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1. WEEKLY UNEMPLOYMENT INSURANCE CLAIMS FALL TO LOWEST LEVEL IN 50 YEARS

New weekly unemployment insurance (UI) claims fell by nearly 20 percent for the week ending December 4, to their lowest level since 1969. The headline seasonally adjusted number fell by 43,000 to 184,000 (but was revised slightly higher for the previous week). Consequently, new jobless claims dipped well below prepandemic levels, which averaged 218,000 per week in 2019. The four-week moving average fell for the ninth consecutive week. Rapidly falling UI claims, a proxy for layoffs, reflect employers that are holding on to workers amid intensifying labor shortages. Indeed, near-record job openings and tepid job growth in recent months further paint a picture of employers unable to staff up at their most critical time of the year and operating with fewer workers than before the pandemic.

Continuing claims for regular state benefits (reported with a one-week lag) rose slightly for the first time in four weeks. Yet the total number of individuals receiving benefits under all state and federal programs fell below 2 million for the first time since the beginning of the pandemic, compared to a peak of over 30 million in June 2020. The overall drop in continuing claims was driven by a 25 percent decline in the number of UI beneficiaries still receiving payments under already expired federal programs, as those programs gradually work through administrative backlogs.

2. CONSUMER PRICE INFLATION CONTINUES, BUT MAY BE “LAST GASP”

The Consumer Price Index (CPI) increased by 0.8 percent in November, following on a 0.9 percent increase in October. Over the last 12 months, “headline” overall consumer price inflation ran at 6.8 percent; excluding food and energy, the pace was 4.9 percent. Energy inflation was a whopping 33.3 percent, and food prices rose 6.1 percent. Inflation virtually throughout the economy has been well above the pace of the period before the pandemic, to be sure, but a great deal of the price pressure came from the pandemic and its side effects. Looking beyond energy and food, new car prices rose 11.1 percent over the last 12 months (driven—sorry—by the semiconductor chip shortage) while used car prices rose 31.4 percent (driven by the new car shortage). The economy faces multiple supply issues, including a shortage of labor (which predates but was exacerbated by the pandemic), and so price

pressure will not suddenly fade if the virus is put down. However, defeat of the virus, if and when it is achieved, will surely provide important relief. But even sooner, fuel prices have already begun to decline, which will reduce future CPI readings both directly and through their impact of the cost of shipping goods and transportation generally.

3. CONFERENCE BOARD EXPLAINER ON THE FEDERAL RESERVE

Our colleagues at the Economics, Strategy and Finance Center of The Conference Board have written an explanation of the structure, purpose, and function of the Federal Reserve, timed to provide context as the Fed moves to tighten monetary policy through 2022 and beyond. The two-part [Executive's Guide to Fed Policy and Associated Risks](#) answers some of the most basic questions about the Fed's mandate, moving on to more complex issues that concern the Fed's balance sheet and financial stability risks. [Part 1: Understanding the Role of the Fed and Tools at Its Disposal](#) explains the role of the Fed, its relationship to the US government, what it considers when setting policy, and how its mandate has morphed and broadened over the decades to affect nearly every aspect of daily living. It surveys the arsenal of monetary tools—both conventional and unconventional—the Fed uses to implement these policy decisions. [Part 2: Understanding Financial Stability Risks as Monetary Policy Shifts](#) explains how the Fed has begun reversing a period of extraordinarily accommodative monetary policy—expect upwards of eight interest rates over the next three years—and the risks inherent in such shifts. It demystifies the terms that shape Fed debate: from *too big to fail* and *lender of last resort*, to *fiscal dominance*, *deficit monetization*, *crowding out*, and *balance-sheet expansion*. With inflation higher today, has the Fed been engaged in too much of a good thing?

4. PANDEMIC AND VACCINATION NEWS

The United States remains engulfed by Delta, but immersed in Omicron. Let's start with the latter.

It remains early days, but a few Omicron cases have been identified scattered over much of the United States by now. And for likely impending developments, there are accounts now of what is expected to be the first Omicron super-spreader event in an [anime convention](#) held in New York City. (Someone will need to explain to me what that is.) The convention was attended by 53,000 people. (So whatever it was, it was big.) The first resulting identified Omicron case traveled to and from the convention from Minnesota; he interacted most closely with a circle of about 30 people, 15 of whom have already tested positive for coronavirus. Although none of the other 15 people's tests had been genomically sequenced by the time of press reports to determine which variant they have contracted, the strong presumption is that they will prove to be Omicron. (Although the United States has made great strides of late, we [lag behind many other countries](#) in the [highly complex process of genomic sequencing](#).) How many of the 53,000 total attendees were in proximity, directly or indirectly, to those 30 is anybody's guess. But clearly, as those convention goers have spread across the country, Omicron by now is surely present virtually everywhere in the United States. Still, Omicron's arrival in this country was so recent that we can only infer the potential consequences from its earliest outbreak, which was in South Africa.

South Africa is vastly different from the United States, but the wildfire spread of Omicron there is taken to be indicative of rapid transmissibility. South Africa is vastly different in that the population is younger but much less vaccinated than in the United States. (However, although the population is vaccinated at less than half the rates of the United Kingdom and the United States, at least one-third of the South

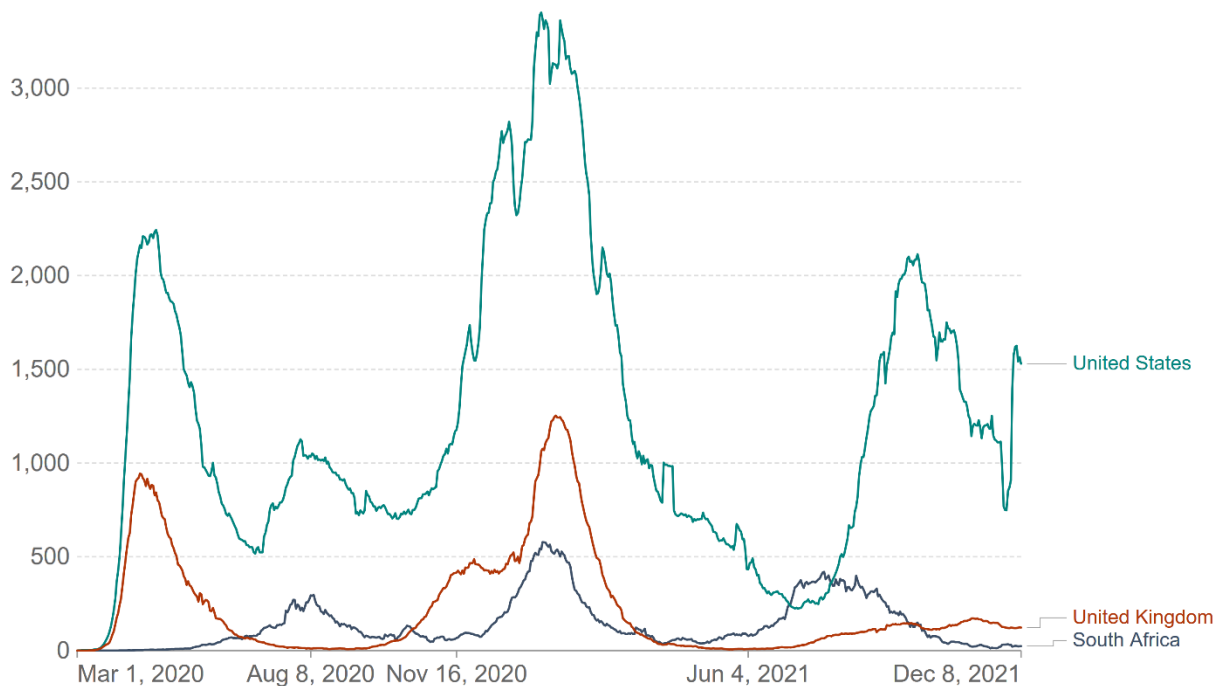
African population has been vaccinated.) History indicates that past COVID episodes in South Africa, including the Delta surge, have been fierce; but the rise in cases from Omicron has been remarkable even in that light, especially given the improvements in vaccination since the earlier surges. And this new Omicron surge clearly is not over yet. We should not be surprised by a similar surge in the United States.

