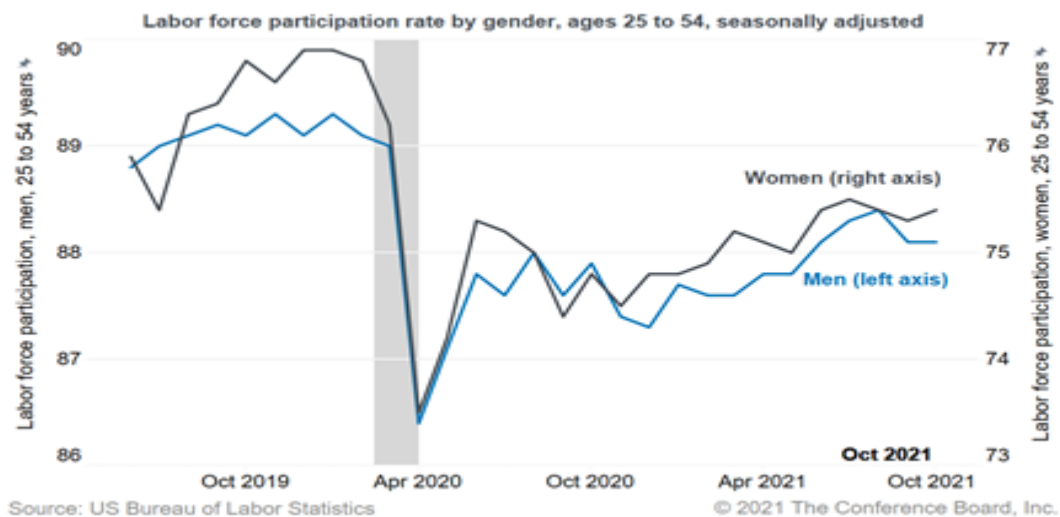


11.05.2021

1. **JOB GROWTH INCREASES; NO END IN SIGHT FOR LABOR SHORTAGES**
2. **WEEKLY UNEMPLOYMENT INSURANCE CLAIMS CONTINUE SLIDE DOWNWARD**
3. **FEDERAL OPEN MARKET COMMITTEE BEGINS “TAPER,” SILENT ON “LIFTOFF”**
4. **PANDEMIC NEWS**
5. **VACCINATION NEWS**
6. **SPOTLIGHT ON REOPENING: THE UNITED KINGDOM, AND VACCINATION OF CHILDREN**

**1. JOB GROWTH INCREASES; NO END IN SIGHT FOR LABOR SHORTAGES**

Once again illustrating the unusual economic times in which we live, the erratic progress of the labor market in the wake of the pandemic showed a stronger jobs report for October. Our colleague Gad Levanon from the Labor Market Institute at The Conference Board provided the following analysis:



Today's jobs report showed strong employment growth after two consecutive months of weaker gains, reflecting a recovery from Delta's negative impact on the economy. As of October, there are no signs that severe labor shortages in the US are easing.

Nonfarm payroll employment increased by 531,000 in October, after an upwardly revised increase of 312,000 in September and 483,000 in August. The unemployment rate ticked down from 4.8 to 4.6 percent. Overall, jobs still number 4.2 million below February 2020 levels. Women suffered 57 percent of these job losses. The labor force participation rate remained unchanged at 61.6 percent.

After stagnating in August and September, the strong recovery in the leisure and hospitality industry resumed in October, adding 164,000 jobs. Job growth was strong across most industries, with government education being a notable exception.

The rapid wage inflation in October suggests that the US labor market is still experiencing severe labor shortages, despite the expiration of the enhanced unemployment benefits and the reopening of schools. Some are delaying a return to the labor market because they still fear the virus. In addition, the labor force participation rate of older Americans significantly declined during the pandemic—and there are no signs of it recovering. Moreover, many working-age Americans have become more selective in terms of the jobs they are willing to consider, or they have decided to stop working altogether.

Even though schools have reopened, many parents still face barriers to returning to work. The ongoing spread of the virus is leading to many disruptions in in-person teaching. In addition, the childcare industry is far from fully recovered, and some parents do not have a childcare solution for their children.

While some people are returning to the labor market, the sheer number of them is disappointing. The labor force participation rate has been relatively unchanged since April, despite rapid wage growth. And any additional job seekers are gobbled up by the US economy reopening, leading to a rapid drop in the unemployment rate.

Average hourly earnings increased 5.7 percent (annual rate) over the past seven months, and other labor market indicators also show that employers are having difficulties attracting and retaining workers.

The most likely scenario is that many Americans will return to the labor market in the coming months, and job-search intensity among job seekers will increase as their savings gradually deplete, leading to labor shortages easing a bit. But while severe shortages continuing into 2022 is not the most likely scenario, the chances of it are significantly increasing. In that case, a wage-price spiral—where higher prices and rising wages feed each other, leading to faster increases in both—could have major economic implications.

In such an environment, the Federal Reserve might be forced to raise interest rates significantly more than the two 2021 hikes markets are currently expecting. This would slow GDP growth to well below current expectations by economists.

## **2. WEEKLY UNEMPLOYMENT INSURANCE CLAIMS CONTINUE SLIDE DOWNWARD**

New claims for Unemployment Insurance benefits edged downward again in the week ending October 30. The headline seasonally adjusted number of new claims for regular state programs fell by 14,000 to 269,000. This is another new post-pandemic low, and takes another small slice off of the excess of claims today over the excess of current claims above the steady state level of very roughly 200,000 from

the full-employment state before the pandemic struck. All other measures of Unemployment Compensation showed similar incremental improvement. As in the Employment Situation report, the very rapid economic bounceback of mid-2020 is yielding to a slow whittling away of the remaining margin of decline in the labor market. Continuing coronavirus interruptions and fear in consumer markets and in the labor market, plus enduring structural issues in supply chains, leave us struggling for the last measure of recovery to what we hope will be a resumed “normal.”

