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1. **AFTER REACHING HISTORIC LOWS, UNEMPLOYMENT CLAIMS RISE, BUT STILL AT PREPANDEMIC LEVELS**

New weekly unemployment insurance (UI) claims increased for the week ending November 27, after reaching the lowest number in 52 years the week prior. The headline seasonally adjusted number increased by 28,000 to 222,000. Data for the previous week were revised even lower to 194,000, but this partially reflects holiday-related seasonal adjustment issues. Still, the four-week moving average, which removes some of the volatility in the data, fell for the eighth consecutive week after ticking up during the surge in the Delta variant in September. Indeed, at 222,000, initial jobless claims have regained pre-COVID levels, which averaged 218,000 per week in 2019. Now, of course, it remains to be seen whether the new Omicron variant will disrupt the ongoing labor market recovery.

The number of individuals receiving regular state benefits (reported with a one-week lag) fell just below 2 million for the first time since the beginning of the pandemic. Overall, however, 2.3 million individuals are still receiving UI benefits under either state or federal programs, compared to an average of 1.7 million per week in 2019. Notably, claimants under (expired) federal pandemic UI programs continue to account for 14% of all UI beneficiaries due to ongoing technical backlogs in administration.

2. **JOB GROWTH INCREASED, UNCERTAINTY AROUND POTENTIAL RESURGENCE OF COVID-19**

Today's Employment Situation report for November provided mostly good news, but the picture was somewhat muddled (including possibly because of seasonal issues). Our Conference Board colleague Frank Steemers provided the following analysis:

Today's jobs report showed weaker job growth in November compared to October. The labor market remains tight and still seems to be impacted by elevated Delta cases. While more people joined the labor force in November, the labor force participation rate remains well below its prepandemic rate. Overall, the labor market outlook is uncertain, as there are mounting downside risks linked to the newly identified Omicron variant of COVID-19.

Nonfarm payroll employment increased by 210,000 in November, after an upwardly revised increase of 546,000 in October. However, the unemployment rate decreased from 4.6 to 4.2 percent, and the labor force participation rate increased from 61.6 to 61.8 percent in November. This month, the results of the Establishment Survey (used for nonfarm payroll employment) and Household Survey (used for the unemployment rate and participation) were different, which makes interpretation of the results more difficult.

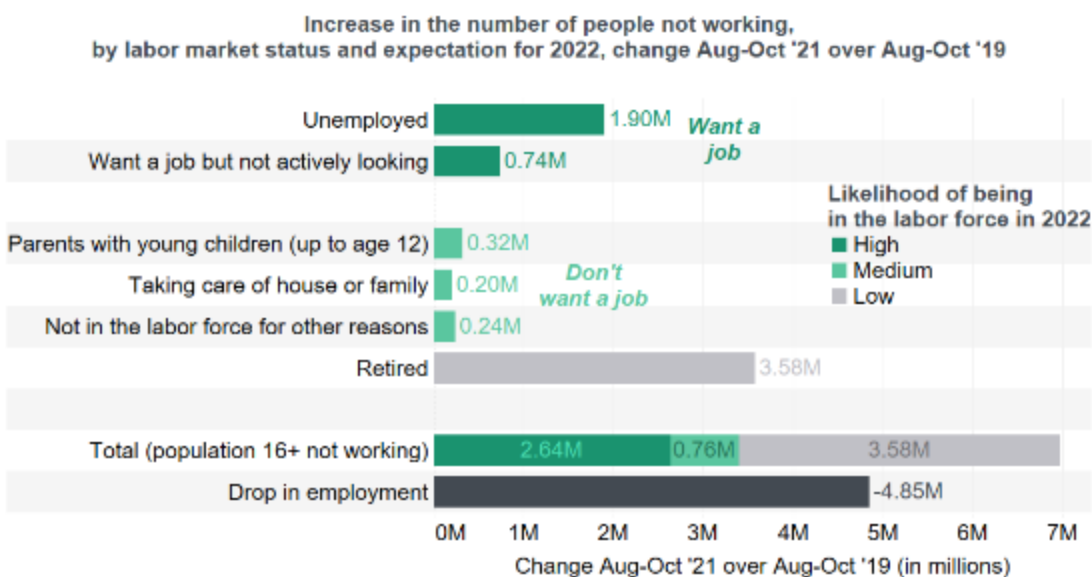
Job growth was weak in leisure and hospitality, adding only 23,000 jobs in November. Job growth in this area has slowed since the summer, averaging 93,000 between August and November, compared to 363,000 between April and July. Elevated Delta cases may still be hampering consumer spending on in-person services and therefore reducing the need for hiring. At the same time, labor shortages—which are especially severe for blue-collar and manual services workers—are making it harder for employers to recruit workers.

Job losses were also recorded in retail trade and motor vehicles and parts, which could be related to supply chain issues. On the other hand, transportation and warehousing, as well as professional and business services, added new jobs.

Recruitment and retention difficulties remain high. Average hourly earnings increased 4.8 percent over the past 12 months, and other labor market indicators also show severe hiring difficulties. For example, The Conference Board labor market differential—which is the percentage of respondents who say jobs “are plentiful” compared to the percentage of respondents who say jobs “are hard to get”—climbed further in November to the highest level in its 54-year history. Rising wages and labor shortages will feed into price inflation.

It is more likely now that hiring difficulties will continue into 2022. Labor force participation is still well below its prepandemic rate (61.8 percent in November 2021 compared to 63.3 percent in February 2020), and the likelihood of a full recovery in 2022 is low. In the chart we show the increase in the number of people not working in August-October 2021 relative to August-October 2019, for several groups. In total, the number of people aged 16 and above who are not working increased by 7 million during that time. 2.6 million of those are unemployed and people who want a job but are not actively looking. While the chance they will actively search or find a job in 2022 is high, they are a minority. About 4.3 million of them are people who currently do not want a job. Parents with young children, people doing household work or taking care of family, or others who currently do not want a job may return to the labor force if pandemic related constraints ease and job prospects further improve. On the other hand, most labor force exits were older workers who retired early (about 3.6 million), and the likelihood that many will return in 2022 is low.

Employers and policymakers will likely need to find other ways to deal with labor shortages or ensure continued job growth, such as improving older worker retention rates, automating tasks, or increasing immigration.



Source: The Conference Board calculations on microdata from IPUMS-CPS, University of Minnesota

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### 3. FEDERAL RESERVE AND TREASURY DEPARTMENT LEADERS SPEAK ON INFLATION

Federal Reserve Board Chair Jerome H. Powell [testified](#) before the House Financial Services Committee and the Senate Banking, Housing and Urban Affairs Committee this week. Chair Powell's testimony and his response to questioning was widely [taken](#) to indicate an increasing concern about the current rapid pace of inflation. Although Chair Powell's reasoning continued to associate inflationary pressures with the dislocation caused by the coronavirus pandemic—and his heightened concern rested heavily on a potential new Omicron outbreak—he also noted that the longer the current inflation continued, the more likely it would become embedded in expectations, and therefore self-perpetuating. The spread of inflation from the goods markets immediately impacted by supply-chain problems, plus the upward pressures on wages from the slow hiring process in some industries, were worries cited by the Chair.

[Testifying](#) along with Chair Powell, Treasury Secretary Janet L. Yellen expressed some optimism that the motive supply-chain forces of inflation will eventually ease, and therefore [urged](#) the Congress to act on the President's proposed Build Back Better agenda embodied in the pending reconciliation bill. Secretary Yellen does not believe that the bill, which she and the Administration continue to assert is fully paid for, will contribute significantly to an inflation that at its root is supply driven. She also expressed urgency about increasing the nation's debt limit, saying that under some (but not all) possible scenarios the Treasury could run out of cash as early as December 15. That will require action by the Senate, and Senate Minority Leader Mitch McConnell said reassuringly that the Treasury would not default, suggesting that he and Majority Leader Chuck Schumer had come to some kind of agreement over Senate procedure to get the job done.