[Even Omicron's emergence in South Africa is recent enough](#) that we know little about the strain's lethality. Necessary hospitalizations lag initial infections by about two weeks, and deaths follow some days behind that. However, there has thus far been little or no evidence of severe infections in South Africa. That can be ascribed to the generally younger South African population, but it is a reassuring sign, or at least the absence of any troubling sign. And although it is too early to draw any firm conclusions, the number of confirmed deaths in South Africa has not yet budged, despite the stratospheric growth in the case count.

Daily new confirmed COVID-19 deaths

7-day rolling average. Due to limited testing and challenges in the attribution of the cause of death, confirmed deaths can be lower than the true number of deaths.

Our World
in Data



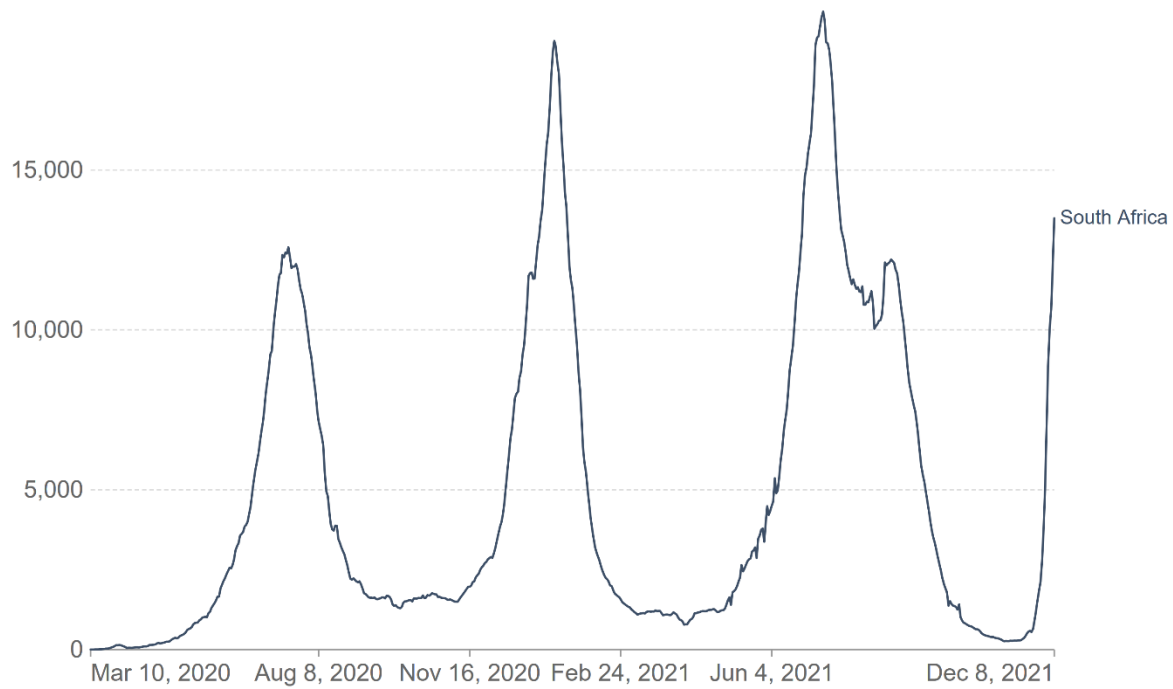
Source: Johns Hopkins University CSSE COVID-19 Data

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Daily new confirmed COVID-19 cases

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



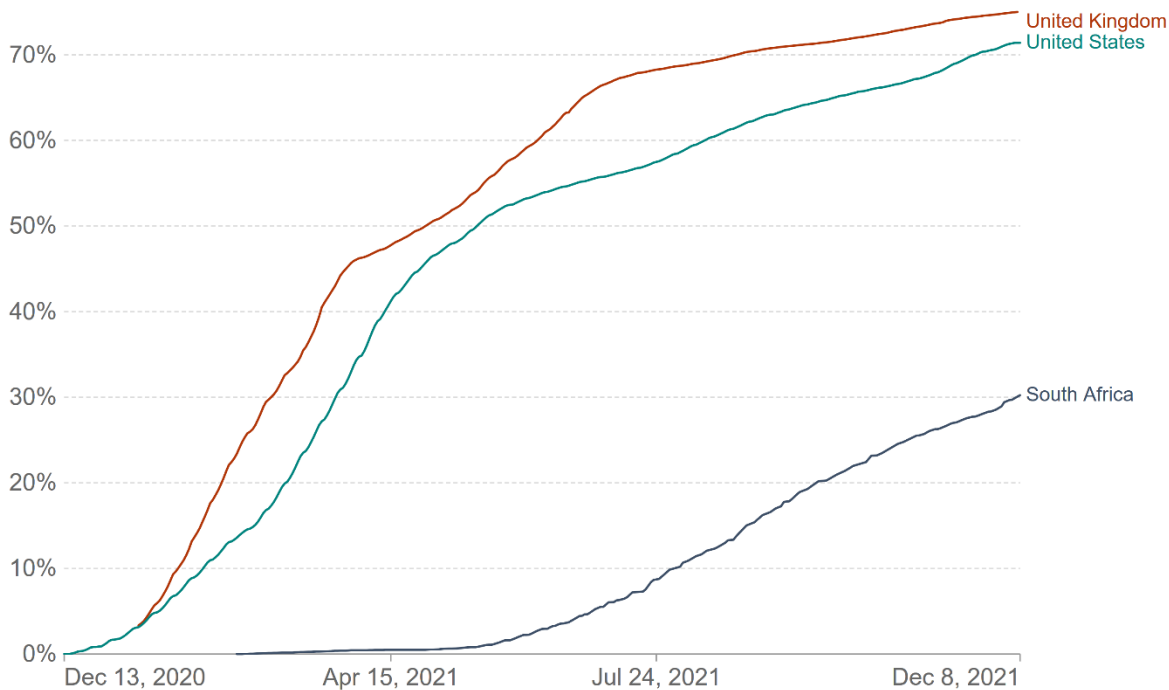
Source: Johns Hopkins University CSSE COVID-19 Data

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Share of people who received at least one dose of COVID-19 vaccine

Total number of people who received at least one vaccine dose, divided by the total population of the country.

Our World
in Data



Source: Official data collated by Our World in Data – Last updated 9 December 2021, 17:20 (London time)
OurWorldInData.org/coronavirus • CC BY

So what does all this bode for the United States? A major difference between the United States and South Africa is the frequency of vaccination. However, for some insight, Omicron hit the United Kingdom before it hit here, and the UK is better vaccinated than this nation is. On Thursday, there were only 817 confirmed Omicron cases in the UK (likely more in fact) of about 48,000 overall. However, Omicron cases appear to be doubling every three days, and [“the government’s Health Security Agency warned that if the recent growth rate continues, ‘we expect to see at least 50 percent of Covid-19 cases to be caused by the Omicron variant in the next two to four weeks’...](#) It appears to be the most contagious form of the virus yet, a previous case of Covid-19 provides little immunity to it, and vaccines seem less effective against it. But it also seems to cause less severe illness than earlier variants.” Health experts would warn that even if Omicron is not ultimately lethal, if it should require hospitalization in even a small fraction of a large number of cases, the load on the already beset health care system could have serious consequences not only for the coronavirus victims, but also for virtually anyone else who needs hospital care for any malady or injury.

