especially in blue-collar and manual services jobs such as construction, production, transportation, personal care, and food services. [This tight labor market with rising wages](#) will feed into price inflation pressures.

Hiring and retention difficulties could persist over the next several months. Some people continue to be fearful of catching the virus and are delaying a return to the labor market. In addition, the federal vaccine mandate for large private employers may be a new barrier to both recruitment and retention as some workers will not be willing to take the vaccine or get regularly tested. On the other hand, the expiration of elevated federal unemployment benefits and school reopenings may lead to more people and working parents returning to the labor market.

2. UNEMPLOYMENT CLAIMS FALL, BUT MAY SIGNAL A NEW POST-PANDEMIC “NORMAL” LEVEL OF CLAIMS

New weekly unemployment insurance (UI) claims declined for the week ending October 2, ending a three-week streak of increases. The headline seasonally adjusted number fell by 38,000 to 326,000 (but was revised marginally higher for the previous week). While still near its pandemic-era low, the four-week moving average rose slightly. Over the last eight weeks, initial jobless claims have remained stubbornly elevated, averaging 342,000, compared to an average of 214,000 during comparable weeks in 2019. This may reflect a labor market that is settling at a new post-pandemic “normal” level of UI claims, despite record job openings and severe labor shortages throughout the economy.

Continuing claims for regular state benefits (reported with a one-week lag) also fell to its lowest level (2.7 million) since the onset of the pandemic. The total number of individuals receiving benefits under all state and federal programs fell by 17 percent to a new low: 4.2 million. This was the second largest decline during the health crisis following the number of recipients dropping by more than half during the previous week after the end of federal pandemic UI programs on Labor Day. Some states are still paying federal pandemic benefits as they work through backlogs.

Notably, continuing claims for state additional benefits (AB) rose significantly for the third consecutive week. At all times, including before the pandemic, state AB programs extend the duration of UI to those who exhaust their regular state benefits but enroll for qualifying training programs.

3. COMPROMISE REACHED TO LIFT DEBT CEILING

The Senate late Thursday adopted a short-term measure to raise the country’s debt ceiling in early December, a move that temporarily averted a fiscal and financial crisis.

The measure, adopted strictly along party lines, with Democrats voting to lift the country’s borrowing cap by \$480 billion and Republicans maintaining their steadfast opposition to it, although they did provide the ten necessary Republican votes to allow the vote to come to the floor. The House is expected to vote Tuesday.

CED released the following statement today:

The Committee for Economic Development of The Conference Board (CED) welcomes a bipartisan compromise to pass a short-term extension of the US debt limit to stave off the first default in US history, and its devastating consequences. However, this is only a stop-gap measure, which pushes the pending emergency slightly down the road several weeks, prolonging the fiscal perils with no resolution in sight of the partisan stalemate. It is incumbent on Congress to act in the nation’s best interest to stabilize the economy, find a longer-term agreement to ward off this looming debt crisis, and avoid a devastating financial collapse. Debt matters and deficit reduction must again become part of the budget process when Congress decides what to spend, not part of the debt ceiling process which simply pays those bills upon due.

CED and the Economy, Strategy and Finance Center (ESF) at The Conference Board [released an analysis](#) on October 1, 2021 that details the dire costs of a failure to raise the debt ceiling.

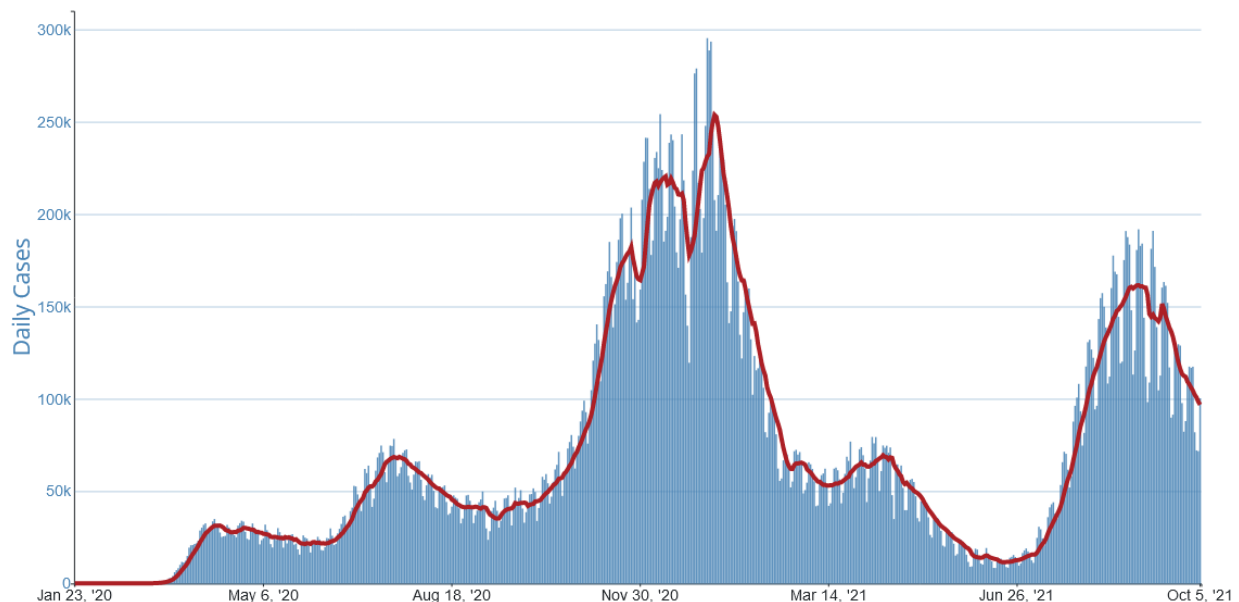
CED also released on September 29, 2021, the Solutions Brief, [The Reconciliation Bill: Finding an Affordable Way to Build Back Better](#) – offering steps to address the nation’s outsized debt and deficit burdens and its budget challenges.

Thursday, October 14; 12:00pm – 1:00pm EST CED will host a Public Policy Watch Webcast: *Debt Matters: Finding an Affordable Way to Build Back Better* with William Hoagland, former director of budget and appropriations in the office of Senate Majority Leader and Senior Vice President, Bipartisan Policy Center; and CED Trustees: Ronald Klein, former Congressman and Partner, Holland & Knight; Cynthia (CJ) Warner, President and Chief Executive Officer, Renewable Energy Group and Joseph Kasputys, CEO, Economic Ventures. Moderated by Joe Minarik, CED Senior Vice President and Director of Research. [Register here](#).