The President of the New York Federal Reserve Bank (the implementer of the Fed's monetary policy, and a permanent member of the Federal Open Market Committee), John C. Williams, explained his perspective on the current inflation in an [interview](#). He emphasized the ultimate supply-chain causes of inflation, but noted that the pandemic had been expected to abate some time ago, that relief from

supply-chain constraints will be needed to end the current price pressures, and that the Omicron variant threatens to delay that healing process still further. Therefore, he noted that the Fed may be torn between an inflation that is running higher than the Fed's target, on the one hand, and a labor market that is cooler than its target, on the other. President Williams said that the Fed will simply need to grapple with that dilemma and make the necessary decisions that result.

#### **4. GOVERNMENT AGENCIES FUNDED (FOR A WHILE); "BUILD BACK BETTER" REMAINS UNDER CONSTRUCTION**

On the brink of a government shutdown at the end of the calendar day on Friday, the House and the Senate [passed a continuing resolution](#) funding the executive agencies until February 18, 2022. Some of the minority wanted to hold up funding to implement the president's coronavirus vaccine and testing policies, but their attempt failed. Meanwhile, the Build Back Better reconciliation bill appears sure to simmer (or perhaps mull) over the holidays and into the new year, with significant policy differences among the members of the majority.

#### **5. PANDEMIC NEWS**

It probably was predictable; the Public Policy Watch took a week off, and the pandemic took a potentially painful turn for the worse. But all humor aside, the Omicron variant is potentially – but not certainly – bad news.

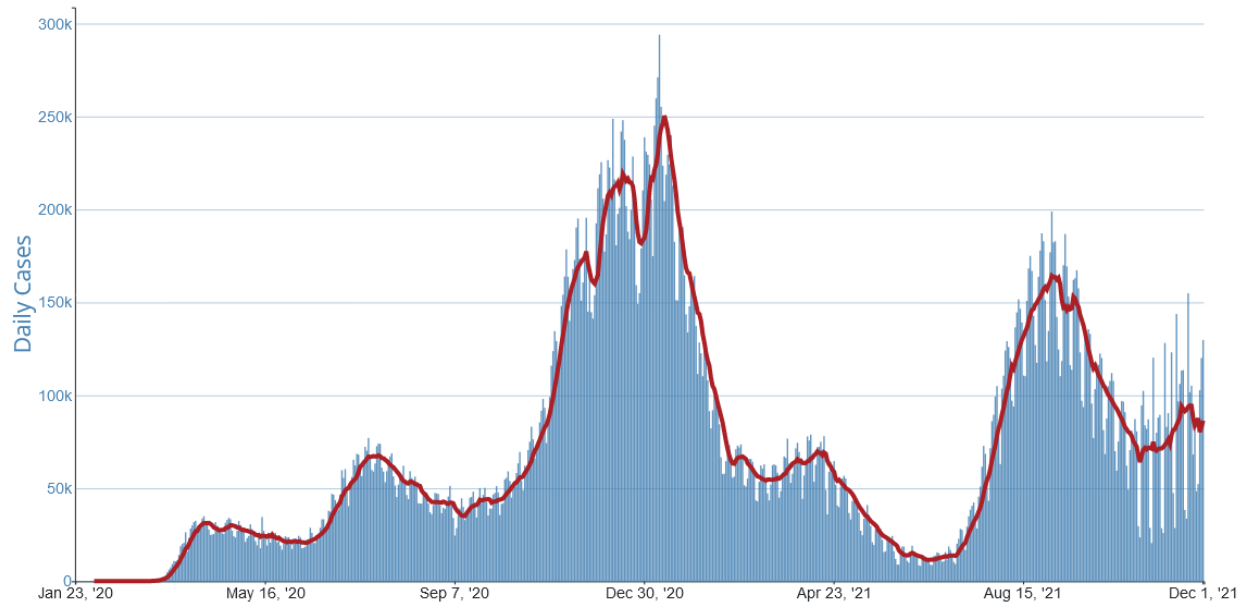
We simply know too little about this latest mutant of the novel coronavirus, discovered in the last week, given that the disease cycle for all prior variants has typically run a month or more for lethal cases, and for still-unknown durations for the "long-haul" symptoms. Some television talking heads have reasoned that a more-lethal mutation would by definition be less transmissible, because a virus that kills its host in so doing kills its means of transmission. Therefore, they speculate, this apparently highly transmissible variant must be less lethal. That sounds reassuring. But given that the poisoned calling card of every strain of this virus has been the ability to spread during a five-to-seven-day asymptomatic period, even a variant that killed every victim at day eight would have had ample opportunity to propagate itself. And it is conceivable (however unlikely) that a variant could prove highly lethal only weeks down the road, for that matter.

So transmissibility appears high (see the Spotlight story on South Africa below), and lethality will remain an open question for at least a few weeks. Remaining issues are the ability of Omicron to evade either existing vaccines or immunity from past infection. Given that immunity from infection is known to be highly variable in its strength, and authorities pre-Omicron strongly recommended vaccination even for those with known past infection, the latter question is of limited importance. The jury is still out on the former, but note in the Spotlight story that at least according to news reports all 14 known Omicron cases on the now-notorious flights from South Africa to Amsterdam had been vaccinated.

On that cheery note, we can relate that the last couple of weeks of caseload data do not look all that bad. The seven-day moving average of new cases is about 10,000 lower than it was two weeks ago (just over 80,000, compared with over 90,000). However, even without Omicron, caution should follow from the fact that it remains about eight times higher than it was prior to the Delta surge, and more than

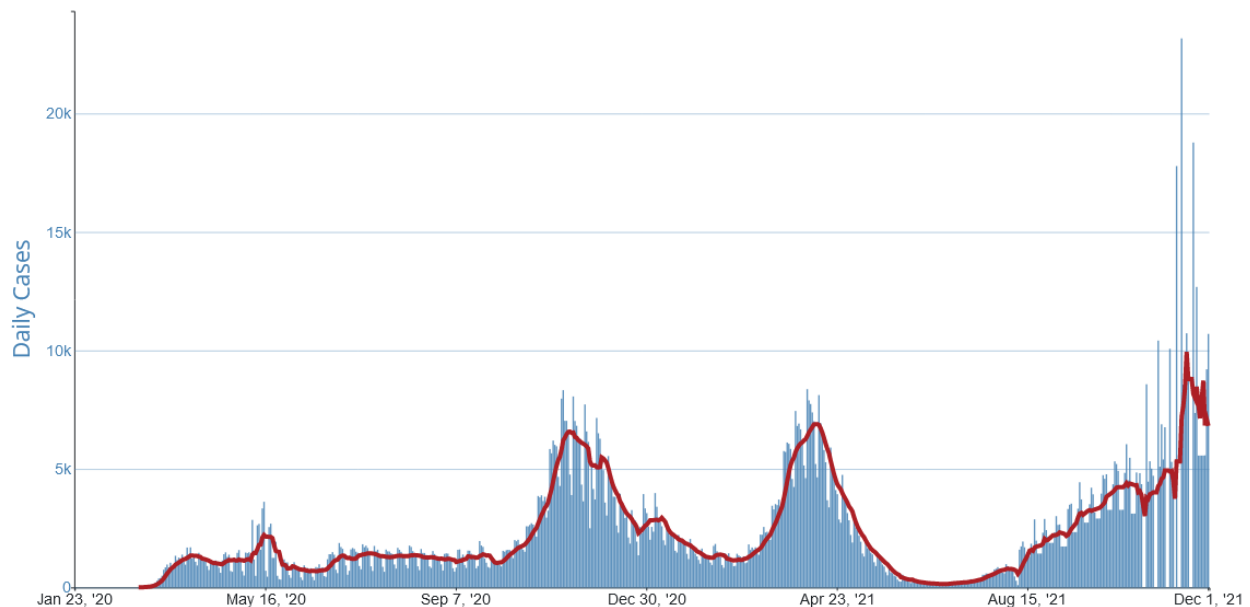
double its level before the fearsome winter of 2020-2021. We remain much more vulnerable than should be a rich nation with ample free vaccine for all.