### **3. FEDERAL OPEN MARKET COMMITTEE BEGINS “TAPER,” SILENT ON “LIFTOFF”**

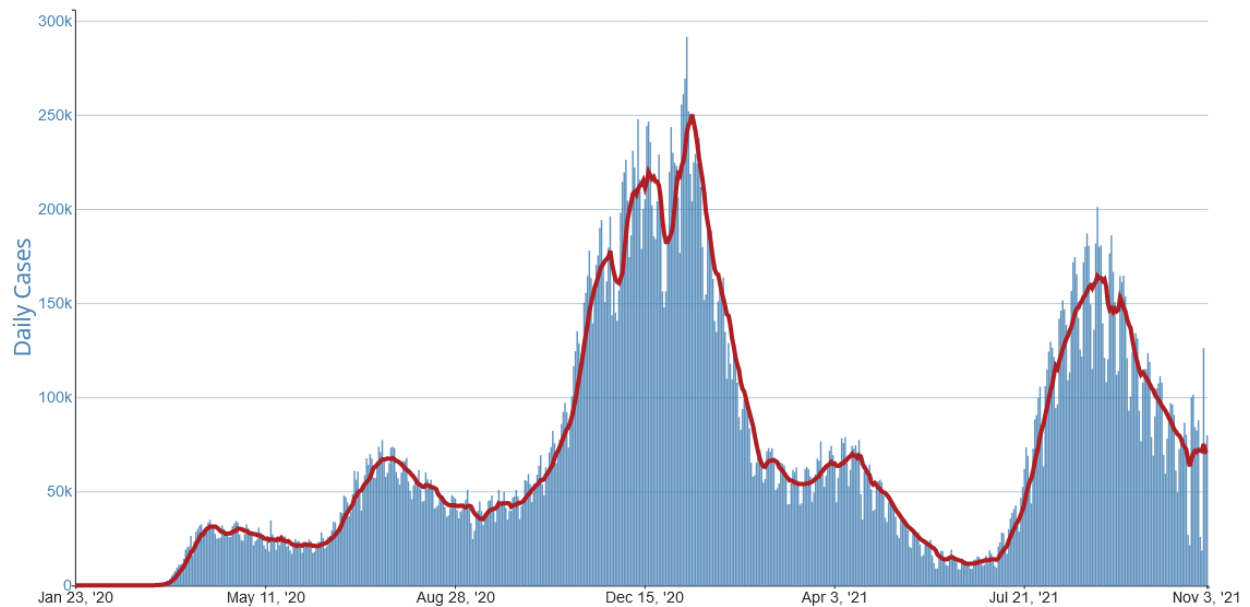
On Wednesday, the Federal Open Market Committee concluded its meeting by announcing the beginning of the process of scaling down its purchases of financial assets to add to its balance sheet. The Fed was purchasing \$120 billion per month in securities (\$80 billion in Treasury securities and \$40 billion of agency mortgage-backed securities). This month, that number will be scaled back by \$15 billion (\$10 billion of Treasuries and \$5 billion of mortgage-backed securities), and in December that reduction will be repeated. The FOMC stated that equal reductions are expected to be appropriate in succeeding months (which implies that asset purchases will end after June of 2022), but reserved the right to recompute based on the economic outlook. Whenever the Federal Reserve purchases such assets it provides impetus to the economy; thus, the taper results in less impetus, not economic restriction in an absolute sense.

Economic forecasters instinctively looked to the tea leaves to see when the FOMC will begin to increase its policy interest rate (the federal funds rate), which process has come to be referred to as “liftoff.” Chair Jerome Powell and the Board have established a dual test for “liftoff” of inflation to moderately exceed the Fed’s 2 percent target for some minimum time, and for labor market to reach maximum employment. Those forecasters most hawkish on inflation or most optimistic about the economic outlook would like to see the funds rate increased even before the taper is completed (or even to see the taper process accelerated). Those at the other end of the outlook spectrum would want a pause after the taper is completed before raising the federal funds rate. The FOMC in its statement (predictably) maintained its flexibility, and said that its future actions are data-dependent. So keep watching the incoming numbers, and guess along with Fed-watchers all around the globe.

### **4. PANDEMIC NEWS**

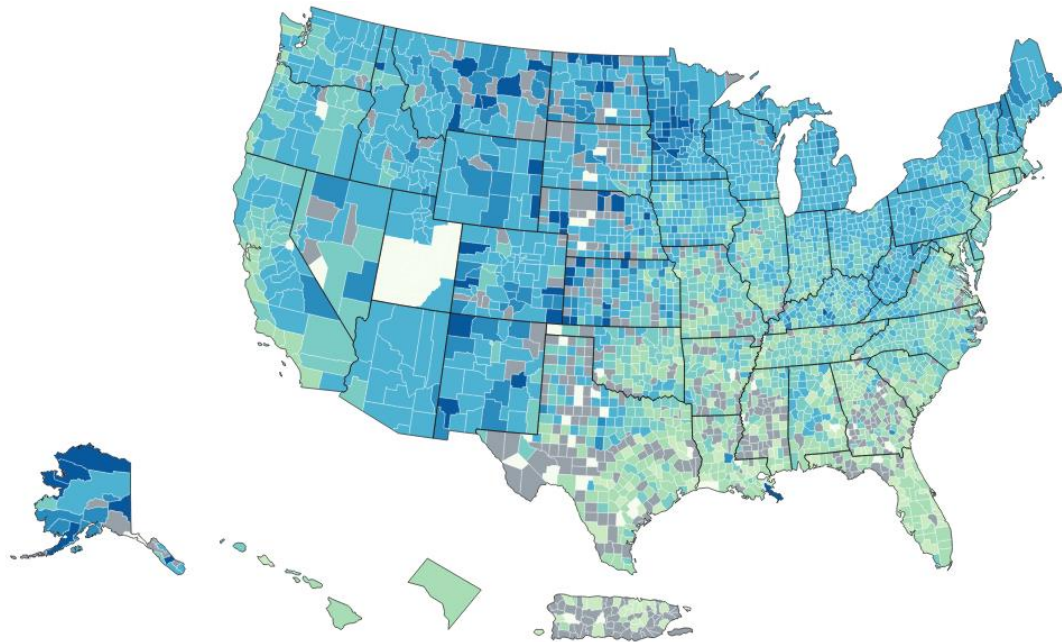
The glass is half-full. Maybe. Or maybe half-empty. The COVID case count nationally continues to decline. Or has it plateaued? Or even perhaps started to grow again, in the first snap of autumn, with people beginning to move indoors and perhaps becoming complacent because of the “good” news of the last few weeks, following the Delta-driven spike in cases, hospitalizations and deaths?

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



As of November 3, there were 79,820 new cases; the seven-day moving average of daily new cases was 70,431. Those numbers are both up from the local low point reached on October 21. And importantly, even though they provide significant relief from the Delta peak of over 200,000 new cases (and a seven-day average of over 164,000 cases) on September 1, they are higher than the earlier local peaks of April 13 (almost 75,000 cases) and July 23 of 2020 (almost 74,000 cases). Considering that the current level of infections has been achieved despite substantial vaccination levels, they provide limited comfort. Delta is a strong adversary.

Again, the caseloads vary across the country. The virus has migrated. It apparently has burned itself out in the previous hotspots in the southeast and south-central US, but has moved to prey on other rural, relatively unvaccinated areas in the central and mountain states, and in Alaska. The chart below shows case counts per 100,000 population, and shows that the virus continues to find fertile ground to grow.



0 0.01 to 10 10.01 to 50 50.01 to 100 100.01 to 200 200.01 to 500 500.01 to 749.99 750+ No Data

Time Period: Thu Oct 28 2021 - Wed Nov 03 2021

Following the same pattern, hospitalizations are down from the Delta peak, but still higher than at earlier moments of great concern, and still painfully high for a period when so many Americans are vaccinated.

## Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States August 01, 2020 – November 02, 2021



**41,850**

Current 7-Day Average

Oct 27, 2021 – Nov 02, 2021

**45,892**

Prior 7-Day Average

Oct 20, 2021 – Oct 26, 2021

**123,899**

Peak 7-Day Average

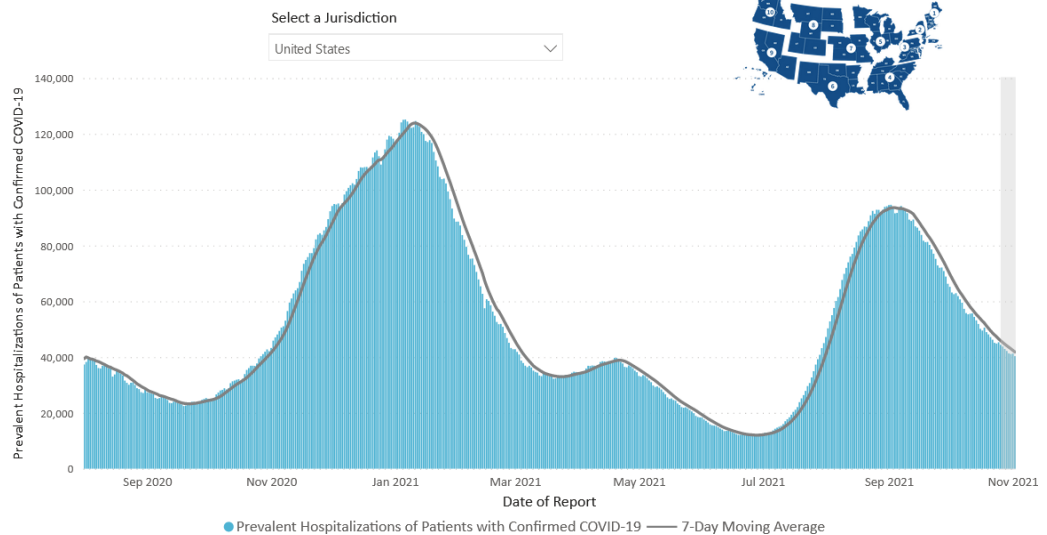
Jan 05, 2021 – Jan 11, 2021

**-8.8%**

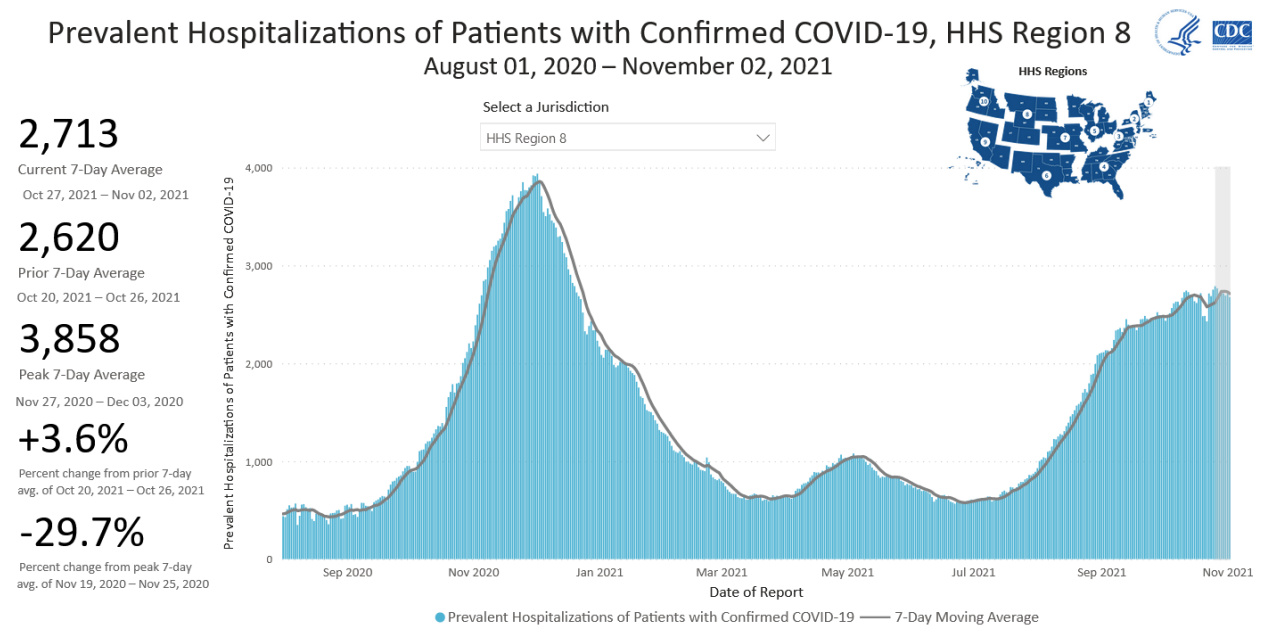
Percent change from prior 7-day  
avg. of Oct 20, 2021 – Oct 26, 2021

**-66.2%**

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

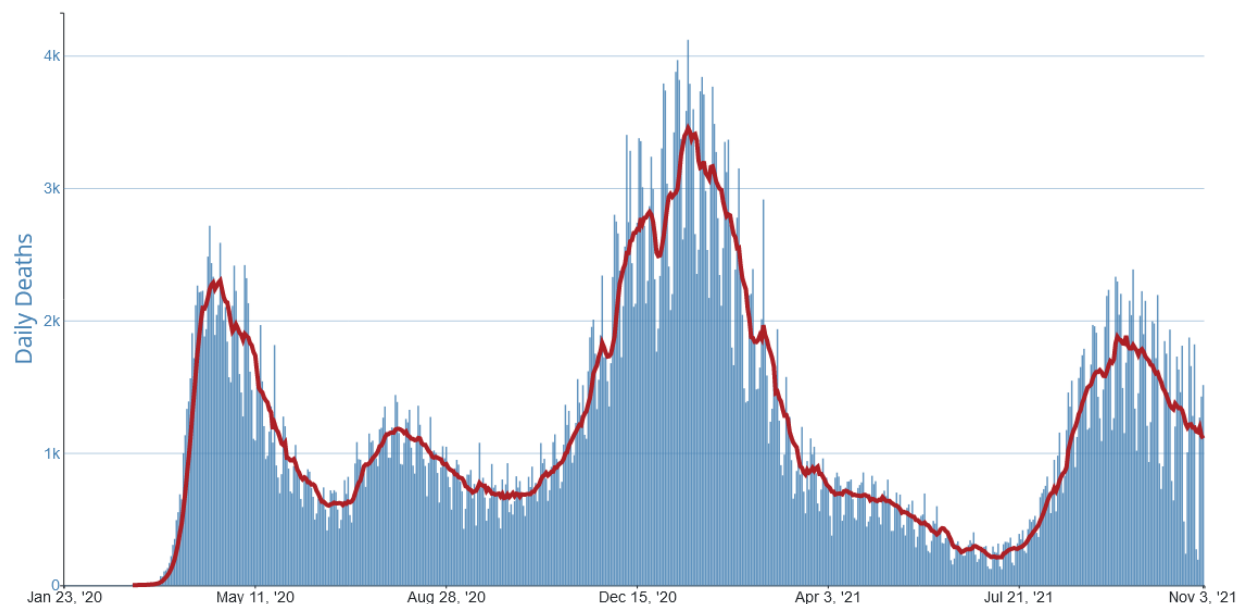


And to illustrate the pain that continues in parts of the United States, the mountain region (including the Dakotas, Montana, Wyoming, Colorado and Utah) has seen no relief whatsoever from the Delta-fueled peak:



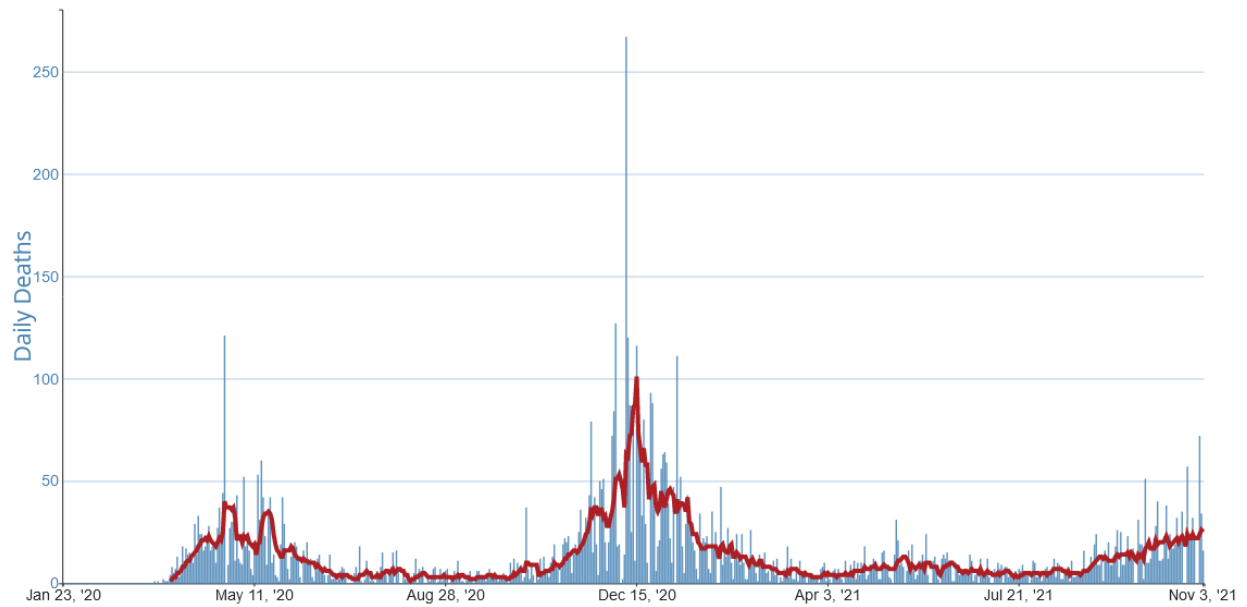
Deaths are down nationally, perhaps reflecting the number of cases of vaccinated persons who have avoided serious illness.

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



Choosing the comparatively populous mountain state of Colorado to illustrate, the regional upward trend of deaths from Delta, though not as high as the peak of last winter, has not yet abated. The virus has not yet given up.

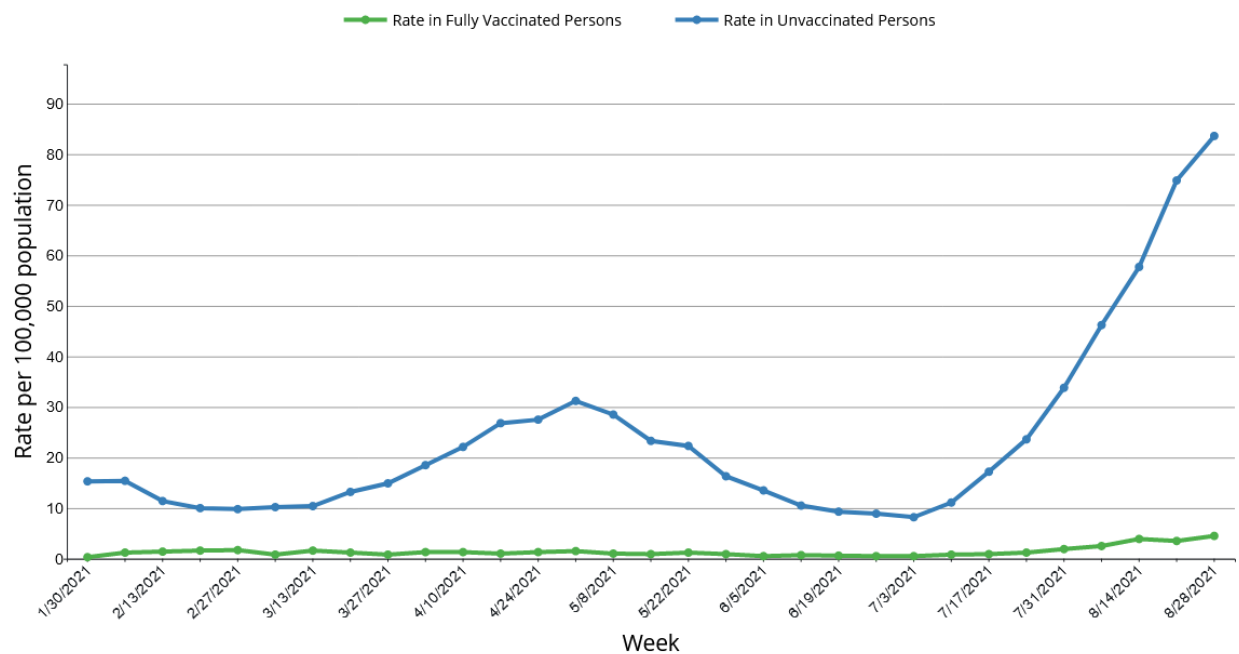
Daily Trends in Number of COVID-19 Deaths in Colorado Reported to CDC



## 5. VACCINATION NEWS

And to provide some texture to the regional intensity of the virus, and its sensitivity to the behavior of regional populations, the CDC has accumulated data on the relative incidence of hospitalization among persons who are unvaccinated, and those who are fully vaccinated. The patterns are similar but not identical for different age groups, and so the following chart represents the results for the total population with an adjustment for the greater frequency of vaccination among the older population. It seems quite clear that the failure of a part of the country to achieve vaccination entails an enormous risk of serious illness.

## Age-Adjusted Rates of COVID-19-Associated Hospitalizations by Vaccine Status in Adults Aged $\geq 18$ Years, January–August 2021



And given that result, the determination of a seemingly irreducible 13.7 percent of the population *not* to be vaccinated becomes all the more troubling and frustrating. The CDC presents survey data about intentions and attitudes toward vaccination. The vaccine-stubborn are disproportionately male; young (and immortal, presumably, at least in their own judgment); rural; uninsured; and poor or of relatively low income. Separate survey data from the Kaiser Family Foundation also show that the unvaccinated tend to be those with lesser education.