4. PANDEMIC NEWS

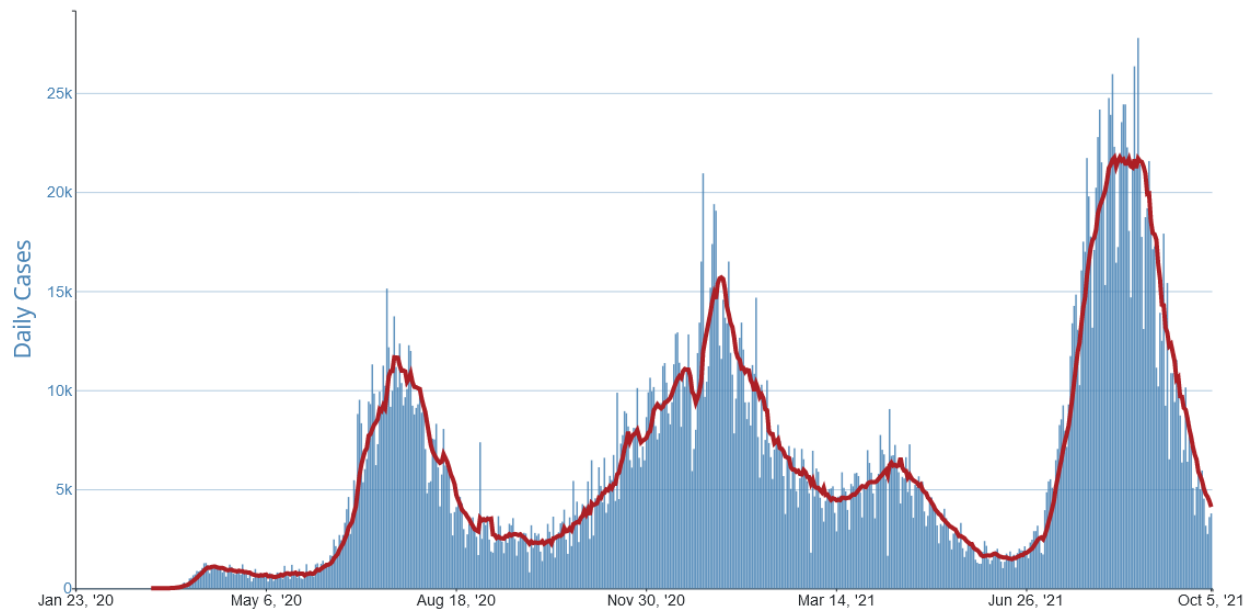
Nationally, infections from the Delta-variant-energized pandemic continue to subside. Although reporting lags make the last few days of data suspect, the seven-day moving average of daily new cases appears to be poking downward through the 100,000 level, a welcome relief after it exceeded 160,000 for several days at the turn of August to September.

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



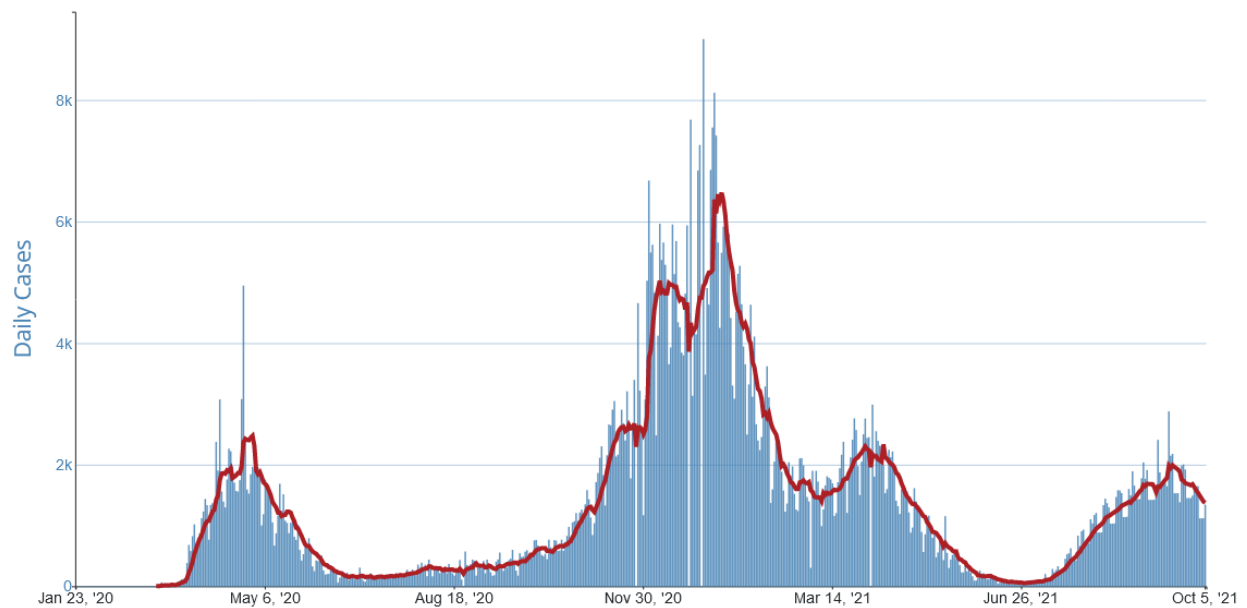
The hotspots are getting some relief as a part of that national decline in new cases. Florida, in particular, is clearly down from its all-pandemic peak of in excess of 20,000 from the second half of August, registering numbers less than 5,000 in recent days. But again, there are reporting lags, and so the true extent of the decline is not yet known.