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

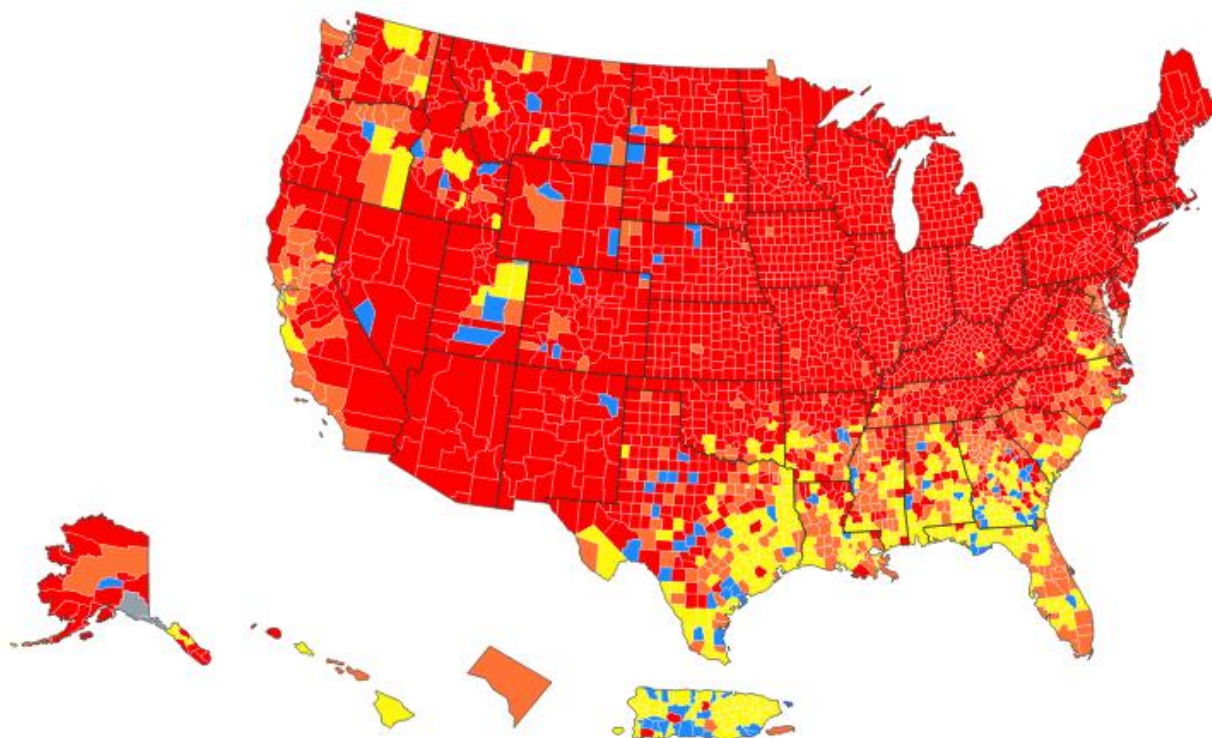


The problem remains regional. Michigan, for just one example, still has a caseload that exceeds the two prior peaks.

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



To view the caseload from a different perspective, the CDC's county-level assessment of community transmission shows some relief in the prior hotspot of the South, where the virus appears to have burned itself out. However, the rest of country appears almost universally at risk.



Community Transmission in US by County

	Total	Percent	% Change
High	2247	69.74%	-4.38%
Substantial	449	13.94%	1.61%
Moderate	409	12.69%	1.55%
Low	111	3.45%	1.21%

Although the national caseload number appears slightly down, hospitalizations are clearly rising. With outpatient treatment methods probably improving, that change seems a bit of a puzzle.

## Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States August 01, 2020 – November 30, 2021



**47,714**

Current 7-Day Average  
Nov 24, 2021 – Nov 30, 2021

**44,556**

Prior 7-Day Average  
Nov 17, 2021 – Nov 23, 2021

**123,899**

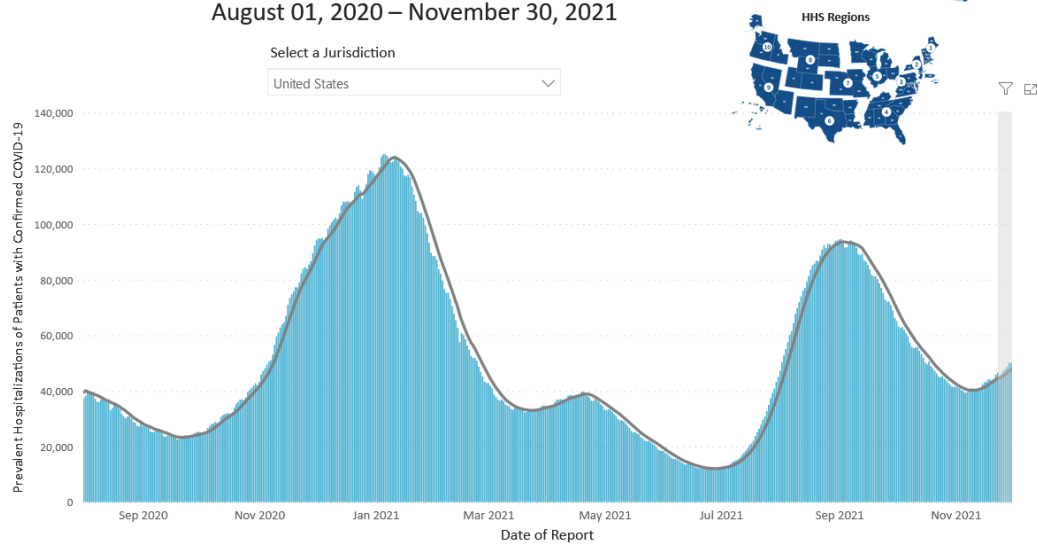
Peak 7-Day Average  
Jan 05, 2021 – Jan 11, 2021

**+7.1%**

Percent change from prior 7-day  
avg. of Nov 17, 2021 – Nov 23, 2021

**-61.5%**

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



And given that the stress on health care providers is felt institution by institution, a rising national average of hospitalizations hints at severe pain in the most-affected parts of the country. HHS Region Five, which includes Michigan and surrounding states from Minnesota to Illinois and Ohio, is a case in point.