## Vaccination Status and Intent by Demographics - United States

Data Collection Period: October 10 - October 16, 2021 (N= 15,889)

National Jurisdictional

### Overall

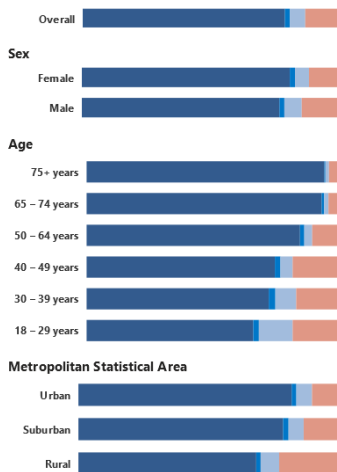
**80.2%** are **Vaccinated (78.3%)**  
or **Definitely Will Get Vaccinated (1.9%)**

**6.0%** **Probably Will Get Vaccinated**  
or **Are Unsure**

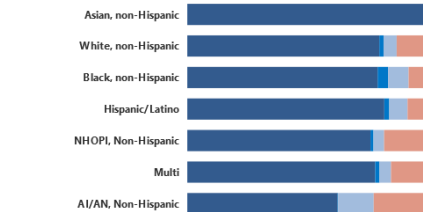
**13.7%** **Probably or Definitely**  
**Will Not Get Vaccinated**

Vaccinated ( $\geq 1$  dose)  
Definitely Will Get Vaccinated  
Probably Will Get Vaccinated or Are Unsure  
Probably or Definitely Will Not Get Vaccinated

#### All Adults Age 18+



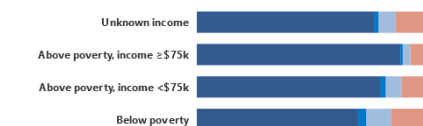
#### Race/Ethnicity



#### Health Insurance



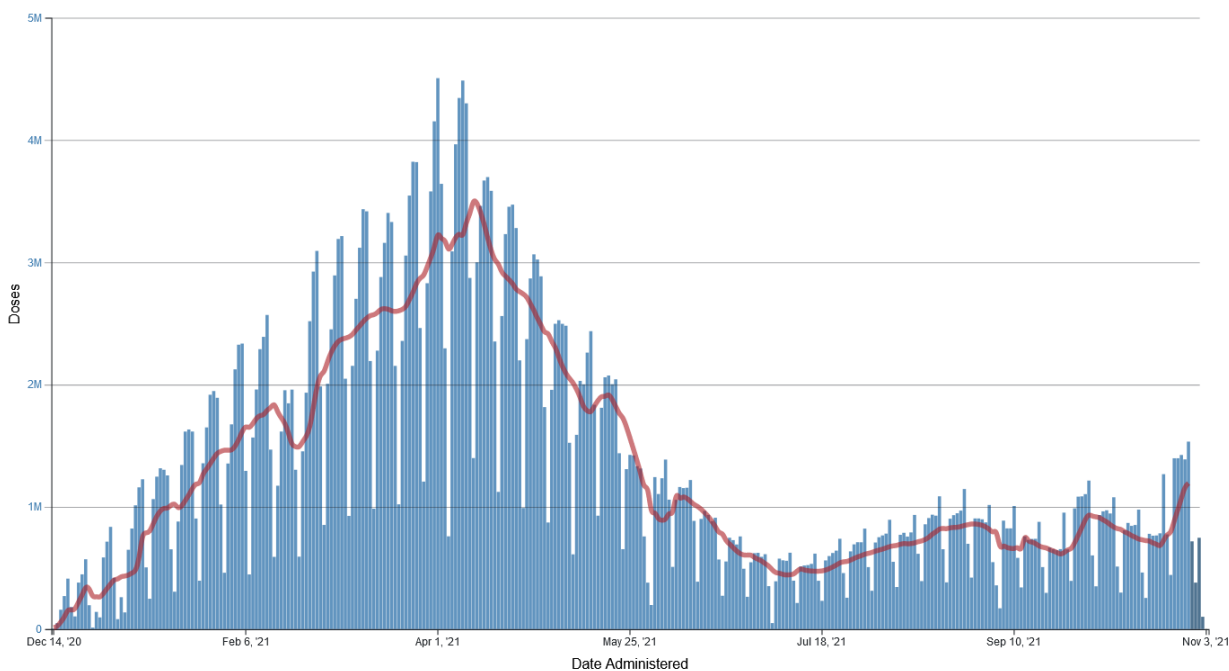
#### Poverty and Income



Weighted Percentage (%)

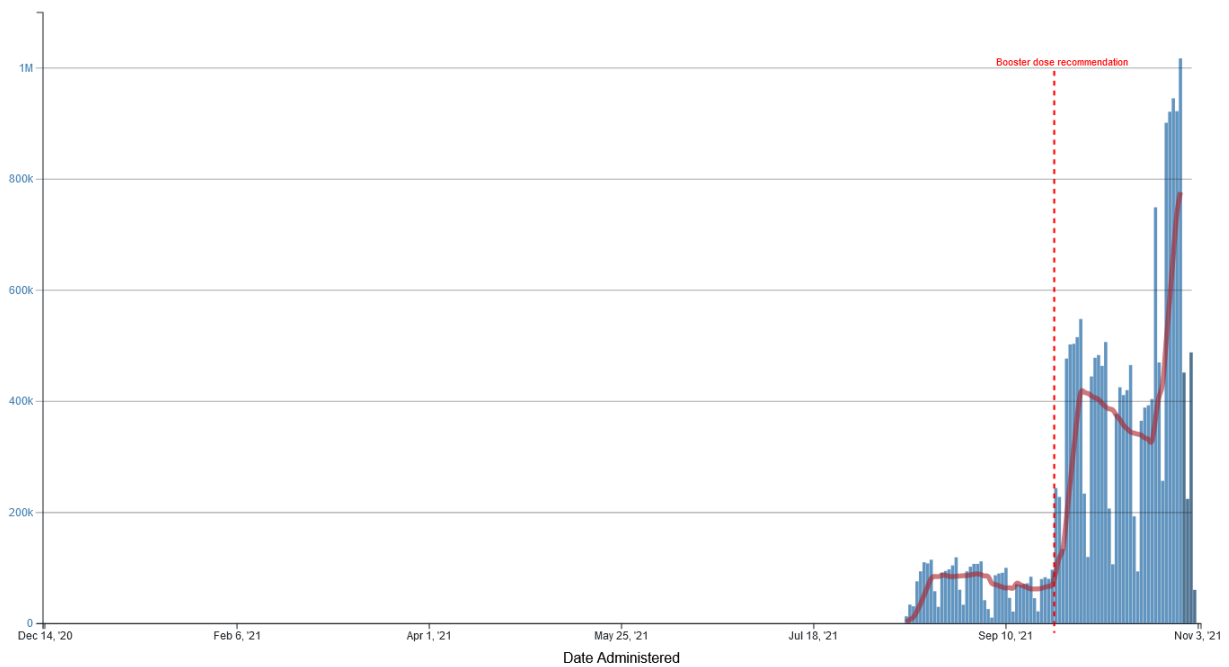
There has been a recent jump in the number of vaccinations.