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



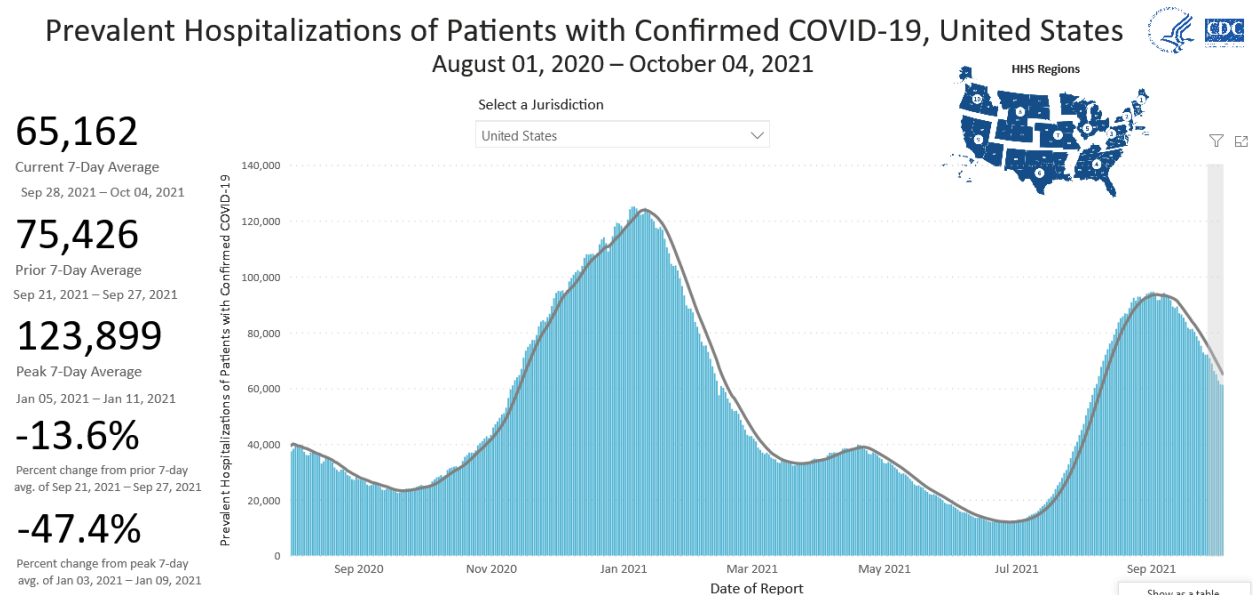
Until very recently, case counts in the less-vaccinated states have come down, but those in the more-vaccinated states have eased up, as Delta found its way to unvaccinated people in those highly-vaccinated regions, and the few “breakthrough cases” emerged. However, the continued downturn in new cases has embraced the more-vaccinated areas now, and the decline in infections has re-emerged. ([California](#), with both urban and rural areas, has seen disparate levels of infection—with comparatively safe areas reopening, and more-afflicted and less-vaccinated rural areas crying for help.)

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

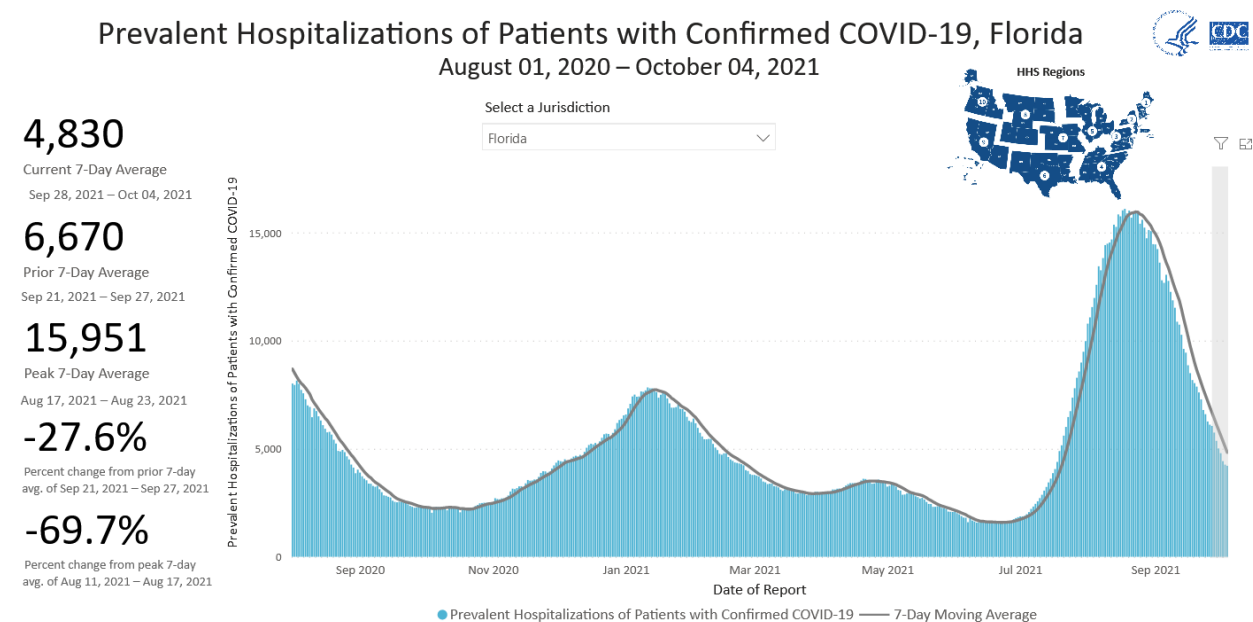


Hospitalizations largely determine the strain on our health care system and on its workers. Hospitalizations are a lagging indicator, and have fallen in a lower proportion than have new cases, but even so there are distinct signs of progress. The seven-day average of persons hospitalized has declined

to little more than half of its peak level during the fall-winter 2020-2021 surge, and is down by about a third from the local peak in August.



And the case count decline has continued long enough that there is marked relief in hospitalizations in the hot spots. Hospitalizations are down by about two thirds in Florida.



But there is much less of a decline, though from lower relative levels, in the highly vaccinated states where new cases among the unvaccinated few have been on a slow rise.

Prevalent Hospitalizations of Patients with Confirmed COVID-19, Massachusetts August 01, 2020 – October 05, 2021



441

Current 7-Day Average
Sep 29, 2021 – Oct 05, 2021

456

Prior 7-Day Average
Sep 22, 2021 – Sep 28, 2021

1,981

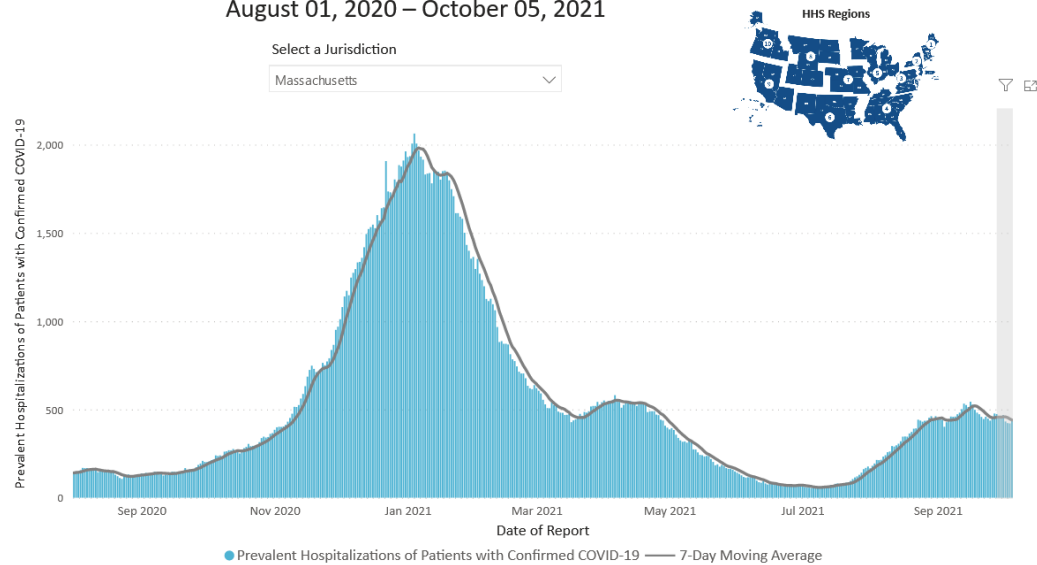
Peak 7-Day Average
Dec 31, 2020 – Jan 06, 2021