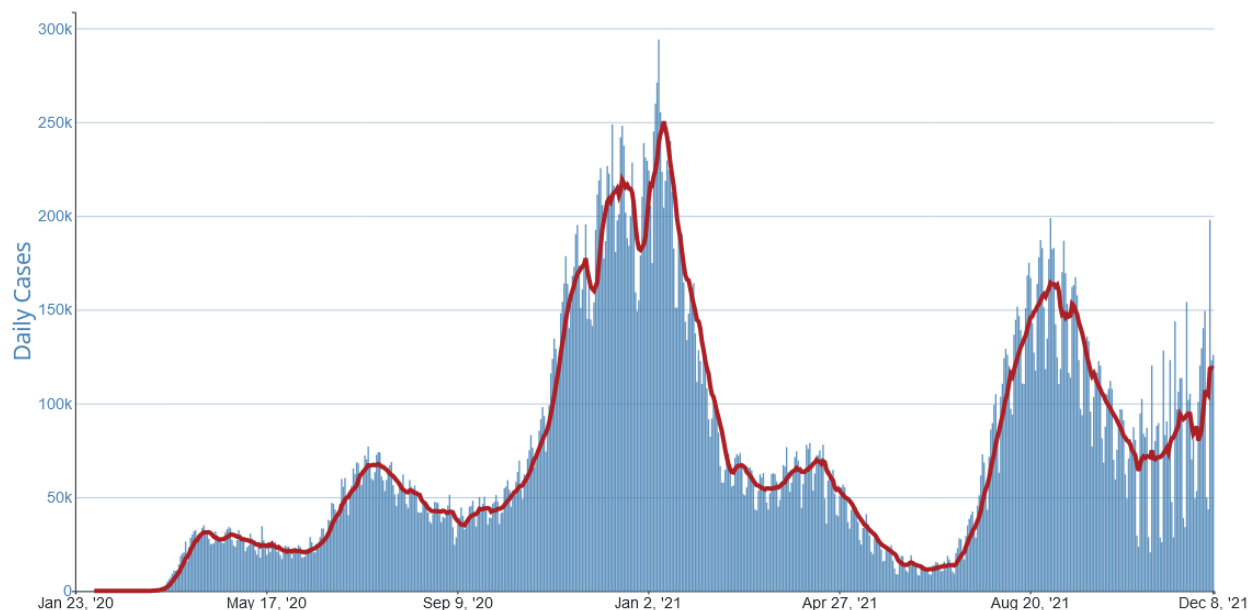
The vaccine glass may be more than half full, however. Yes, a standard regimen of two doses of the Pfizer vaccine (the one most readily tested), in 12 laboratory samples (not in actual experience, for which more time is needed for analysis), provides [less protection](#) against Omicron than against the earlier variants; Omicron partially evades the vaccine. However, people who were previously infected and then vaccinated have more robust protection, and the evasion of the vaccine appears to allow mild infection only; there appears to be protection against serious disease. Furthermore, Pfizer believes, again from laboratory tests, that [patients who have received a third dose](#) will achieve about 90 percent protection against Omicron. For this reason, plus the pre-Omicron evidence of erosion of protection over time, Pfizer and others argue that the vaccines we have really should be considered as [requiring](#)

[three-dose regimens](#). Pfizer has even begun to discuss a possible eventual need for four doses. In keeping with this trend of thinking, the [FDA authorized and the CDC recommended](#) emergency use for a third booster dose for 16- and 17-year-olds. Approvals for still younger children are under investigation.

But while vaccination is urged even more strongly than before in many quarters, the United States Senate has taken a vote—symbolic, to be sure—to prohibit the president’s proposed vaccination requirement for employees of large firms. The legislation is unlikely to be brought to a vote in the House, and it would be vetoed by the president if somehow it did and it passed. But the assemblage of even a narrow bipartisan Senate majority is indicative of the resistance to mandates. This issue is highly complex. Employers fear that employees will quit if forced to submit to vaccination, that others will seek contentious relief in the form of exemptions (on either medical or “religious” grounds), and that such requirements are therefore economically costly. Even accepting that to be true, others will lament that much of the resistance from rank-and-file workers has been caused by baseless disinformation campaigns, which have in turn labeled the entire virus as a hoax, as a mere equivalent of the seasonal flu, or as a soon-to-fade non-problem; and then have put forward quack remedies of bleach, ultraviolet light, hydroxychloroquine, ivermectin, and now apparently [common mouthwash](#). It will be frustrating to many if the nation must accept the impossibility of building a workable consensus for near-universal COVID vaccination after having for generations accepted routine vaccination requirements for diseases from measles to smallpox—the latter having been required by [George Washington of the Continental regulars](#).

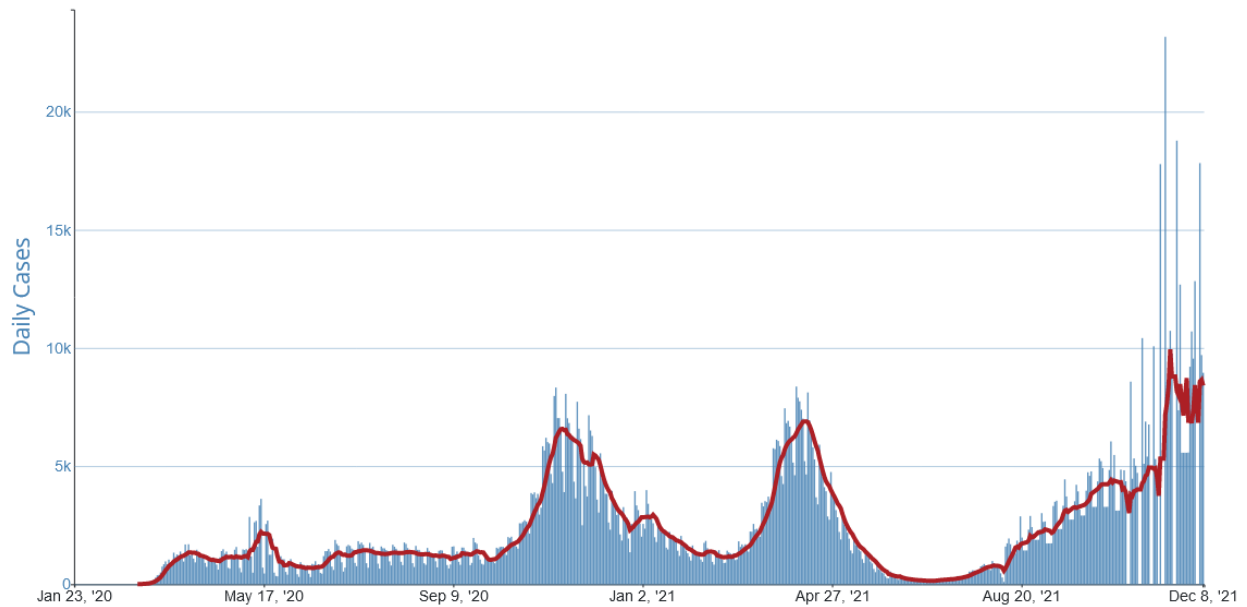
But while the nation cowers at the advance of Omicron, Delta is causing quite enough harm, thank you. The daily new case count has begun to rise again, even before Omicron could possibly be responsible. The seven-day moving average of daily new cases is now about 119,000, almost double the low of about 64,000 in the post-Delta lull in October.

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



Regional extremes remain. Michigan is stuck at its highest levels in the entire pandemic. Ohio is close to its record.