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



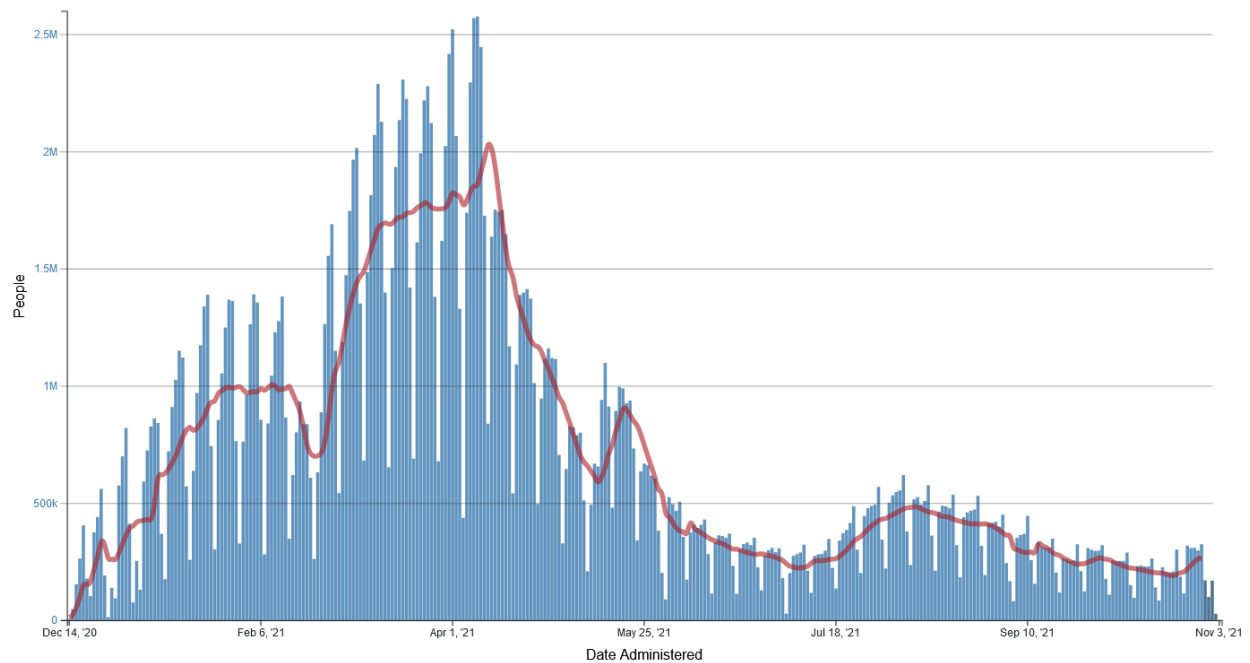
However, the greatest part of that jump has come from people already vaccinated obtaining their newly approved booster shots; therefore, the already protected are becoming even more protected. (Note the very different scales of the previous chart and the following one; but still, the apparently gratifying increase to slightly over 1 million total daily injections includes fully 1 million booster injections.)

Daily Count of Fully Vaccinated People Receiving a Booster Dose Reported to CDC by Date Administered, United States



But there has also been a small increase in the number of persons receiving their first injections, which is where the greatest public health benefit would be achieved.

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

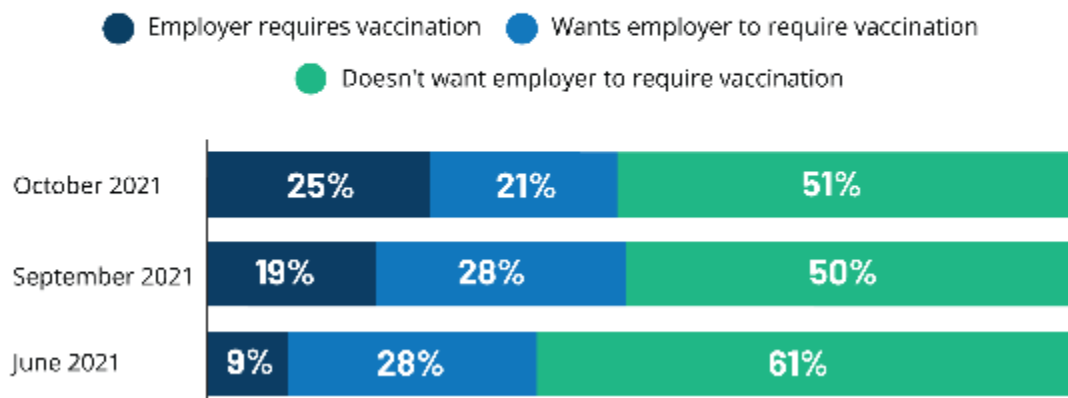


## OSHA announces “emergency temporary standard” (ETS) for employer vaccination mandate.

All of which leads us to the first of two big vaccination news items. After weeks of deliberation, the Occupational Safety and Health Administration (OSHA) has released the initial rules for the [implementation of the president’s vaccination mandate](#) for large firms (100 and more employees).

In a survey taken by the Kaiser Family Foundation, a rising number of employees—now up to 25 percent of the total—has already reported that they are being required by their employers to obtain vaccination.

### A Quarter Of Workers Say Their Employer Has Required Them To Get Vaccinated



As you will see in the chart, the poll went further and asked those who have not been required by their employers what their preference would be. More than half of all employees—and about 70 percent of those not currently required by their employers—say that they do not want an employer requirement.

Which in turn takes us to the motivation of the president. Unvaccinated persons are at far greater risk themselves, but also are more likely to contract the virus and pass the disease on to others. There are large regional concentrations of persons adamantly refusing vaccination, and even with the growing number of employer requirements, progress is unacceptably slow. With persuasion having failed in this highly partisan, hostile environment, where wearing a mask or accepting vaccination has become a political statement, requiring vaccination by employees of large firms—the only firms where the administration believes that they have the legal authority (in addition to federal government employees, employees of federal government contractors, and employees of health care institutions that accept Medicare or Medicaid reimbursement)—is virtually the only point of leverage left to the president to tamp down the disease.

The OSHA regulations have [several key features](#) (noting that this is an interpretation by a non-attorney, and should not be taken as bona fide legal advice; more-specialized information can be found [here](#)):

1. The deadline for *completion* of employee vaccination is January 4—*after* the holiday season. (A wrinkle is that this will require workers pursuing a two-dose regimen to receive the first dose in December.) Some employers, including retailers and shippers, had feared that an earlier deadline would drive workers away when they are most needed to support much of their businesses’ annual revenues. To minimize confusion, this deadline is made consistent across all employers to which federal mandates

apply (including the federal government itself, federal contractors, and health care institutions; however, there are other differences among the various federal mandates).

2. The vaccination requirement does not apply to persons who do not work in the company of others (so, for example, home teleworkers are excluded), and does not apply to persons who work exclusively outdoors. However, such workers do count toward the 100-employee threshold to determine whether the regulation covers the employer. There are complex details for employees supplied by staffing agencies.

3. Persons who are not vaccinated must submit to weekly testing (potentially at their own expense, although collective bargaining agreements may require employers to pay, and employers may choose to pay voluntarily), and wear a face covering. (Although testing requirements begin on the January 4 vaccination deadline, the other requirements begin on December 5.)

4. Employers must grant employees some paid time off to facilitate their obtaining and recovering from the after-effects of vaccination.

5. Employers must provide information about vaccination and the requirements of the regulation.

6. Employers are responsible to ascertain and maintain records of each employee's vaccination status.

7. Employers must report promptly any positive employee COVID tests or other diagnoses, and must remove those employees from the workplace until they have recovered. Employers must also report any hospitalizations or fatalities.