-3.4%

Percent change from prior 7-day
avg. of Sep 22, 2021 – Sep 28, 2021

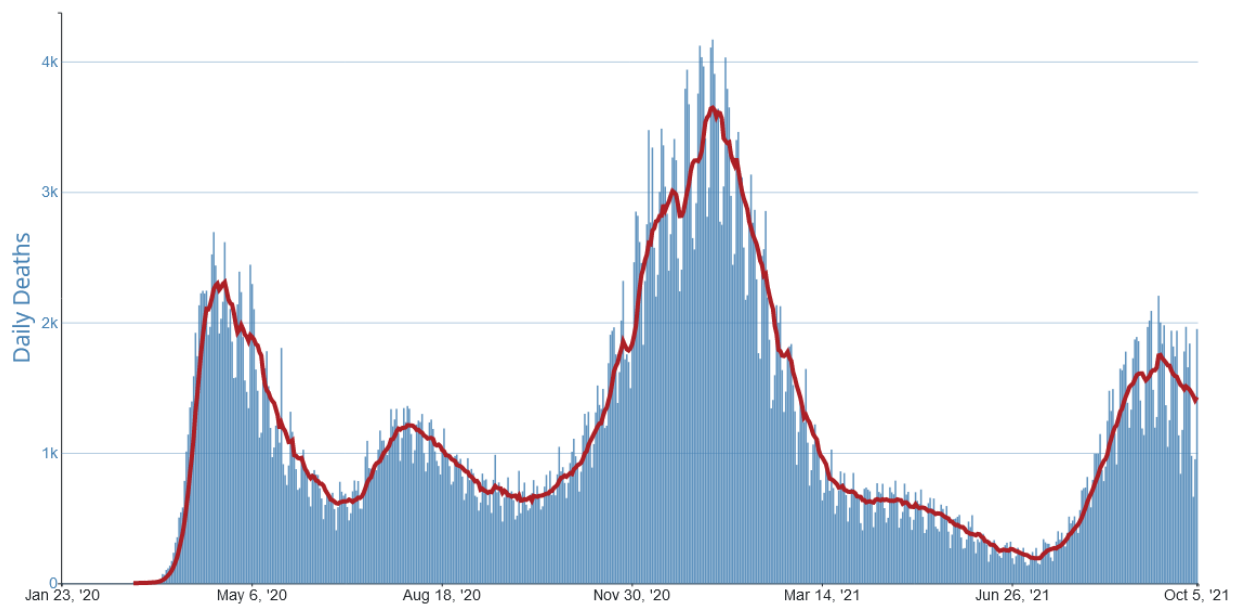
-77.8%

Percent change from peak 7-day
avg. of Dec 30, 2020 – Jan 05, 2021



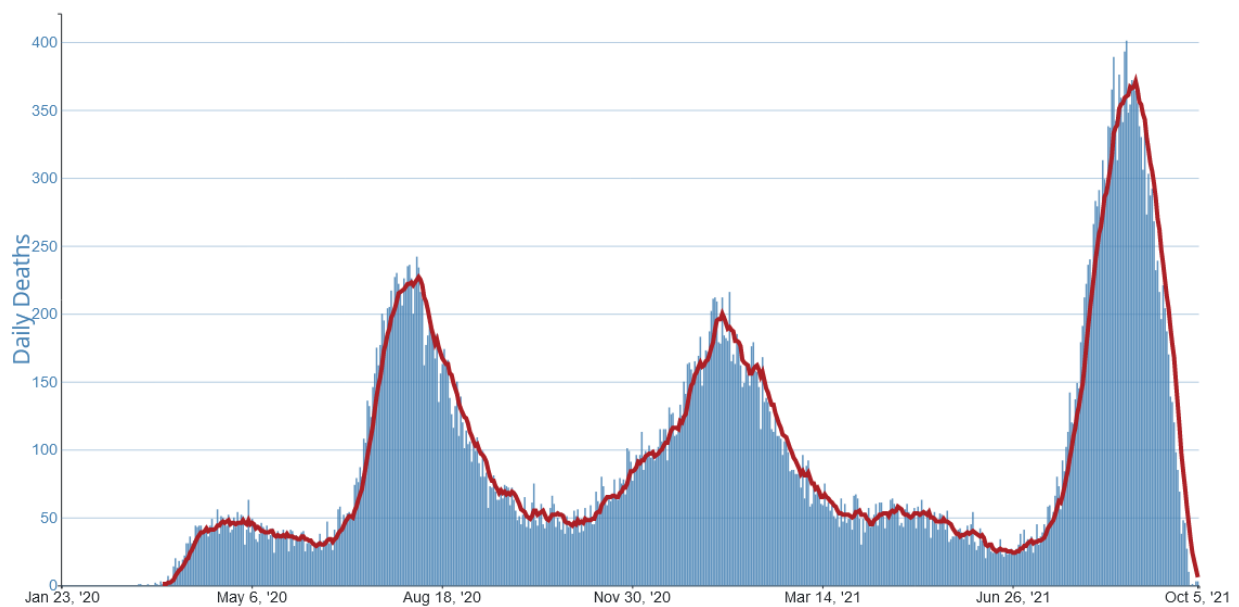
Deaths also lag declines in cases, and not surprisingly the death count nationwide has given precious little ground. (See the discussion below about unfortunate vaccination patterns that contribute to this tragic trend.) The seven-day average of daily deaths, which exceeded 1,700 in mid-September, is now just barely below 1,500 needless tragedies each day.