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



Nationally, hospitalizations are rising, but again there are regional centers of pain; Michigan, for example, is at its highest levels in hospitalizations as well as cases.

Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States
August 01, 2020 – December 07, 2021

53,714

Current 7-Day Average
Dec 01, 2021 – Dec 07, 2021

48,089

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

123,899

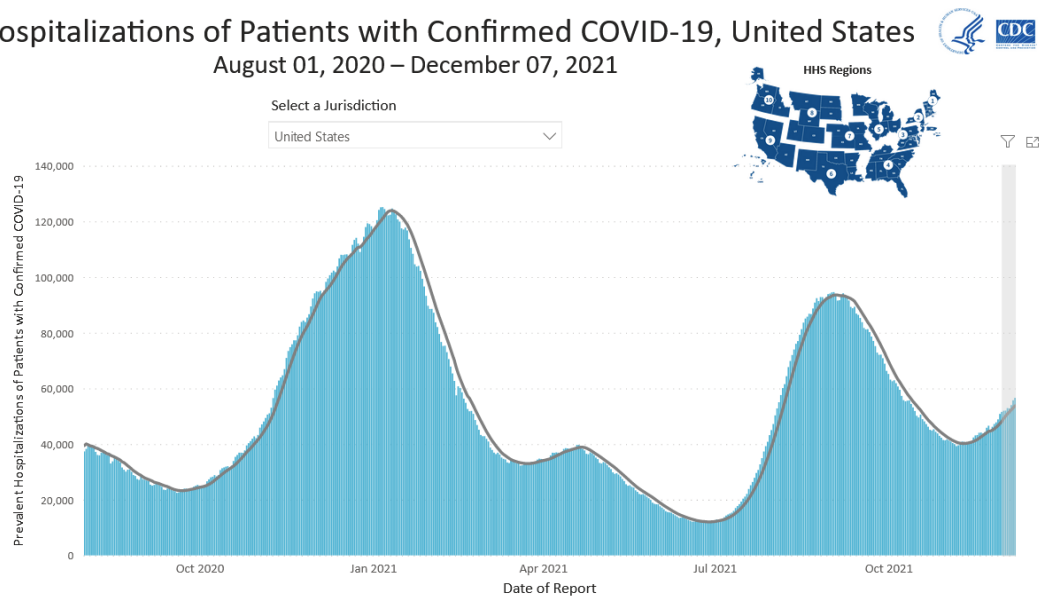
Peak 7-Day Average
Jan 05, 2021 – Jan 11, 2021

+11.7%

Percent change from prior 7-day
avg. of Nov 24, 2021 – Nov 30, 2021

-56.6%

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



Prevalent Hospitalizations of Patients with Confirmed COVID-19, Michigan August 01, 2020 – December 07, 2021