8. The OSHA regulation explicitly preempts any state or local prohibition of employer vaccination requirements.

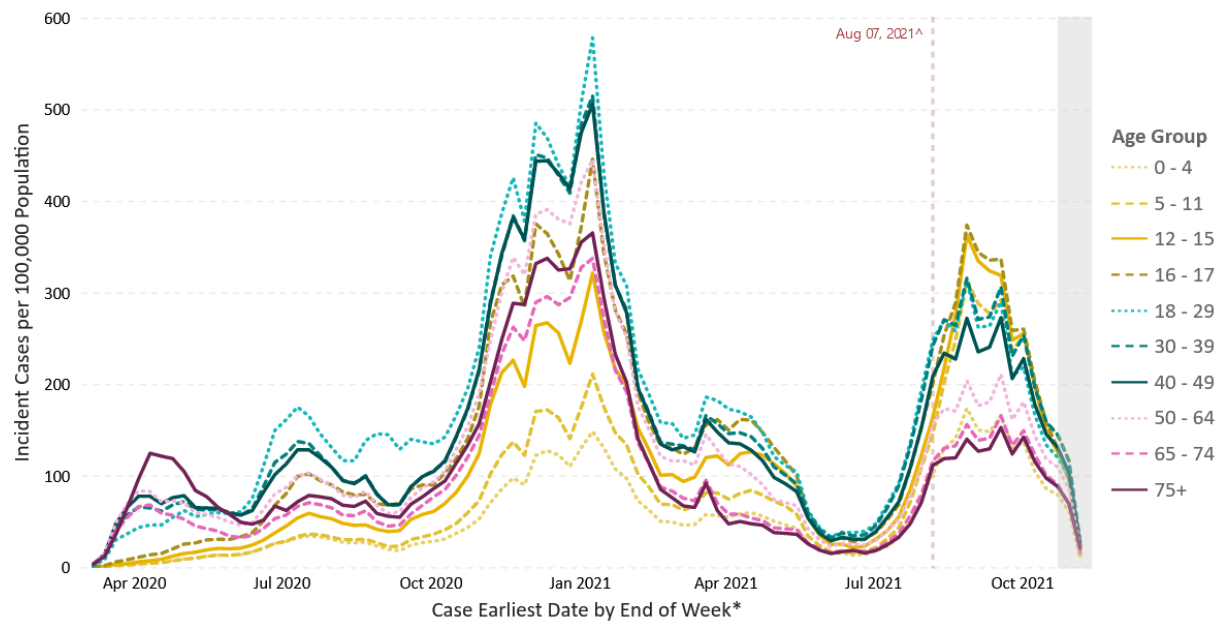
Several states stated immediately upon the announcement of the policy that they would challenge it in court. The case will rest upon the alignment of the COVID-19 pandemic with the legal authority of OSHA to issue regulations to protect against workplace hazards. Indeed, much of the [490-page OSHA document](#) is a recitation of facts to make the case that COVID is a deadly threat, that the proposed remedy is necessary, that it would be effective, and that it is feasible for large employers to implement it. Stay tuned to see how the inevitable legal challenges fare in court.

**Pfizer vaccine approved for emergency use in 5-to-11-year-olds.** An [emergency use application](#) for a smaller Pfizer vaccine dose for 5-to-11-year-old children [won approval](#) from the FDA expert panel, the FDA itself, the CDC expert panel, and the CDC director. Inoculations can begin very soon.

In recent months, the tables have turned: Teens and young children have had the greatest incidence of COVID infections, displacing the elderly who were at the cutting edge of the pandemic.

## COVID-19 Weekly Cases per 100,000 Population by Age Group, United States

March 01, 2020 - November 06, 2021\*



Even though the probability of serious illness and death among the very young are lower, there are still “long-hauler” symptoms, including the more-serious Multisystem Inflammatory Syndrome in Children (MIS-C). And there is also the ongoing danger that children—who may carry larger viral loads than adults—would serve as spreaders of the disease even if they are less likely to contract it in a symptomatic way themselves.

This last point is extremely important. We sometimes look at vaccination rates among adults as indicative of our progress toward “herd immunity.” But because children can spread the disease at least as efficiently as adults, herd immunity must be defined with reference to the total population. Child vaccination, therefore, is crucial.

But yet again, the regional dimension of the battle against COVID-19 remains in play. If vaccinated parents in highly vaccinated locales rush to have their children vaccinated, then the well-protected will become even more well-protected. But if at the same time unvaccinated parents in largely unvaccinated regions refuse to have their children vaccinated, they will maintain their freedom—to contract a dread disease.

### 6. SPOTLIGHT ON REOPENING: THE UNITED KINGDOM, AND VACCINATION OF CHILDREN

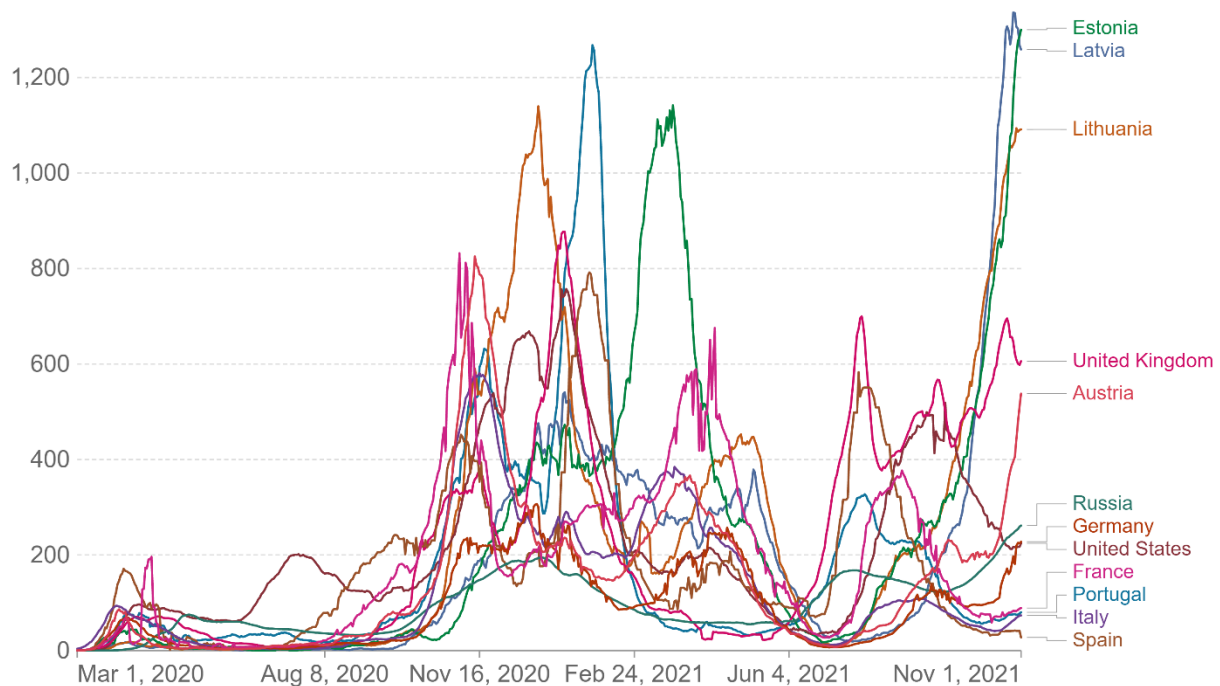
The world is about to head into its second pandemic winter, and Europe is the continent feeling the colder weather’s harshest effect on case numbers. Despite the wide scale of vaccine availability this winter compared to the last, Europe is the [only part of the world](#) experiencing an increase in new daily COVID-19 cases. Moscow is in the midst of a [10-day lockdown](#) following an announcement from the city’s mayor claiming they were within the worst-ever phase of the pandemic. The city ordered all unvaccinated residents over 60, as well as unvaccinated people suffering from chronic diseases, to

remain home for four months until late February. Among EU Member States, the [Baltics](#) are struggling to keep health care systems afloat as cases soar, with [Latvia](#) recently announcing a four-week lockdown – the country of 1.9 million is among the bloc's least vaccinated. Differing vaccination rates in Eastern and Western Europe have the continent on two different tracks, but highly vaccinated Western Europe is not being spared. Most notable in the Western half of the continent is the situation of the UK, where a major driver of new infections has been the [unvaccinated youth population](#).