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

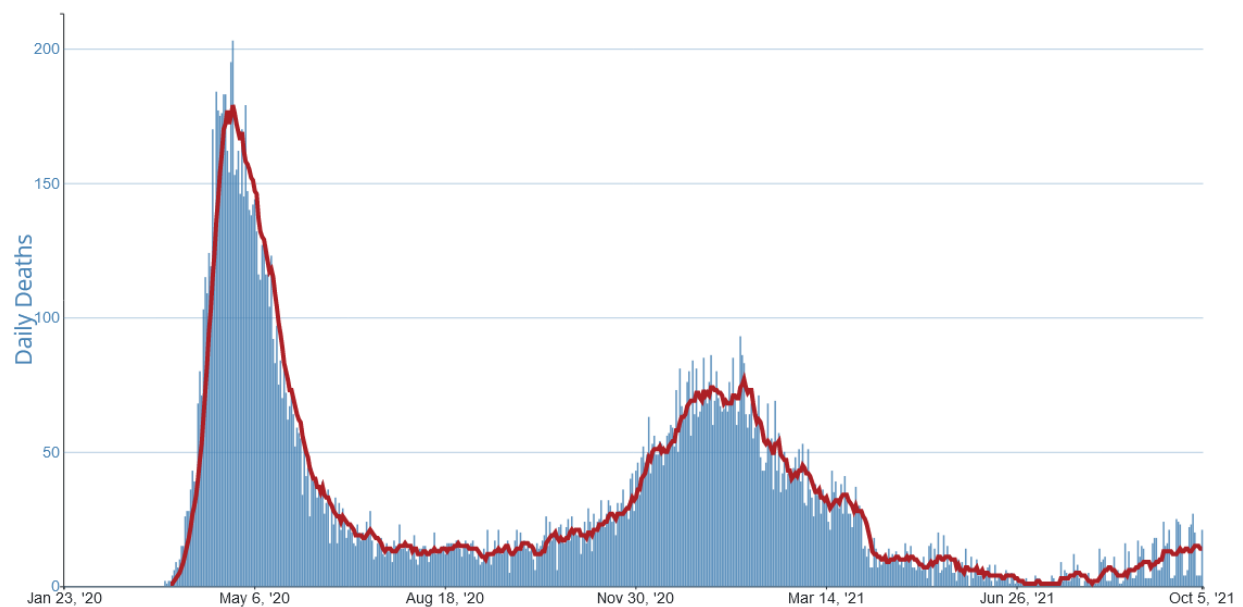


And again, the most-afflicted, least-vaccinated states have shown the sharpest relief in recent days, whereas the more-vaccinated states, though with lower levels of deaths, are not yet seeing much decline.

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



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

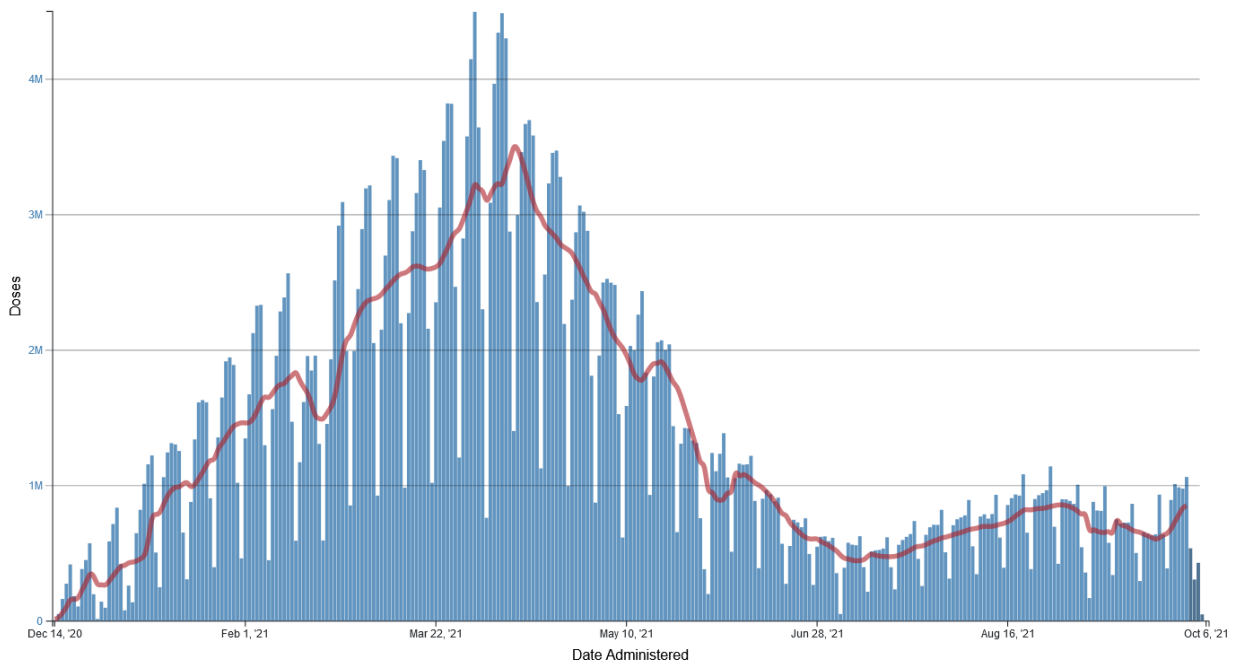


There is very little news on the front of prevalent variants of the virus; Delta is still in apparent command. That might as well stay the same. It is hard to imagine any variant that could out-compete Delta to be anything but bad news.

5. VACCINE NEWS

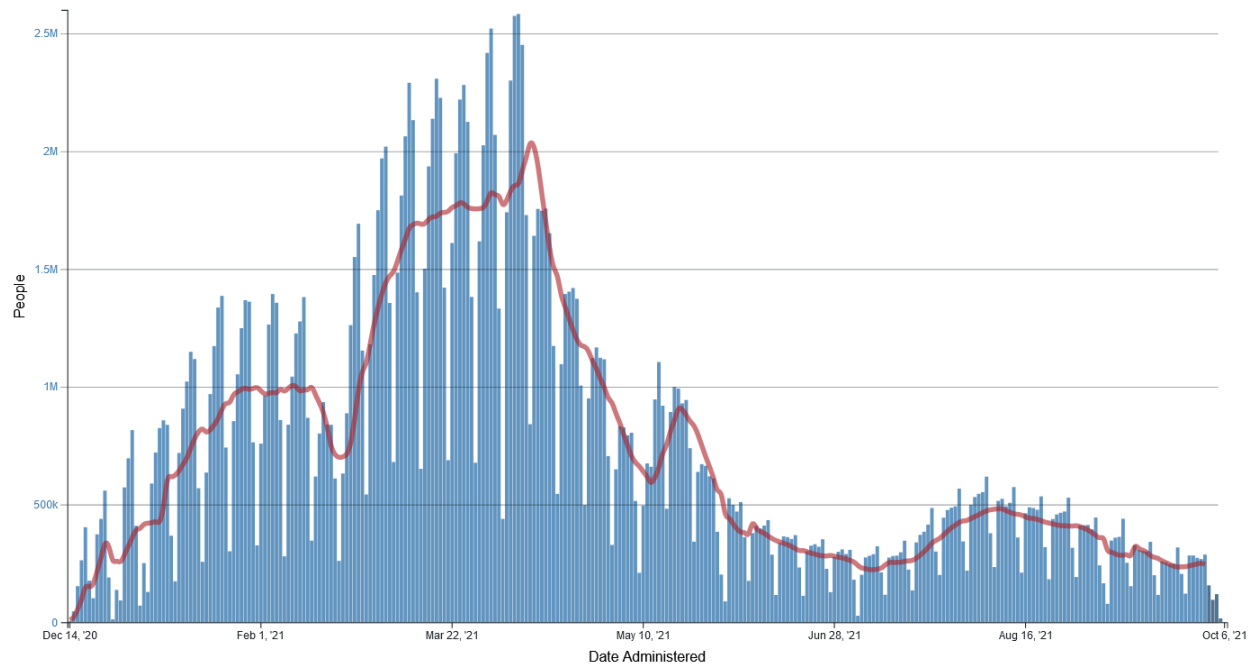
But now for the (limited) good news: The number of vaccinations has ticked up in the latest week of data, even touching the one million daily level for a couple of days.