## Prevalent Hospitalizations of Patients with Confirmed COVID-19, HHS Region 5 August 01, 2020 – November 30, 2021



**14,329**

Current 7-Day Average  
Nov 24, 2021 – Nov 30, 2021

**12,366**

Prior 7-Day Average  
Nov 17, 2021 – Nov 23, 2021

**20,453**

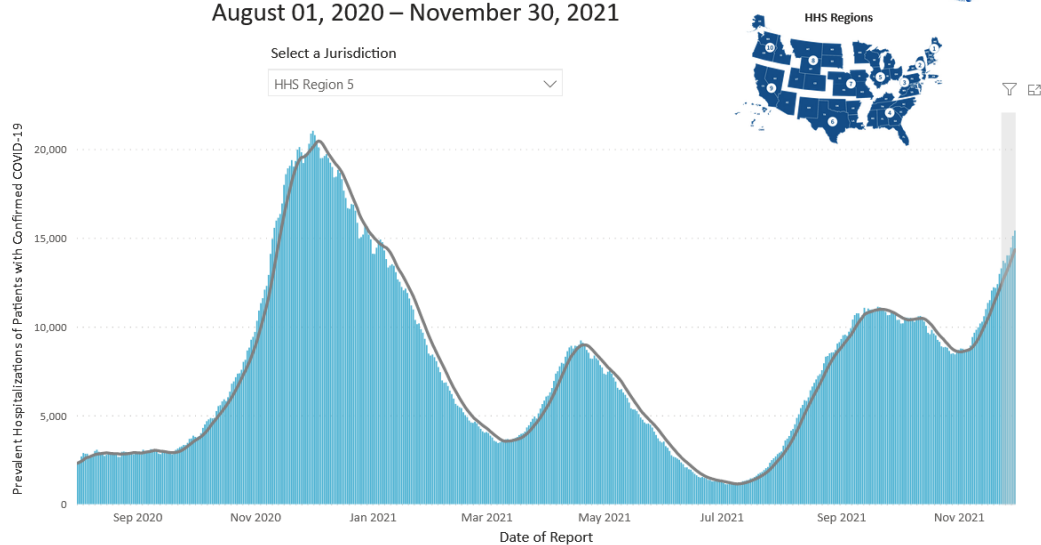
Peak 7-Day Average  
Nov 28, 2020 – Dec 04, 2020

**+15.9%**

Percent change from prior 7-day  
avg. of Nov 17, 2021 – Nov 23, 2021

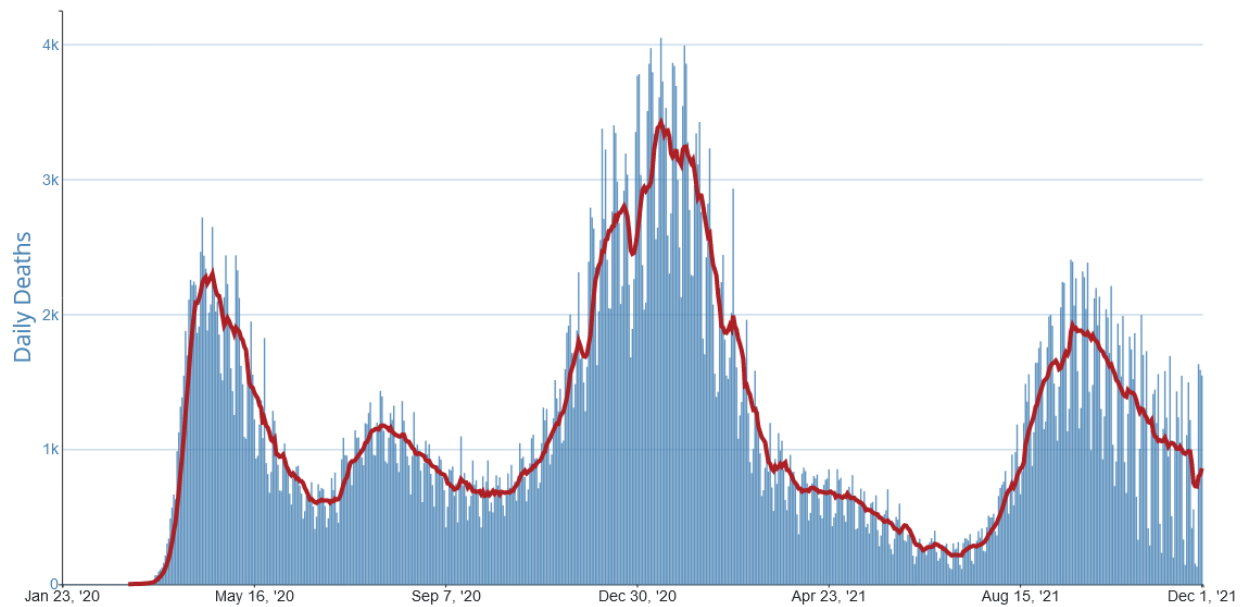
**-29.9%**

Percent change from peak 7-day  
avg. of Nov 19, 2020 – Nov 25, 2020



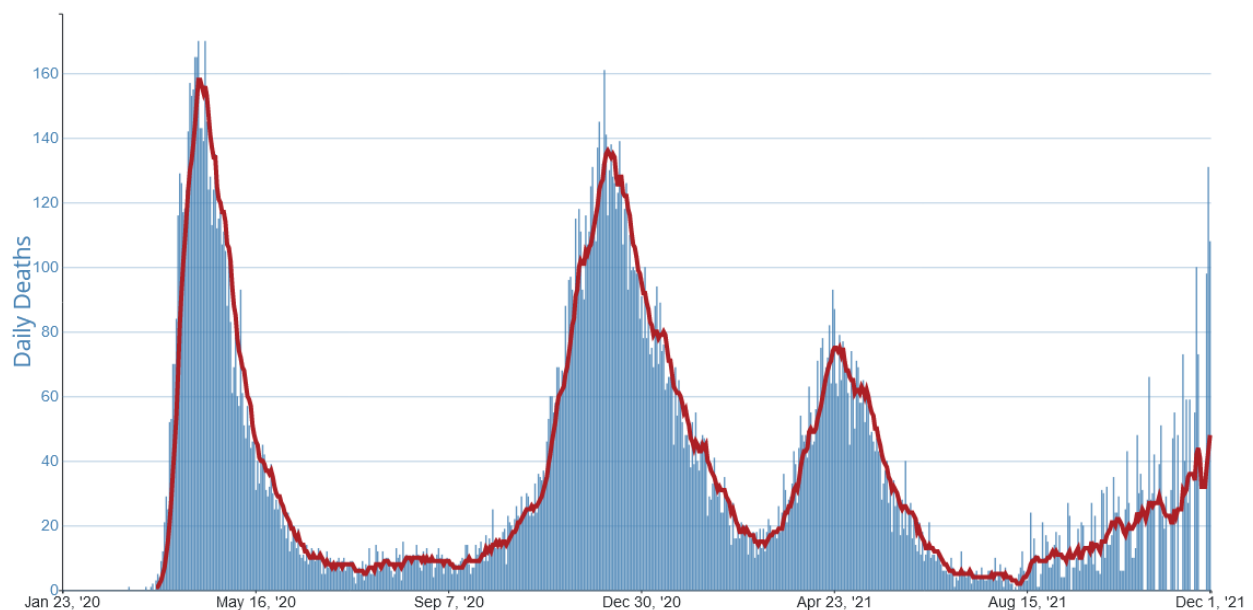
The hard work of practitioners and laboratory scientists is clearly paying dividends, because COVID deaths nationally are in decline—though surely still far too high.

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



And again, national averages cover a multitude of pain. Deaths in Michigan are rising despite the falling national trend.