## 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



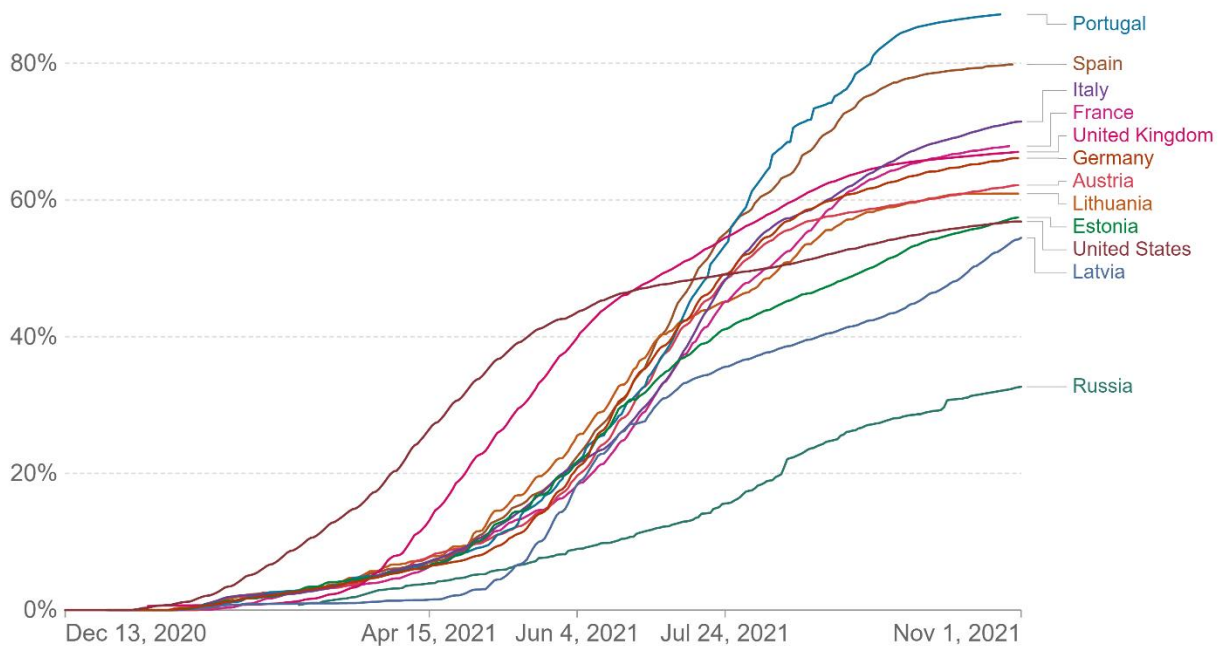
Source: Johns Hopkins University CSSE COVID-19 Data

CC BY

## 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

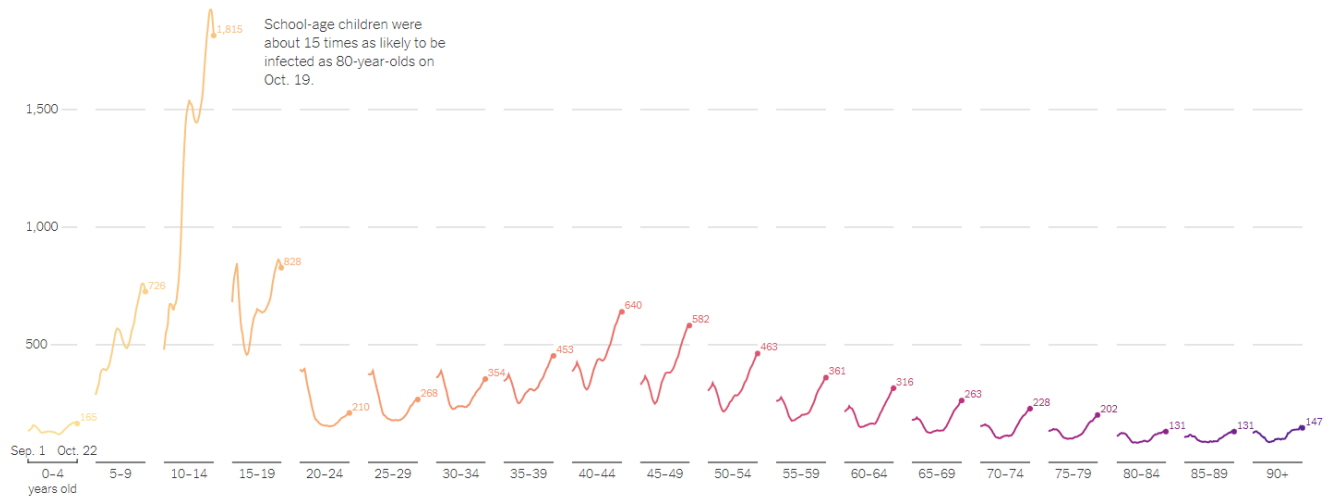


Source: Official data collated by Our World in Data. Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.  
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Deepti Gurdasani, an epidemiologist at Queen Mary University London, points out that when schools reopened in the UK, the high levels of community transmission resulted in “explosive growth” in case numbers. This past summer, when cases were rising in the UK, cases increased throughout the rest of Europe as well, including Spain, France, and Portugal. These three countries have since generally seen a decline in cases, while the UK has not. One of the reasons cited for this trend is [teen vaccination](#), or more precisely the lack of it. In June, France began vaccinating children aged 12 years and older, with Spain and Portugal following soon after. “In two or three weeks, Spain got about 70 percent of the teenagers vaccinated and that dramatically decreased transmission of the fifth wave precisely because it was affecting mostly the younger people,” said the Barcelona Institute for Global Health’s Research Professor Quique Bassat. Unlike most of Europe, the UK was [slow to approve vaccines for adolescents](#). The recommendation of a single dose of the Pfizer vaccine for 12- to 15-year-olds was not announced until mid-September, when Britain’s chief medical officers recommended that children within the 12-15 age group get vaccinated to help [reduce disruption to their education](#). On October 14, 209,000 children in state-funded schools stayed home for COVID-related reasons, with 12.4 percent of secondary school students absent that day.

### High infection rates in children have fueled England's current surge in cases

Cases per 100,000 people, by age



Source: U.K. Health Security Agency

Many are saying the recommendation came too late. The recommendation to vaccinate the 12-15 group was delayed after the Joint Committee on Vaccination and Immunisation declined to recommend broad vaccination of over-12s, saying the benefit to health was marginal, referring the decision to chief medical officers. "We've had an extra 10 or 20 percent of kids infected when they didn't need to be, and we're dealing with the hospitalizations and deaths that came from that," said Professor Christina Pagel, the director of the Clinical Operational Research Unit at University College London. These infections originating in the adolescent group have started to spread to older age groups. Approximately 20 percent of beds in intensive care units are filled with COVID-19 patients. The National Health Service is expecting intense pressure over the course of the winter.