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

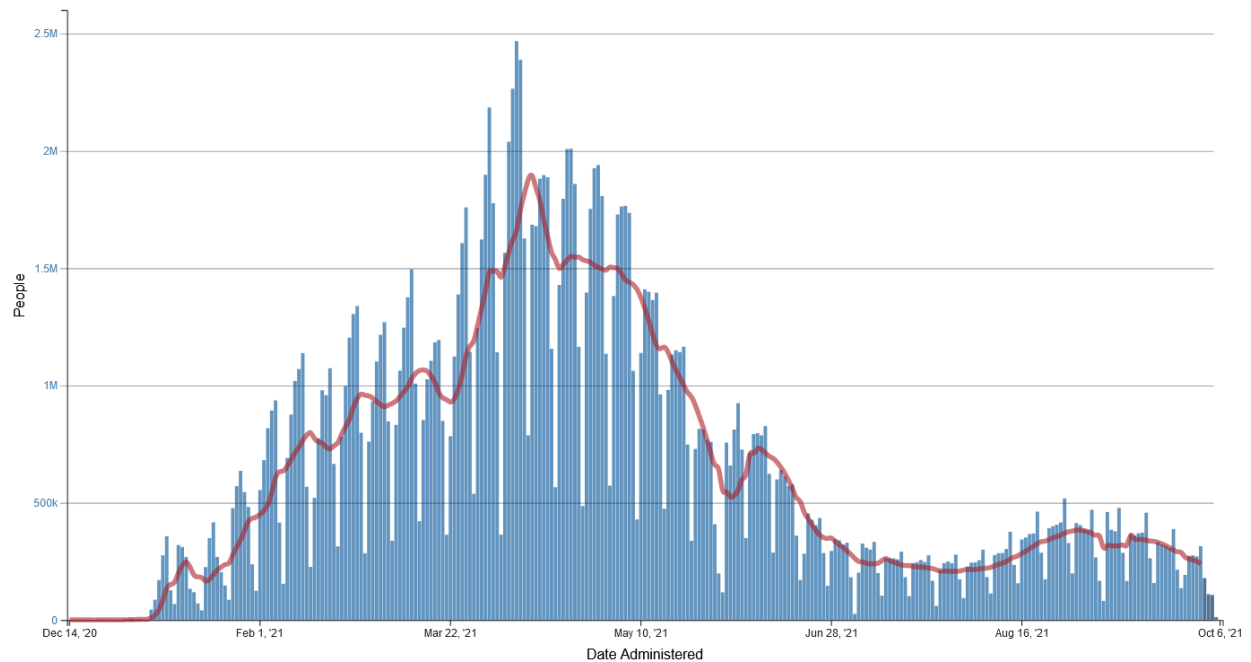


And making the news even a little better: The growth may be in first injections, rather than in people completing a two-dose regimen. While we certainly want those who have had one shot to become fully vaccinated, it is the people who have no protection whatsoever, and are refusing to get protection, who provide the greatest prospect for the virus to keep circulating, and the potential to mutate in a dangerous direction. It is impossible to tell from these data, but there certainly could be an impact from the growing trend toward both private and state/local government employer mandates by forcing people to get off the couch and get vaccinated. (Meanwhile, employers [press ahead](#) with their mandates, even as the Occupational Safety and Health Administration [OSHA] struggles to write the regulations to enforce President Biden's proposed nationwide mandate for larger firms.)

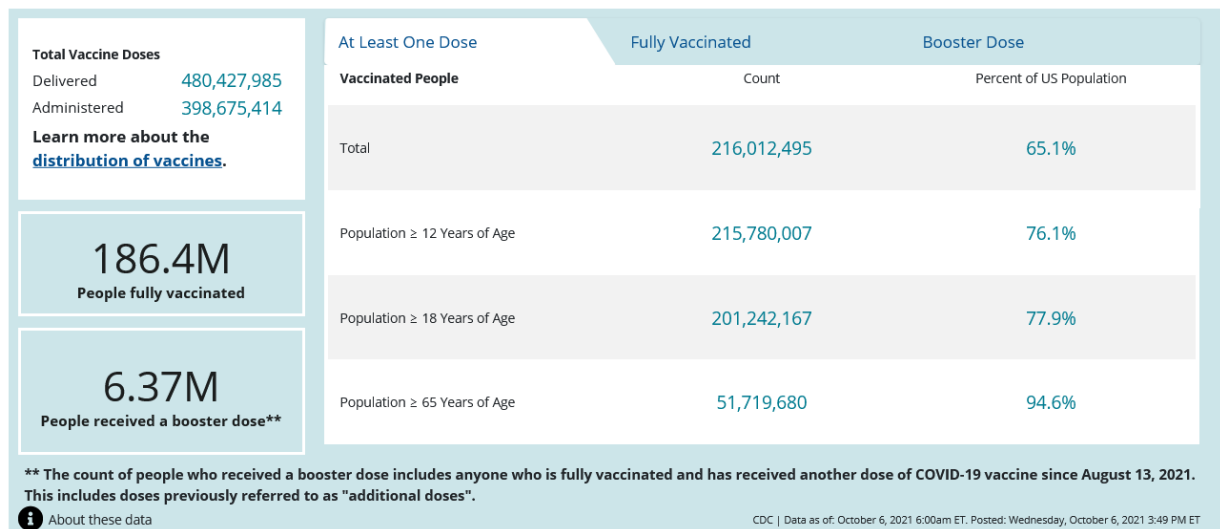
Daily Count of People Receiving Dose 1 Reported to CDC by Date Administered, United States