4,322

Current 7-Day Average

Dec 01, 2021 – Dec 07, 2021

4,043

Prior 7-Day Average

Nov 24, 2021 – Nov 30, 2021

4,322

Peak 7-Day Average

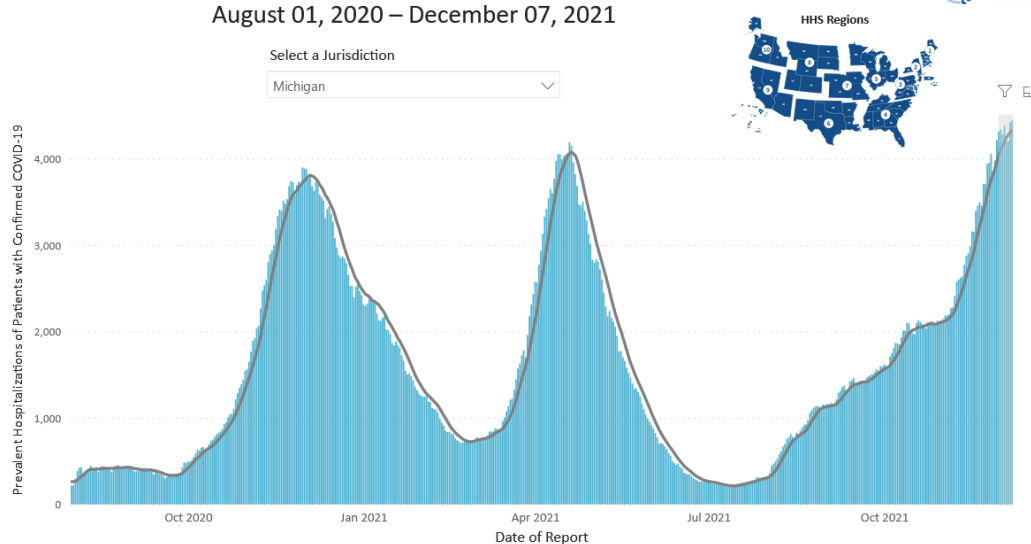
Dec 01, 2021 – Dec 07, 2021

+6.9%

Percent change from prior 7-day
avg. of Nov 24, 2021 – Nov 30, 2021

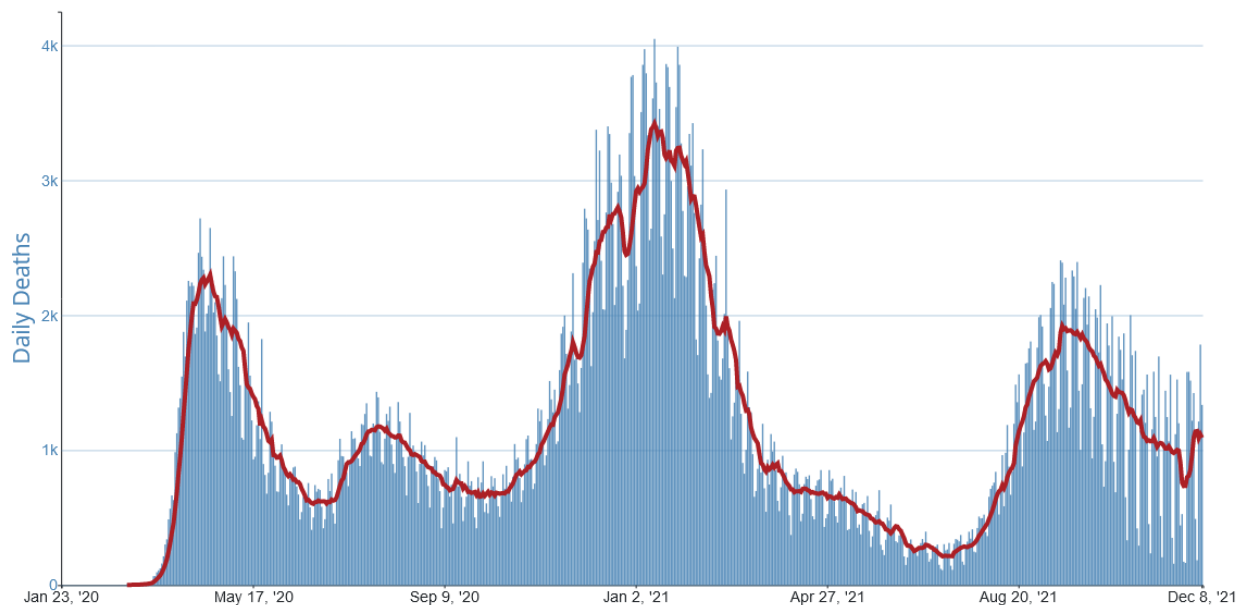
0.0%

Percent change from peak 7-day
avg. of Apr 08, 2021 – Apr 14, 2021

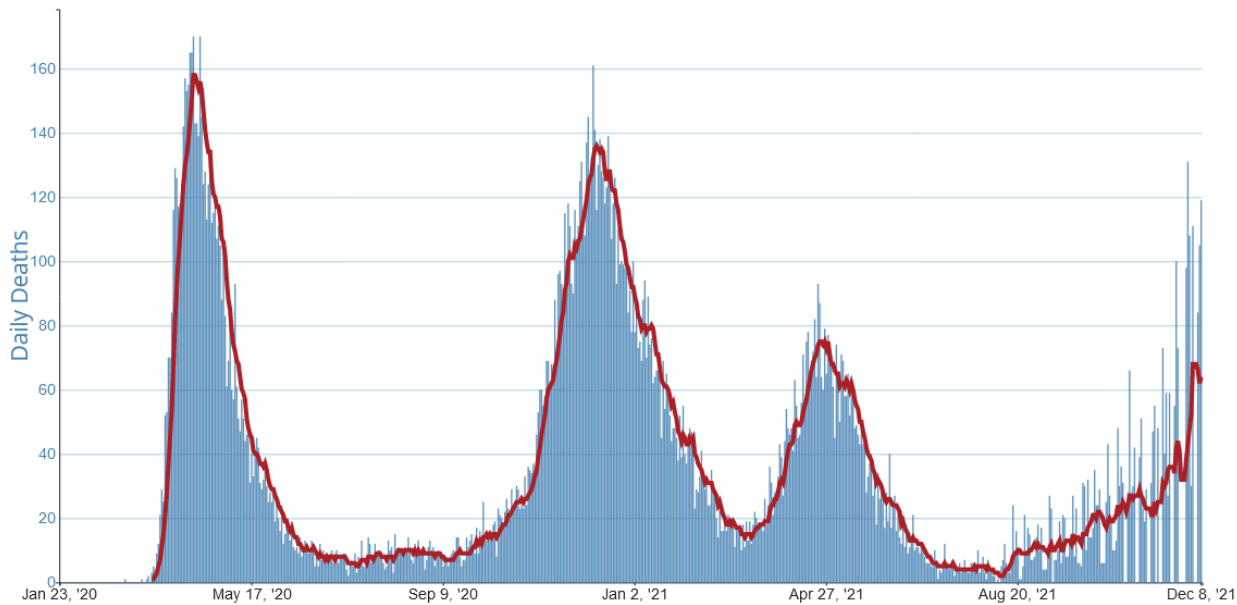


And deaths are above the 1,000 per day level, indicative of a pandemic that remains deadly. Total COVID deaths now exceed 790,000. That is well over two World War IIs, approaching three. Deaths in Michigan are off of the pandemic high, but are approaching the peak of the Delta surge, despite greater vaccination and all of the learning of best treatments by our health care providers.

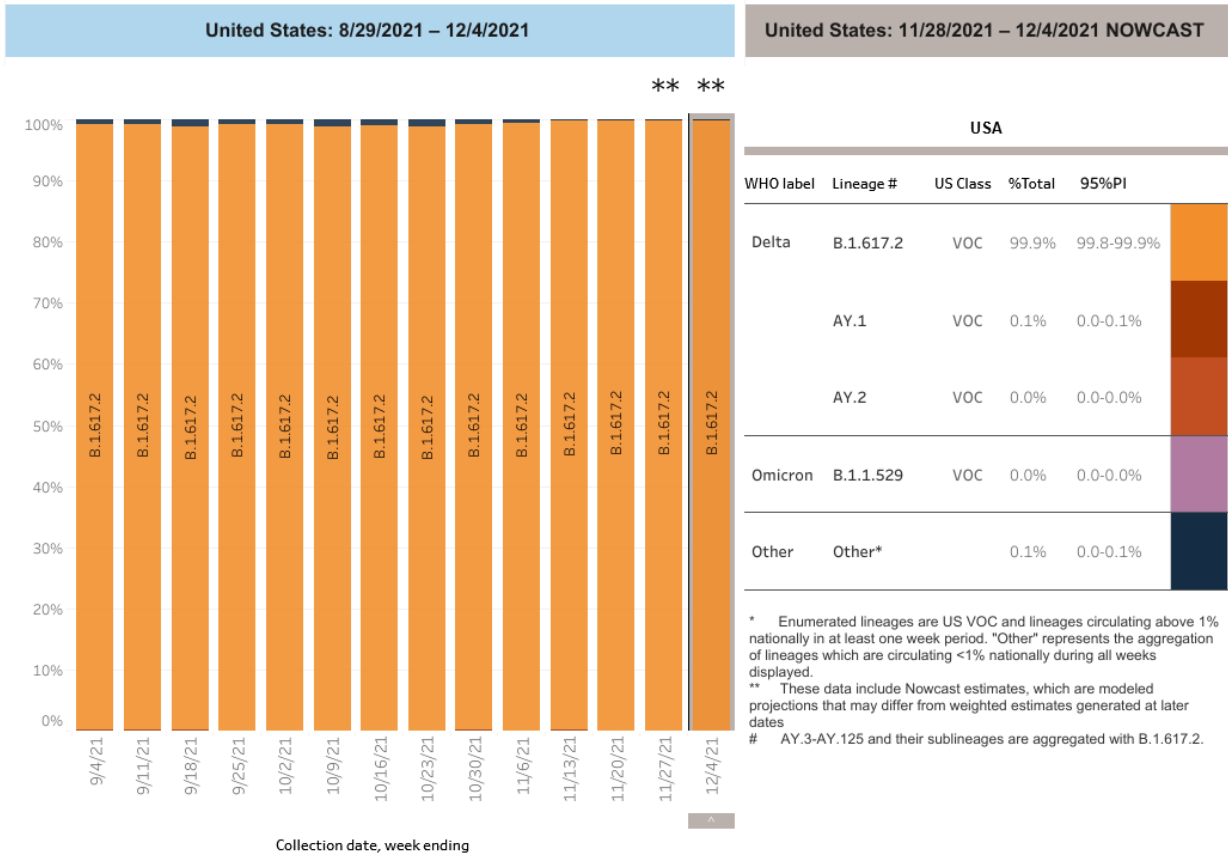
Daily Trends in Number of COVID-19 Deaths in The United States Reported to CDC



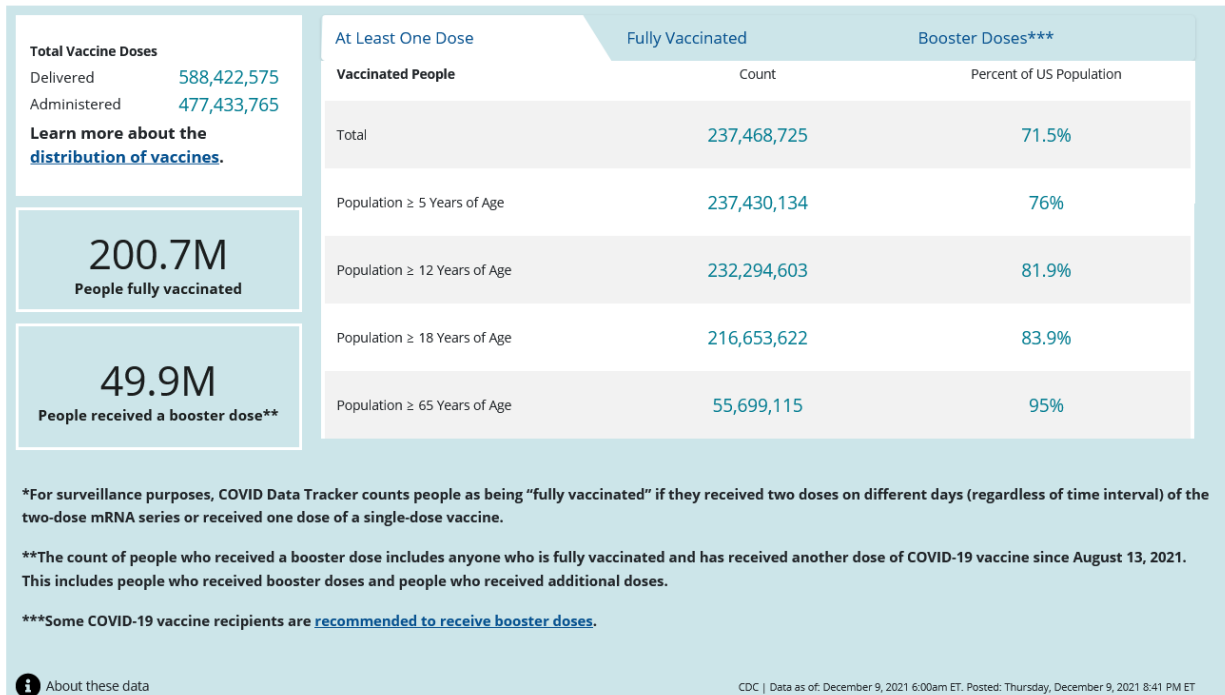
Daily Trends in Number of COVID-19 Deaths in Michigan Reported to CDC