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



## 6. VACCINE NEWS

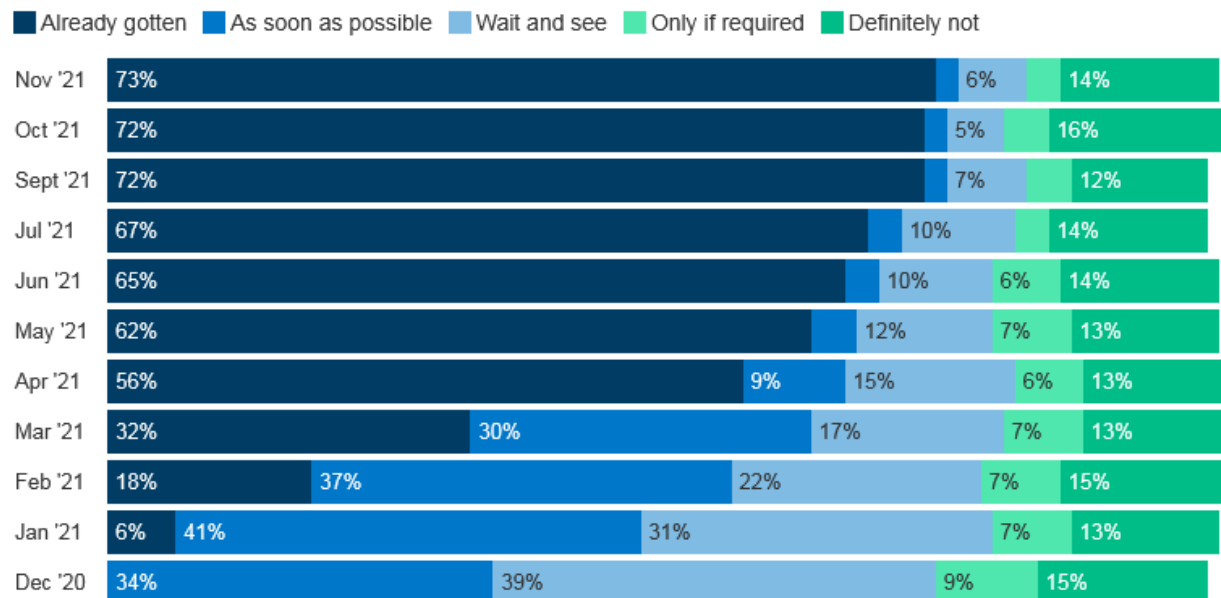
The Kaiser Family Foundation has released the [latest monthly update](#) to its “COVID-19 Vaccine Monitor” poll. This poll has become the gold standard of attitudes toward vaccination, and its results have been consistent with trends in actual experience over time.



The bottom-line headline from this month's update is that the irreducible minimum of the vaccine-hostile population remains irreducible. One-seventh of the US population insists that it will not be vaccinated under any circumstances, while a smaller segment will accept vaccination only if required to do so. These numbers have not moved over time, and meanwhile, the number of vaccinated Americans has barely inched forward.

## One In Four Adults Remain Unvaccinated, Including One In Seven Who Say They Definitely Won't Get A COVID-19 Vaccine

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.

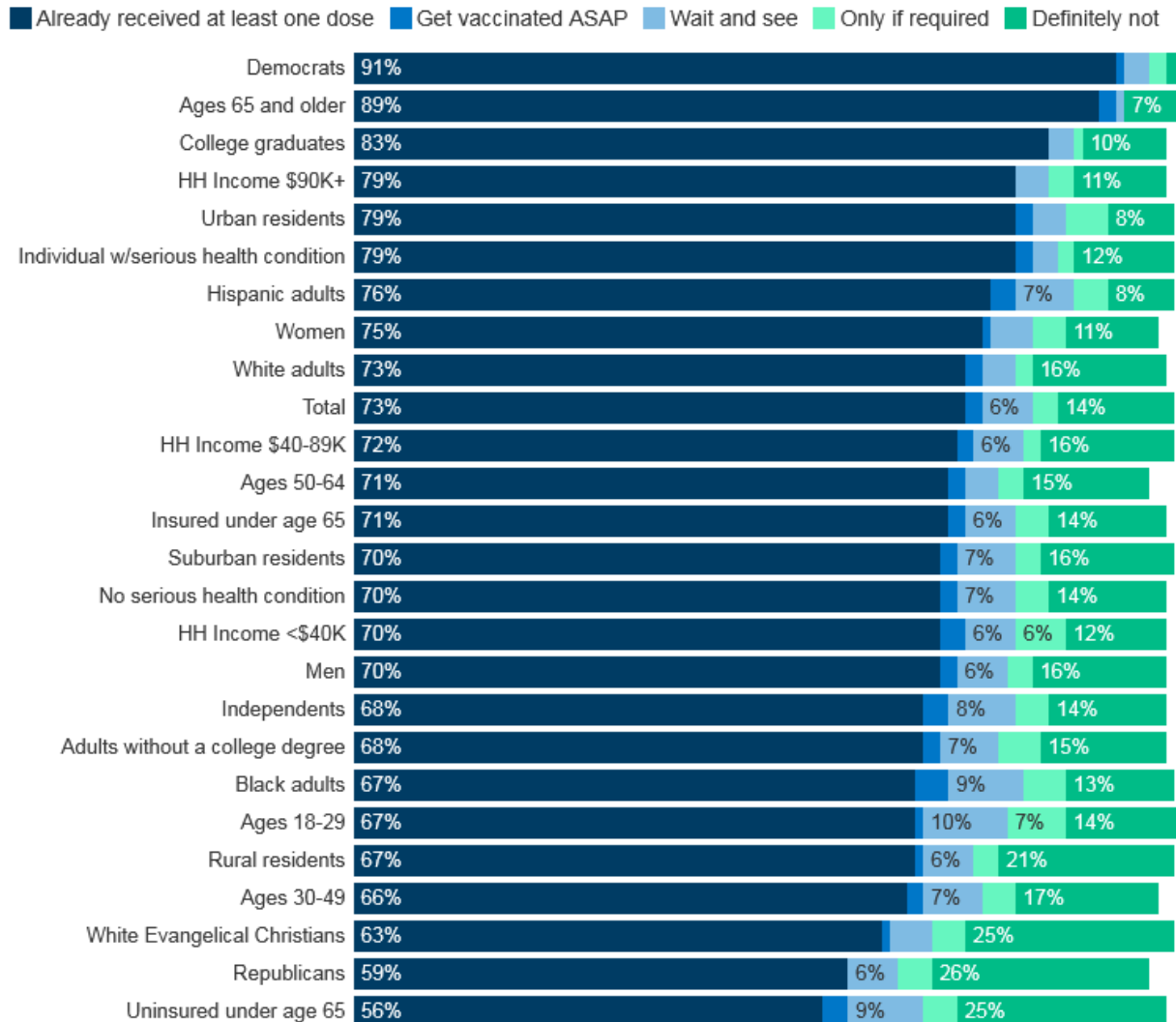
SOURCE: KFF COVID-19 Vaccine Monitor • [Download PNG](#)

**KFF COVID-19**  
Vaccine Monitor

Looking at definable segments of the population, the loci of vaccine resistance are clear and stark.

# Uninsured Adults, Republicans, White Evangelicals Continue To Lag In Vaccine Uptake With One In Four Saying They Definitely Won't Get The Vaccine

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...?



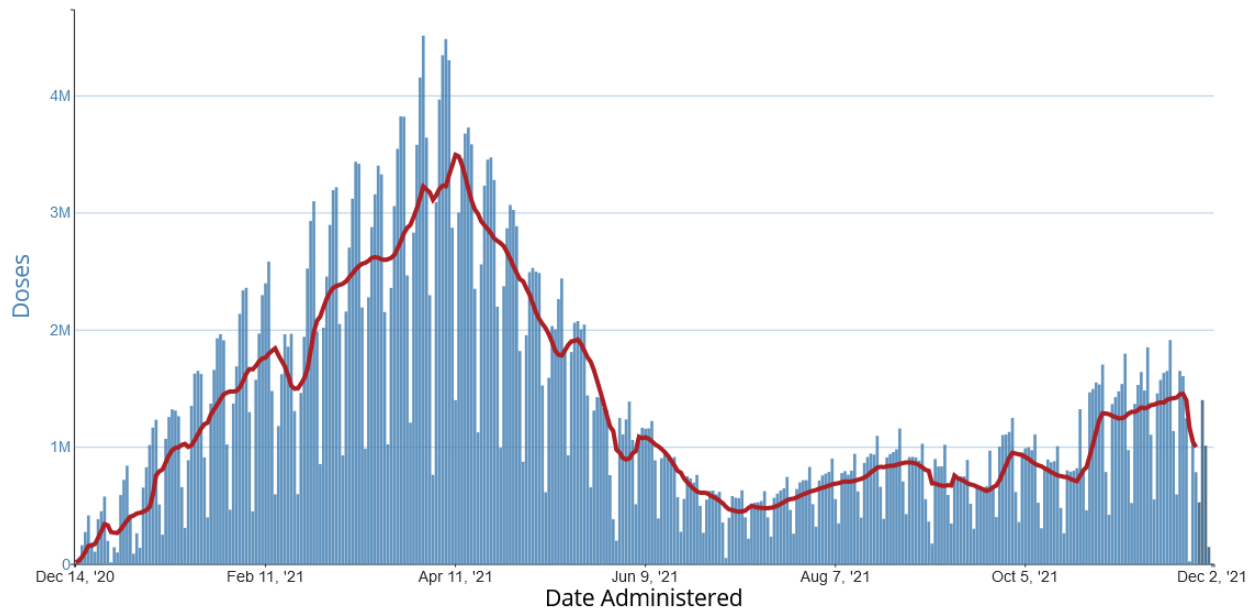
NOTE: See topline for full question wording.