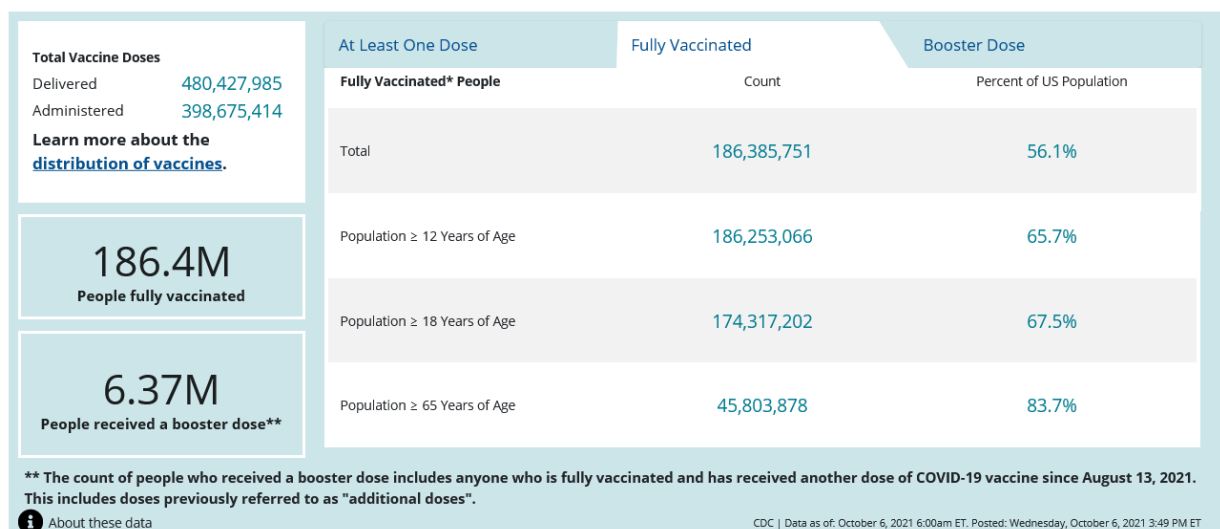
Daily Count of Fully Vaccinated People Reported to CDC by Date Administered, United States



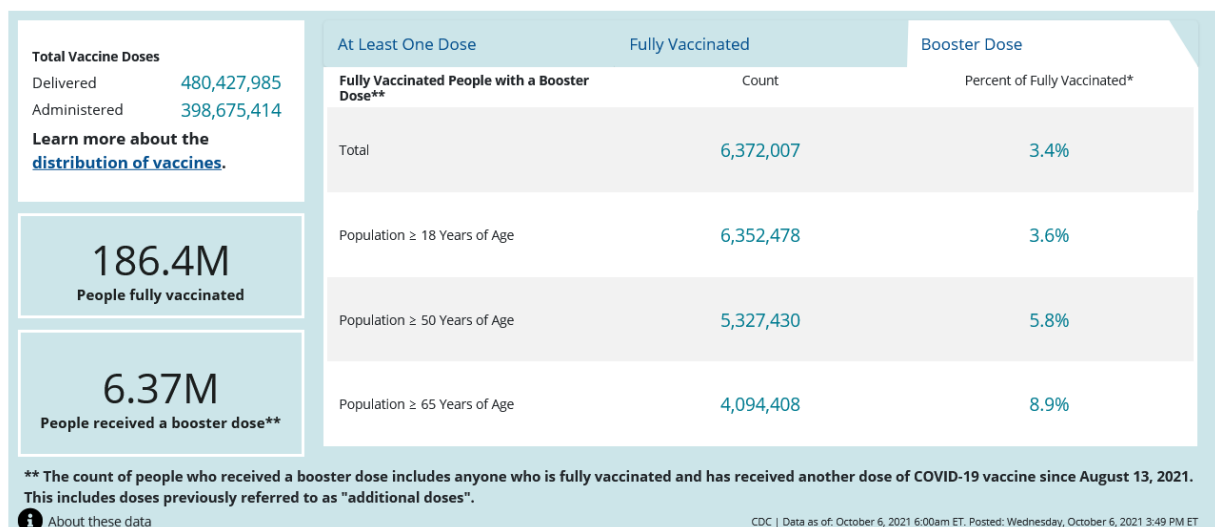
The CDC has begun to report booster prevalence, which makes their presentation tables much more complicated. But the numerical table below, which address only the number of people with at least one shot, shows that more than 65 percent of the total population now has been at least partially inoculated, and over 76 percent of the population eligible for vaccination under either emergency use or full approval (i.e., those 12 years of age and older). This is fewer than we need, but it is rising.



For completeness, here are the numbers fully vaccinated...



...and the early returns on booster vaccination. Note that front-line workers (and people with health vulnerabilities) are eligible for boosters, hence not only seniors show up in the table.



And speaking of those currently eligible for vaccination, Pfizer—which earlier had delivered data on its clinical trials on children from ages 5 through 11 but had not applied for emergency use—has now [filed that application](#). The FDA promises to move expeditiously—not surprising, given that this could be an important contributor to blocking paths through which the virus could spread and stay alive. But children are more than just a conduit for infection of adults; a chilling one-in-six of all infections thus far has been in children (with the definition of a child differing from state to state), and fatalities, though rare, and far above zero. One deterrent to parents seeking vaccination of their children has been fear of side effects, such as myocarditis, a heart infection. Observing the myocarditis if more common after a second injection rather than a first, some countries are [stopping at single doses for children](#). Stay tuned for the results.

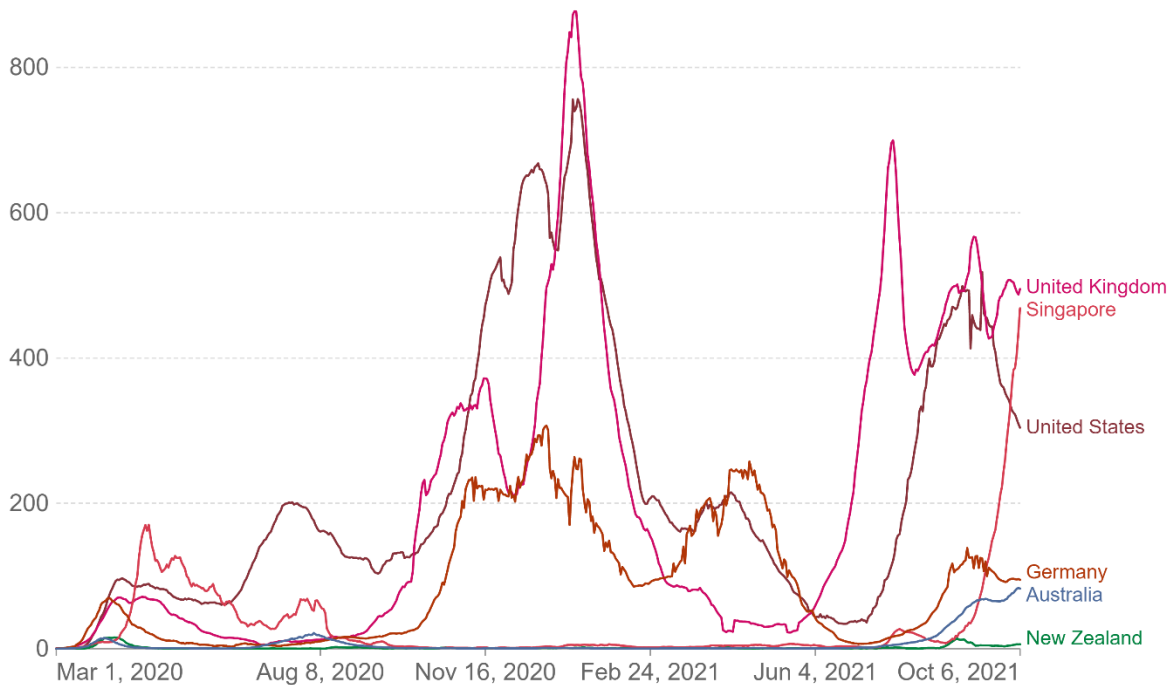
Moderna has announced plans to build a vaccine factory in [Africa](#). This will take some time, but will surely improve public health where the virus has heretofore sadly been given an open field to run.