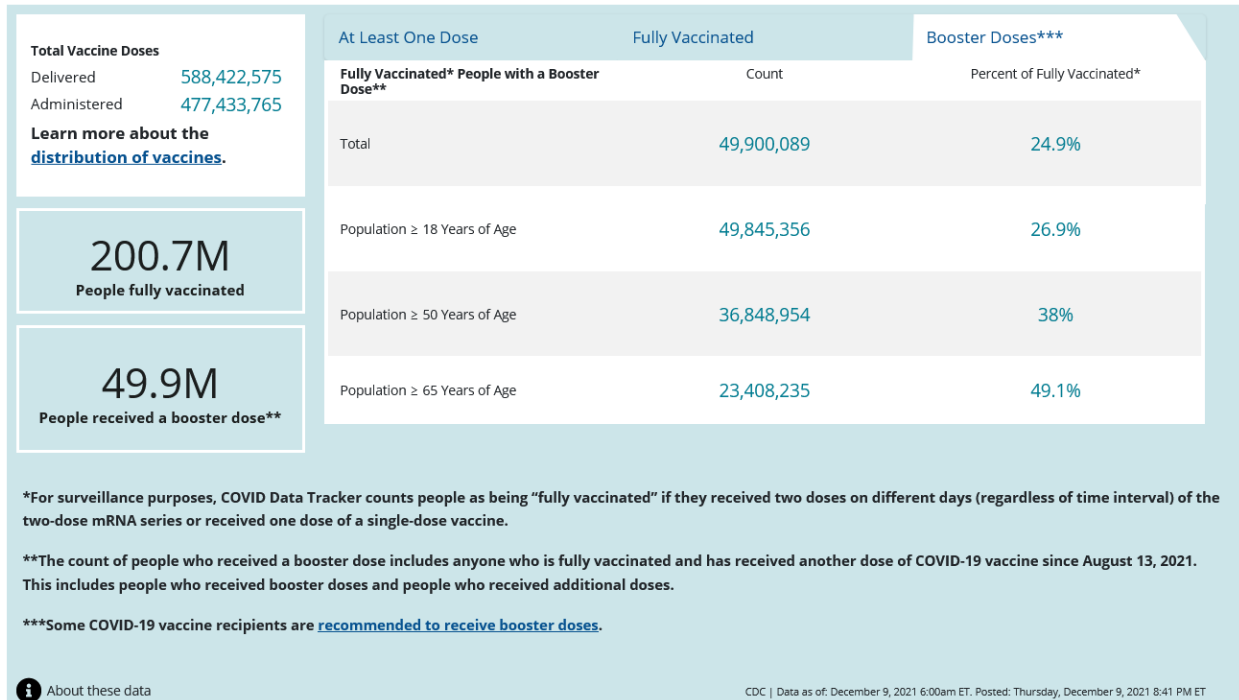


The genomic sequencing is surely lagging the actual spread of Omicron, but as of now, the new variant is still only at trace levels. Epidemiologists will be watching closely to see how it proceeds.

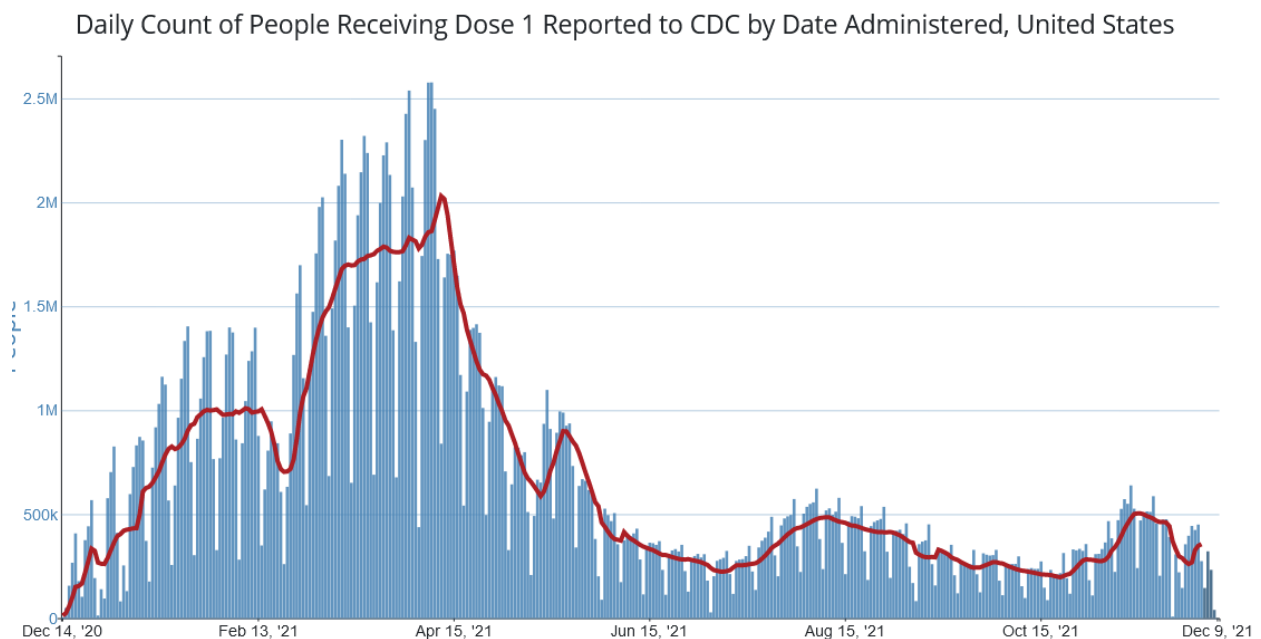


Vaccination is making slow progress. More than 70 percent of the total population has received at least one dose. More than 60 percent has completed a two-dose regimen (or one injection of Johnson & Johnson). And almost a quarter of the population have received a booster.