SOURCE: KFF COVID-19 Vaccine Monitor (November 8-22, 2021) • [Download PNG](#)

KFF COVID-19  
Vaccine Monitor

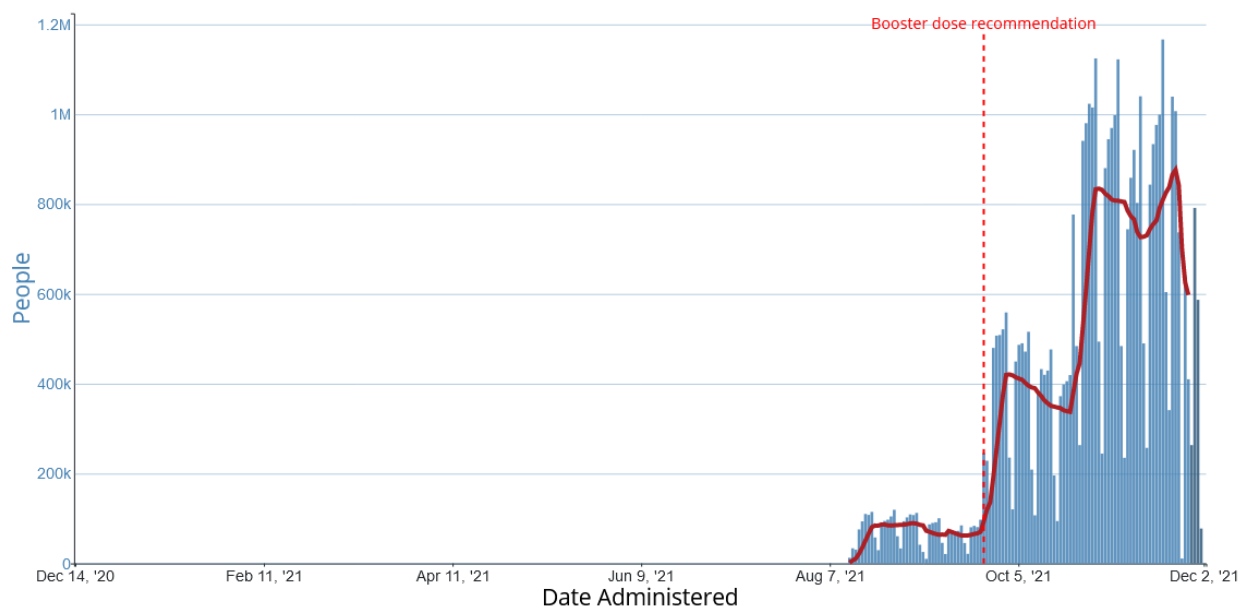
The Kaiser Foundation numbers are consistent with the CDC data on the pace of inoculations. The number of doses administered has been growing slowly (the most recent days of data are likely incomplete), but the benefit of even that growth is not the best attainable.

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

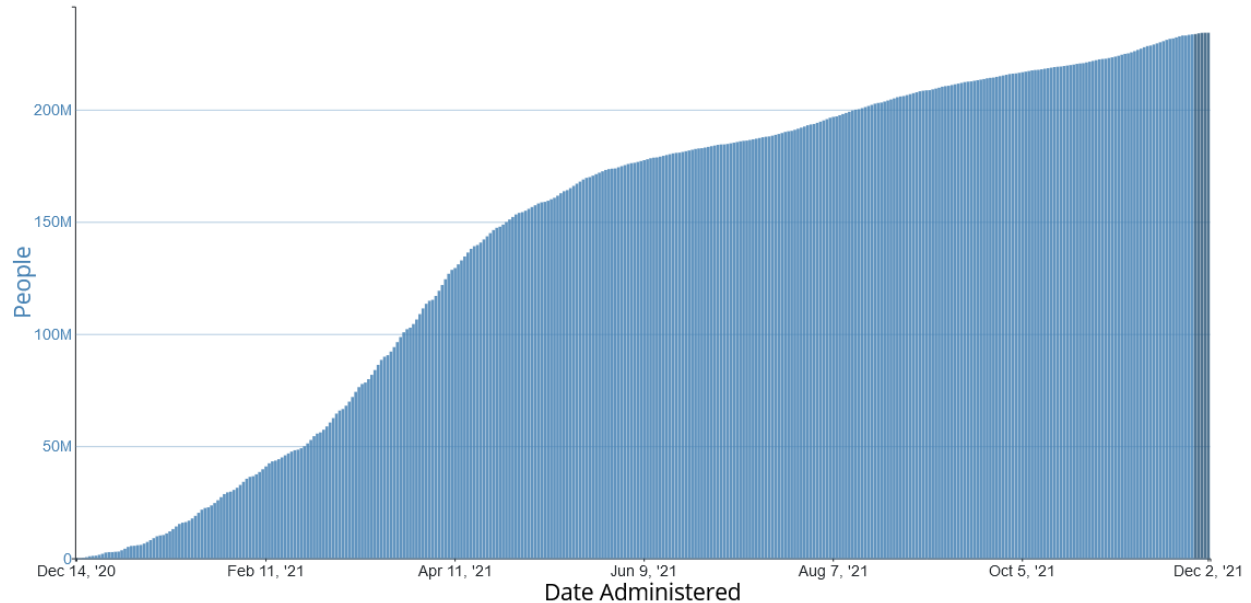


It now has become evident that Americans at large need booster shots more urgently than was originally thought. However, booster shots are not all that the population needs. Even more urgently, the nation needs a broader spread of at least one dose, if not two. And right now, most vaccinations are boosters. As of November 23, which looks like the most recent day of complete data, about 876,000 of about 1,450,000 administered doses were boosters. The share of the population that has received at least one dose is inching up at best.

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



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



Virtually all of the 65-and-over population have received at least one dose. But the total for the population (demonstrably) remains below the level necessary to snuff out the virus. Instead, vaccines are going into the arms of already protected seniors and other adults. Given that we are swimming in free vaccines, the problem is not a diversion of doses to boosters, but rather vaccine hostility broadly.