6. SPOTLIGHT ON REOPENING: NEW ZEALAND AND THE DEATH OF ZERO-COVID

Over the course of the COVID-19 pandemic, many of the wealthier countries in the Asia-Pacific region pursued a [“zero-covid” strategy](#), a zero-tolerance approach involving closing borders, severe lockdowns, and “quarantine hotels” in an effort to abolish all community spread. New Zealand is a stand-out zero-covid example, with only 27 reported covid-related deaths. Given the country’s highly strict lockdowns, New Zealand actually reported fewer overall deaths than in a normal year due to fewer deaths caused by, for example, flu or road accidents. But now, plagued by the contagious Delta variant, these countries are abandoning their zero-covid strategies. Put simply, the zero-covid dam has broken, and Delta is pretty clearly the cause of the flood.

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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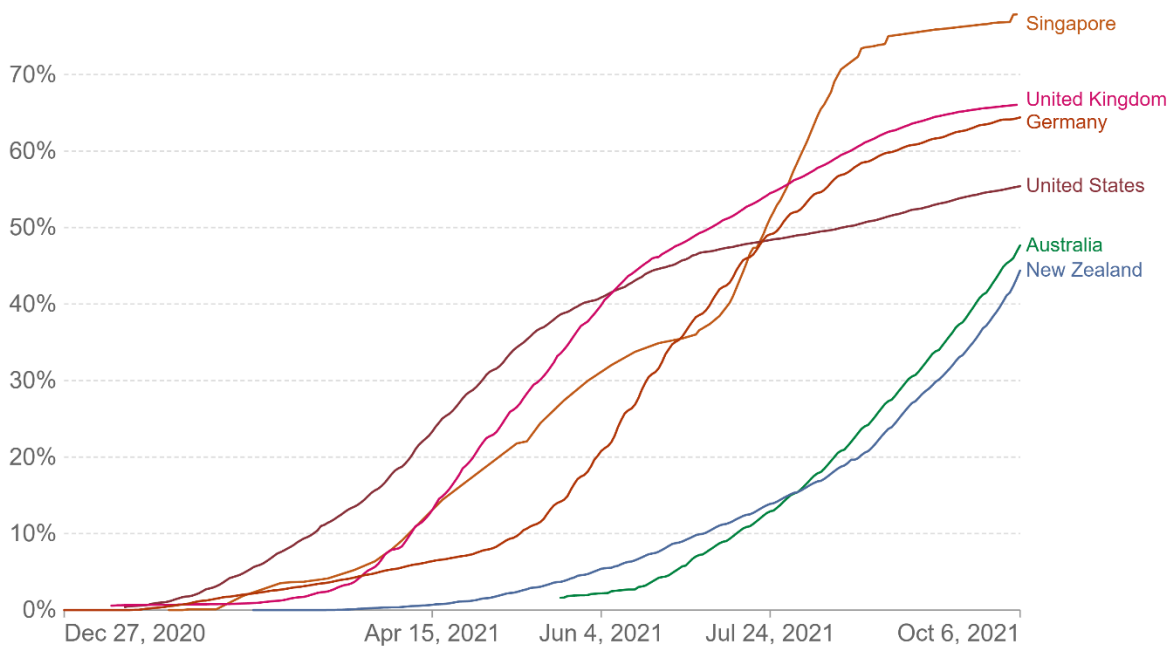
New Zealand announced on October 4 that it will no longer attempt to eliminate all cases of COVID-19 through behavioral constraint. Prime Minister Jacinda Ardern acknowledged an end to the strategy seven weeks into a lockdown that has [failed to slow the Delta outbreak](#), announcing that restrictions will gradually be lifted in Auckland. The seven-week lockdown was the result of the [detection of a single coronavirus case](#) last August in the country's largest city. The country had gone six months without a single locally transmitted case, but in recent weeks has been dealing with the Delta-fueled outbreak.

New Zealand joins [Singapore](#) and [Australia](#) in a turn towards a "living with covid strategy," an acknowledgement that they cannot fully eliminate the virus and instead must learn to live with it. In mid-September, the two countries decided to refrain from tightening social distancing measures even as Delta caused cases to soar. "With Delta, the return to zero is incredibly difficult, and our restrictions alone are not enough to achieve that quickly. In fact, for this outbreak, it's clear that long periods of heavy restrictions has not got us to zero cases," Prime Minister Ardern told reporters.

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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New Zealand trails far behind other developed nations in its vaccination rate, having – until now – achieved noted success with its prior strategy. The country began a vaccination campaign in earnest only last month – it has made rapid progress, but with such a late start, only 44 percent of the entire population is currently fully vaccinated. Michael Baker, a leading epidemiologist from New Zealand, said: “All New Zealanders should plan to encounter this virus in the next couple of months and act accordingly.” Now, more than ever, the country must shift its vaccination campaign into a higher gear. On October 7, the government encouraged people to [reduce their time between vaccine doses](#) from the previously recommended six weeks to three, which Baker agreed is a smart move.

Next week, New Zealand plans to vaccinate as many as 350,000 people – about 8.3 percent of the eligible population aged 12 and older – in a single day in what is being described as an [“Election Day”-style vaccination event](#). Vaccination clinics will be open all day on Saturday, October 16. “Like on Election Day, we’ll be asking all of our civic and political leaders to contribute to our efforts to turn people out,” Chris Hipkins, the minister leading New Zealand’s COVID-19 response, said. Medsafe, New Zealand’s medicines safety authority, has granted [provisional approval](#) to the Pfizer, Johnson & Johnson, and AstraZeneca vaccines.