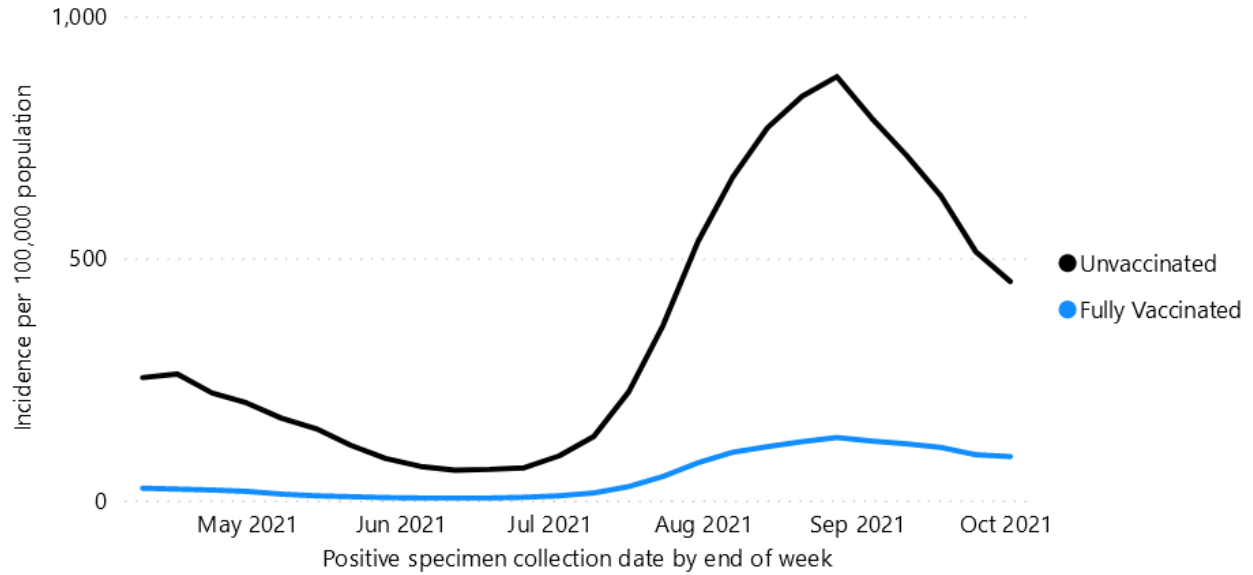
Epidemiologists agree that society would be best protected if the marginal dose of vaccine were put into the arm of an unvaccinated person, rather than as a booster for someone already “fully” vaccinated. There has been a slight uptick over the last week or so in the number of first vaccinations delivered; whether that is because of changes in sentiment or mandates, or merely insignificant fluctuations in the data, no one knows.



Vaccinated people continue to be at far lower risk of infection, and still lower risk of serious disease or death, than those who have not been vaccinated.

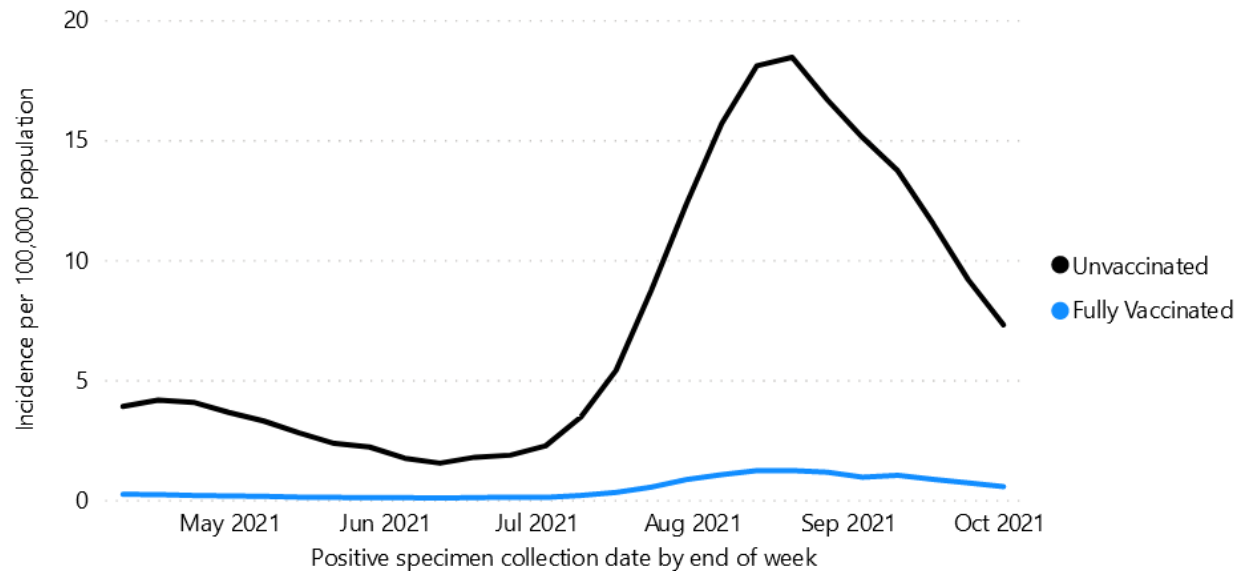
Rates of COVID-19 Cases by Vaccination Status

April 04 - October 02, 2021 (24 U.S. jurisdictions)



Rates of COVID-19 Deaths by Vaccination Status

April 04 - October 02, 2021 (20 U.S. jurisdictions)



In September, unvaccinated persons had:

5.8X

Risk of Testing Positive for COVID-19

AND

14X

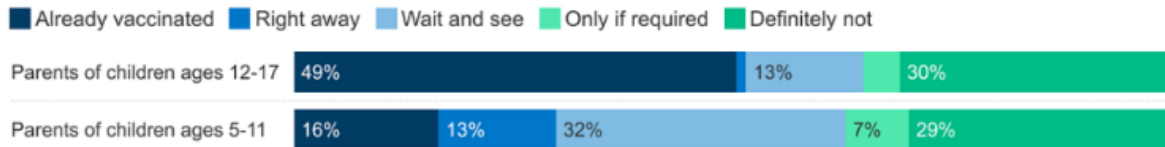
Risk of Dying from COVID-19

compared to fully vaccinated persons

If many adults continue to refuse vaccination, then perhaps the only means to achieve “herd immunity” would be to vaccinate a high percentage of children. (This ignores the danger of continuing geographic targets of opportunity for the virus if parents in high-vaccination localities are the ones who vaccinate their children.) However, the [Kaiser Family Foundation finds](#) that about three in ten of parents of children who are now eligible for vaccination say that they will not vaccinate their children. This level of hesitancy is about double the level of adults speaking for themselves.

Half Of Parents Say Their Teen Has Gotten A COVID-19 Vaccine; Three In Ten Parents Of Younger Kids Say They Have Or Will Do So Right Away

Has your child received at least one dose of a COVID-19 vaccine, or not? If not, do you think you will get them vaccinated...?



NOTE: See topline for full question wording.
SOURCE: KFF COVID-19 Vaccine Monitor (November 8-23, 2021)