<b>Total Vaccine Doses</b> Delivered <b>578,263,565</b> Administered <b>464,445,580</b> <a href="#">Learn more about the distribution of vaccines.</a>	At Least One Dose		Fully Vaccinated	Booster Doses***
	Vaccinated People		Count	Percent of US Population
Total			234,269,053	70.6%
Population ≥ 5 Years of Age			234,231,611	75%
Population ≥ 12 Years of Age			229,770,536	81%
Population ≥ 18 Years of Age			214,256,361	83%
Population ≥ 65 Years of Age			55,212,952	99.9%

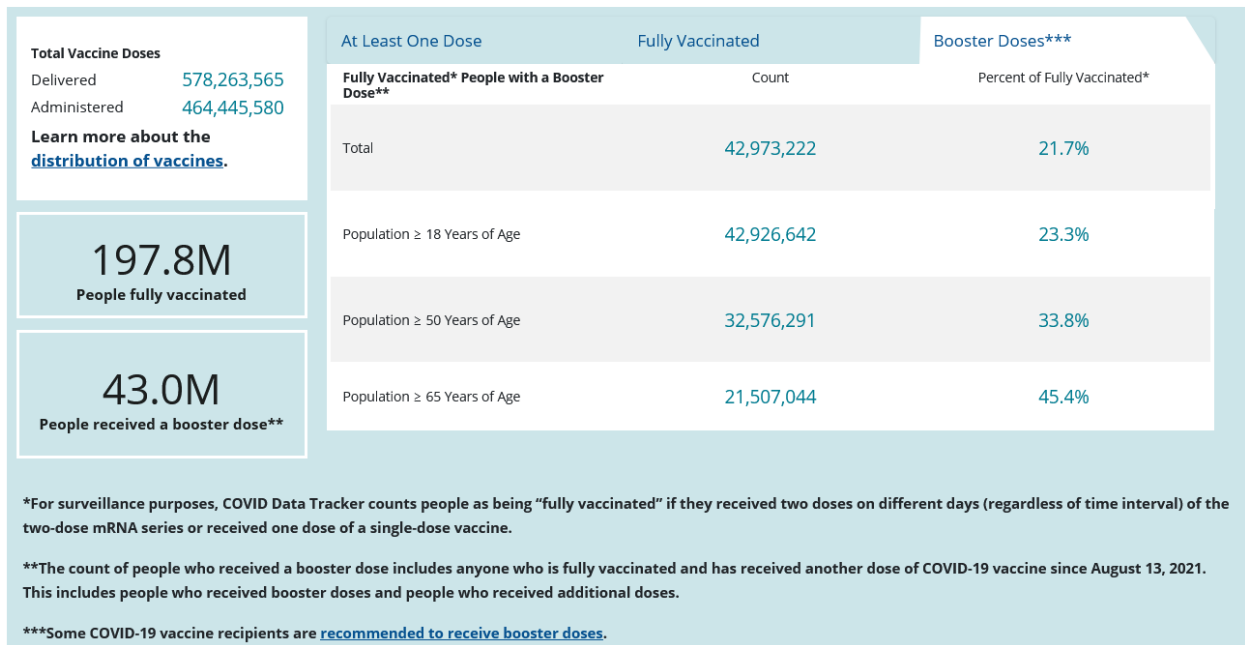
**197.8M**  
 People fully vaccinated

**43.0M**  
 People received a booster dose\*\*

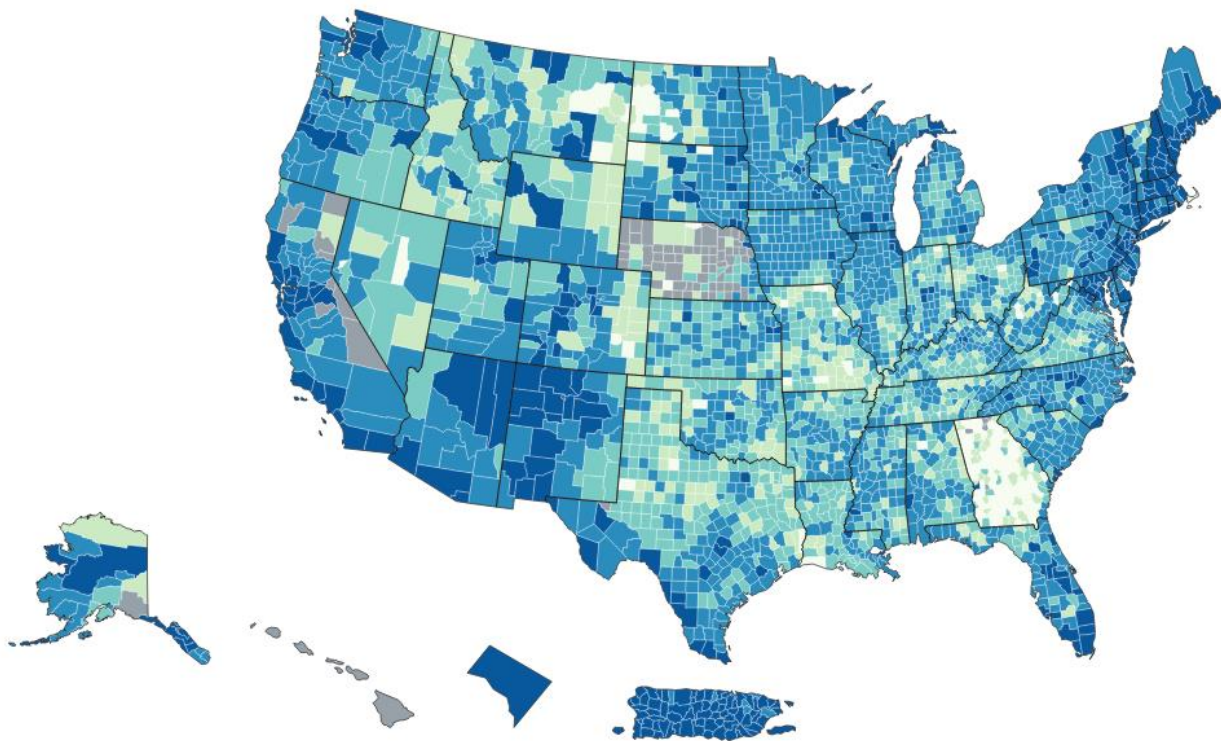
\*For surveillance purposes, COVID Data Tracker counts people as being “fully vaccinated” if they received two doses on different days (regardless of time interval) of the two-dose mRNA series or received one dose of a single-dose vaccine.

\*\*The count of people who received a booster dose includes anyone who is fully vaccinated and has received another dose of COVID-19 vaccine since August 13, 2021. This includes people who received booster doses and people who received additional doses.

\*\*\*Some COVID-19 vaccine recipients are [recommended to receive booster doses](#).



And like everything else in the COVID world, vaccination is local, and the United States remains destructively unbalanced in the frequency of vaccination—leaving whole swaths of the country to suffer, and to spread and potentially mutate the virus.



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

Time Period: Thu Dec 02 2021 as of 6:00am ET

## 7. SPOTLIGHT ON REOPENING: SOUTH AFRICA AND OMICRON

South Africa alerted the world to the newly discovered Omicron variant of the coronavirus on November 24 after it discovered its first case. Following the discovery, the US, Canada, the UK, and the EU all restricted travel to southern Africa.

In a confusing turn of events, it was found on Tuesday that Omicron had been present in [the Netherlands](#) prior to its discovery in South Africa—it was identified in two test samples taken in the country between November 19 and 23. It was previously believed that two flights that arrived in the Netherlands from South Africa on Sunday, November 28, had brought the first cases of the variant to Europe. However, the original Omicron test samples in South Africa had been collected on November 9, according to the [World Health Organization](#) (WHO). Not every nation has the ability to perform [genome sequencing tests](#) on confirmed cases to determine the variant causing the infection. Even the UK, a frontrunner in this technology, does not have the means to screen every positive case. This leaves the true gestation of the variant jumbled. Clearly, there is further detective work to be done, but these findings may justify South Africa's complaint that it was unfairly—and unproductively—singled out with the immediate travel bans imposed by the US and other countries.

Still, the outcome of the air passenger flights is jarring. More than 60 individuals on the two flights from South Africa tested positive for COVID upon landing in Amsterdam, with at least [14 of them infected with Omicron](#), according to Dutch officials. And troublingly, all 14 were subsequently found to have been vaccinated.