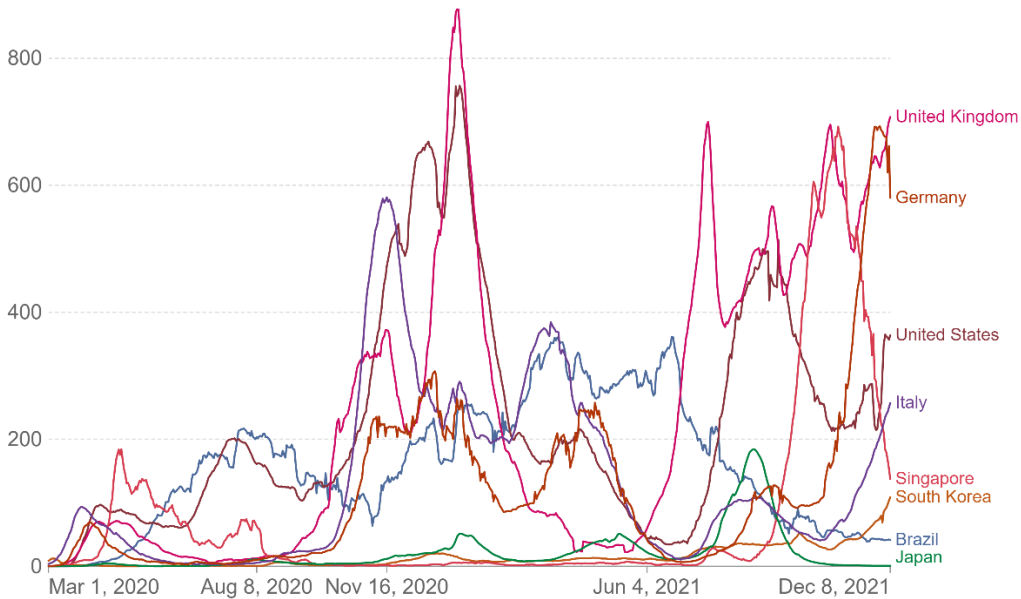
KFF COVID-19
Vaccine Monitor

5. SPOTLIGHT ON REOPENING: JAPAN CASELOAD REMAINS LOW; WHY?

Japan, the nation with the [oldest population](#) in the world, is experiencing less than one COVID-19 death on average per day. Despite the recent increase in case numbers throughout Asia, Japan is leading other G-7 nations including Germany and the UK in its near-zero COVID-19 deaths. Additionally, new daily cases have slowed to fewer than one per million people, the [lowest among major economies](#) except China. In contrast, South Korea is currently seeing [record infections](#). It is unclear why the Delta-infused wave that hit Japan in early fall has receded so dramatically, but the country's strong vaccination campaign is likely playing a sizable role. As of Tuesday, over 77 percent of Japan's population of 126 million have been fully vaccinated, with the vaccination rate of those over age 65, the age demographic most inclined to severe illness, even higher at 92 percent. (Three vaccines have been [approved for use](#) in Japan: Moderna, Pfizer, and AstraZeneca.) However, other developed nations with equally successful vaccine rollouts are now experiencing rising case numbers and deaths.

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.



Source: Johns Hopkins University CSSE COVID-19 Data

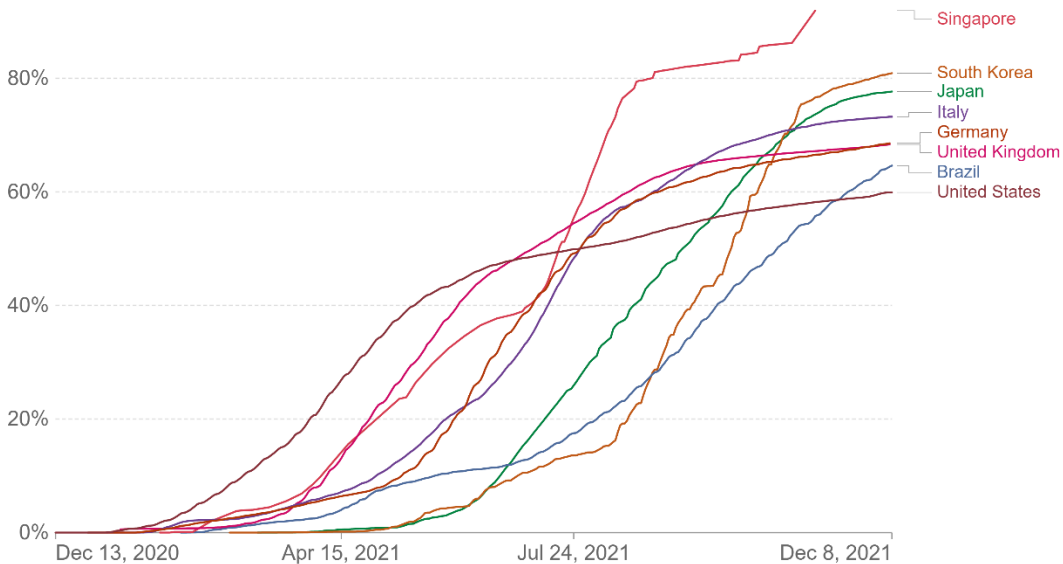
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Japan has had 145 confirmed COVID-19 deaths per one million people since the start of the pandemic, lower than zero-COVID strategy frontrunners China, New Zealand, and Australia. Japan never enforced strict lockdowns the way other Asia-Pacific nations did, but the population never let up on social distancing and masking-wearing. Even during periods of declined case numbers, residents did not relax protective measures. The government is pushing to stay ahead of Omicron, and Prime Minister Fumio Kishida is not taking any chances ahead of the cold months. On November 30, Japan [closed its borders](#) to foreign travelers and is having its own citizens isolate upon arrival from countries where the highly-contagious variant has been found. Booster shots began last week, and the government has increased hospital capacity by over 30 percent.

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

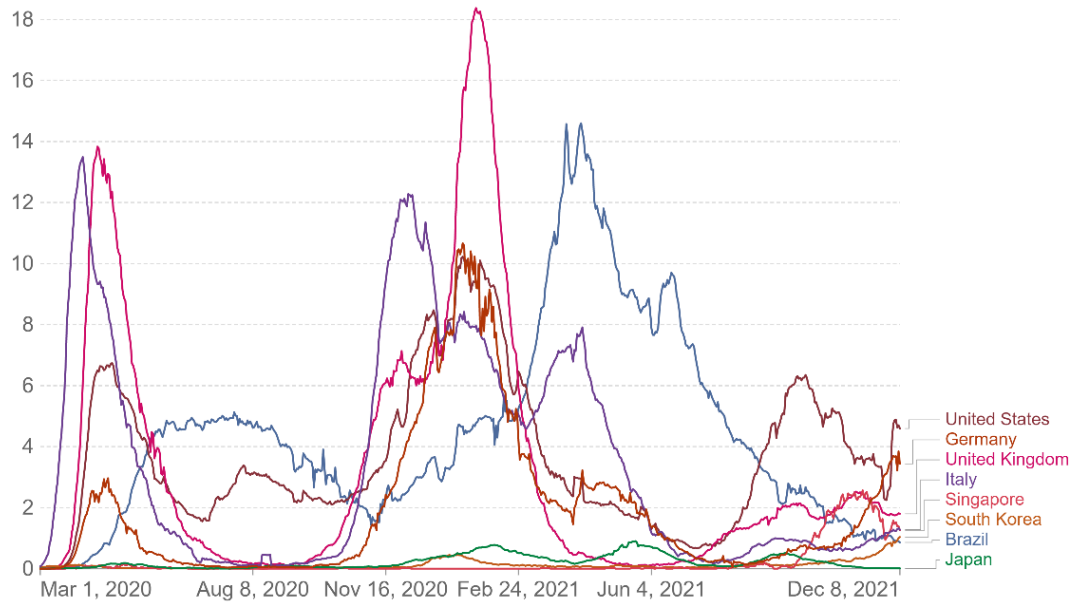


Source: Official data collated by Our World in Data. Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.
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In addition to a successful vaccination campaign and a highly attentive population and government, experts cite other forces. One [new hypothesis](#) to explain Japan's divergence from the region's trend is that the variant dominant in Japan evolved in a way that short-circuited its ability to replicate. Ituro Inoue, a professor at Japan's National Institute of Genetics, said that a subvariant of Delta known as AY.29 may be granting some form of immunity to the population. Others believe Japan's good outcomes are due to a number of interacting variables. Paul Griffin, a professor at the University of Queensland, said differences in caseloads between countries resulted from a complex mix of weather, population density, and varying strategies to fight the pandemic. Much is left unknown, especially during these early days of assessing Omicron.

Daily new confirmed COVID-19 deaths per million people

7-day rolling average. Due to limited testing and challenges in the attribution of the cause of death, confirmed deaths can be lower than the true number of deaths.



Source: Johns Hopkins University CSSE COVID-19 Data

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