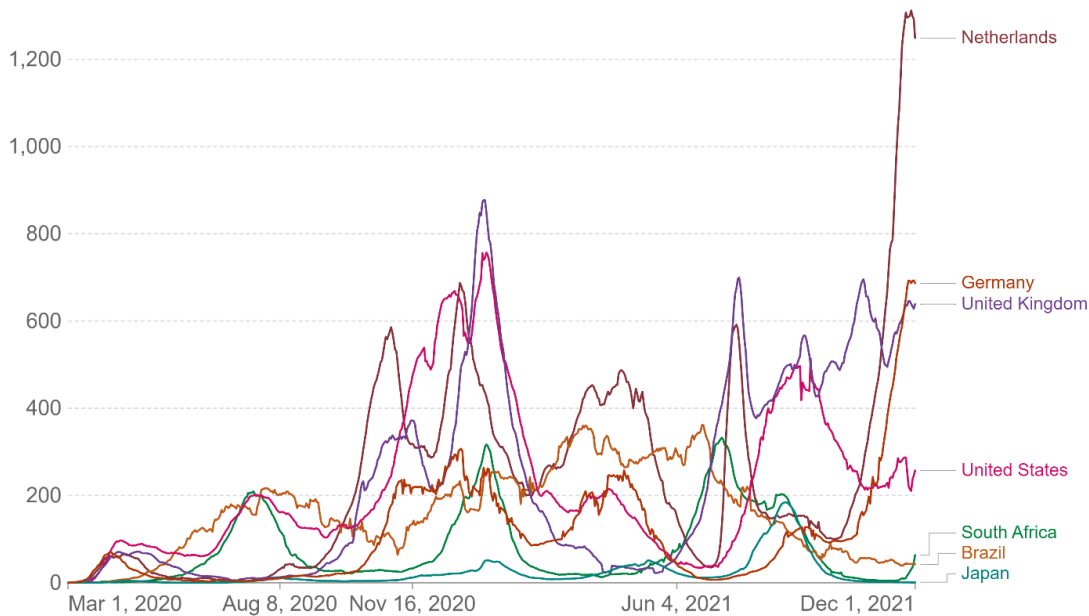
The requirements to fly were not uniform across all passengers, as they are set by the country of final destination, compounding apparent complacency and the usual international airport confusion. [“They \[the passengers\] came armed with paperwork proving their eligibility to fly, and check-in agents sifted through a bewildering assortment of requirements determined by final destination. Some countries, like the United States, required vaccinated travelers to show negative test results. Others didn’t.” “Under rules in place at the time, more than 600 passengers were able to board the KLM airline flights from Johannesburg and Cape Town on Nov. 26 with either proof of vaccination or recent negative COVID-19 test results.”](#)

On the flight, only some passengers wore masks, passengers reported, as flight attendants often turned a blind eye to slipping masks. Dutch authorities have quarantined those infected, while allowing the hundreds who showed negative results from PCR tests to go home or board connecting flights to their final destinations. “They went around the world, who knows where,” said Fabrizio Pregliasco, a prominent Italian virologist at the University of Milan. All the passengers should have been quarantined or isolated and monitored closely for seven to 10 days, especially because they could have caught the virus on the flight and tested negative as it incubated, noted Pregliasco.

## 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

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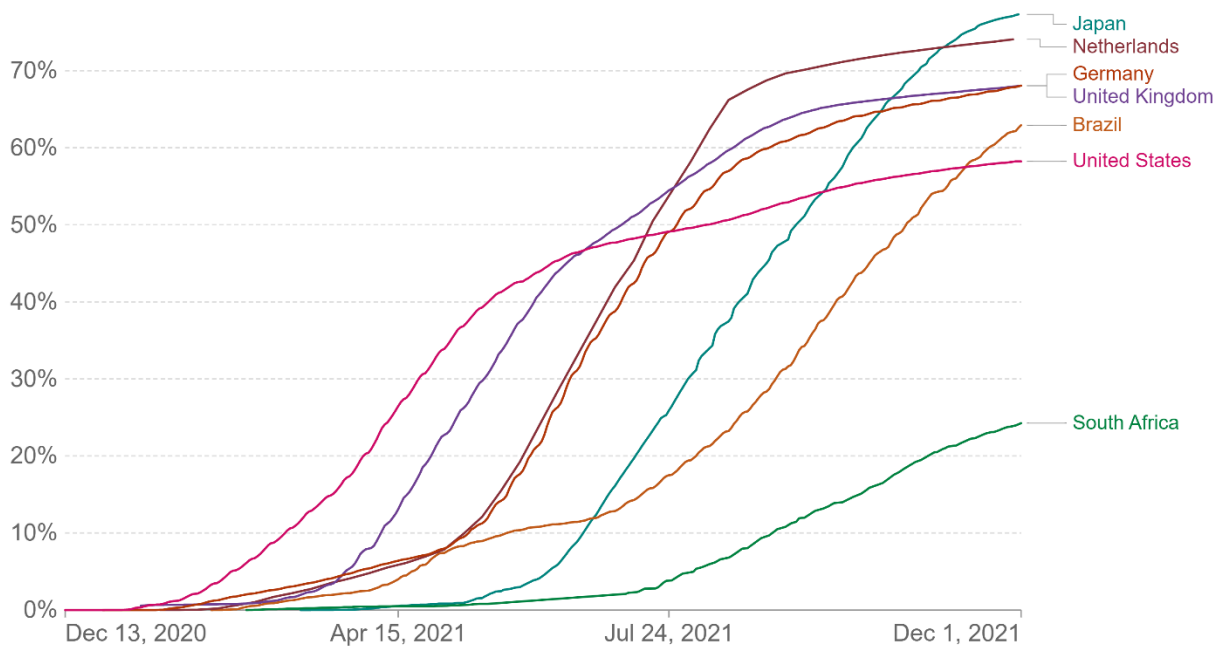
South Africa's new daily reported COVID-19 cases [nearly doubled](#) in a day, reported officials on Wednesday. New confirmed cases rose to 8,561 on Wednesday, a sizeable jump from the previous day's case count of 4,373. South Africa saw a period of low transmission early last month with a seven-day average of approximately 200 new cases per day. In the middle of November, cases began to increase rapidly. It is too early to determine if the Omicron variant is responsible for the sharp increase in cases, but according to experts, it is highly likely.

COVID-19 hospitalizations are rising in the country, but it is too early to tell whether Omicron is driving an increase in severe cases. In Gauteng, the province housing Johannesburg, [hospitalizations](#) are up nearly 400 percent since the beginning of November. [Maria Van Kerkhove](#) of the WHO said Wednesday that some patients infected with Omicron are showing mild symptoms, but there are also reports of cases in which the disease becomes more severe. Hospitalizations could be rising due to a general increase in COVID-19 cases and not necessarily because Omicron is more lethal, Van Kerkhove said. South Africa lags in vaccination. The country has vaccinated only about 29 percent of its population with at least one dose. Uneven supply has been a driver, but South Africa has also had to discard an abundance of vaccine doses because they exceeded their expiry dates – the country has received 32.5 million doses for a population of approximately 40 million adults. South Africa's Health Minister Joe Phaahla suggests "fake news" is playing a role in making people—especially younger age groups—[unsure about the vaccine](#).

## 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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Omicron has prompted countries around the world to tighten restrictions. Both Japan and Israel have [closed their borders](#) to all foreign visitors in response to the variant. The UK, notorious for its loose response to the recent increased case numbers across Europe, has made [mask-wearing](#) compulsory in shops and on public transportation. Germany agreed to [new restrictions](#) on Thursday, setting limits on the number of people permitted to gather indoors in groups and closing some clubs, and [imposing extraordinarily stringent restrictions on unvaccinated people](#). The European Centre for Disease Prevention and Control, the European Union's public health agency, said on Thursday that Omicron could be responsible for [over half](#) of all COVID-19 cases in Europe within a few months. The projection is based on mathematical modeling taking into account the perceived high transmissibility of the variant, which is believed to be more transmissible than Delta, which in turn before Omicron was considered to be the most contagious strain.