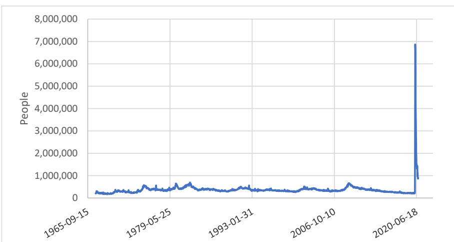
The Weekly Breadline
A weekly analysis of the most recent economic indications

The ongoing government-imposed shutdown of the economy, in response to COVID-19, has led to what will likely be a depression at least through the remainder of 2020. In order to help our clients to plan during this extremely confusing and unpredictable period, **John Dunham & Associates** has gathered a brief series of indicators that together paint the most recent picture of US economic activity.[1]

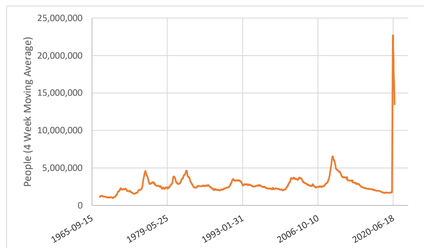
The Weekly Data: September 21, 2020

Weekly Jobless Claims



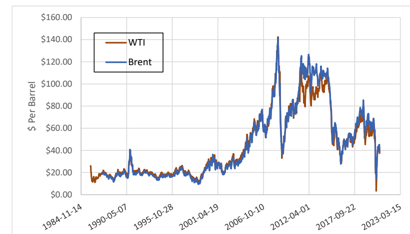
New claims for unemployment insurance continue declining slightly to 860,000 from 884,000 last week.

Continuing Claims for Unemployment



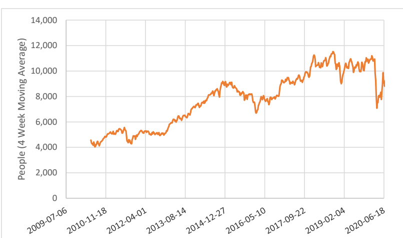
The four-week moving average of unemployment claims declined last week from 13,982,000 to 13,489,000.

WTI Spot Oil Price



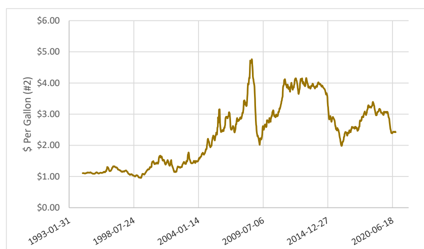
WTI spot crude is down from $41.84 per barrel to $37.38 with Brent also decreasing from $40.67 to $38.57 per barrel.

Down Jones Transportation Index



The Dow Jones Transportation Index rose from 11,196.87 to 11,479.44.

Diesel Prices

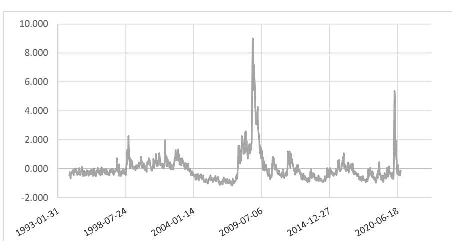


Diesel prices dropped from $2.44 to $2.42.

Copper Prices

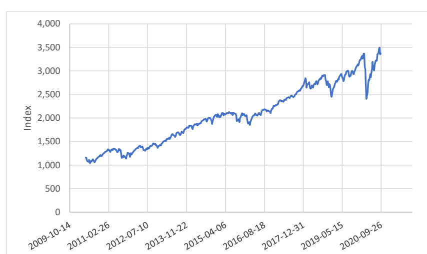
Spot copper prices rose last week from $3.05/lb to $3.10/lb.

Financial Stress Index



The weekly St. Louis Fed financial stress index rose last week from -0.32 to -0.1387 indicating less stability.

S&P 500

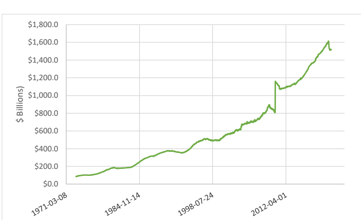


The S&P 500 index rose slightly, from 3,352.74 to 3,369.34.

10-Year Treasury Yield

Interest rates on 10-year Treasury Bonds increased slightly from 0.68 to 0.69.

Consumer Credit Outstanding (Commercial Banks)



Consumers debt rose as loans outstanding increased from $1,516.17 billion to $1,517.59 billion.

Is there anything else that you would like us to track?

Let us know at:

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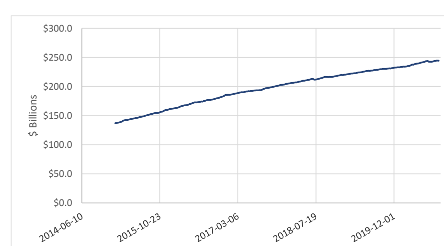
Commercial Real Estate Loans



Commercial real estate loans increased - from $244.54 billion to $245.14 billion.

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[1] Note that the current situation is extremely unpredictable, and important business decisions should not be made based on any individual indicators.

The Weekly Commentary

Key takeaways for the week:

1. Loans on commercial real estate have been increasing slowly but steadily since this time in July. This may foretell a sizable shift in the value of commercial real estate as businesses continue to downsize from expensive urban office spaces.

2. Retail sales for August came in below economists' expectations, increasing 0.6 percent from the prior month, and up just 2.6 percent above August 2019. Retail sales for the year to date are 1.8 percent below 2019 numbers with huge decreases in electronics, clothing, food service and furniture stores.

3. As expected, the Federal Reserve held the target Federal Funds rate steady at 0.25 percent. In its statement on the decision, the FOMC continued to push for higher rates of inflation.

4. New unemployment claims fell to *only* 860,000 last week. Continuing claims, however, continued to increase, up by almost 100,000 on the week.

Now 6 months after the collapse of the economy following government-imposed shutdowns, new claims for state unemployment are not trending downward. In fact, they seem to be leveling out at about 850,000 per week. At the same time, the percentage of the labor force receiving some sort of unemployment benefits continues to stand at roughly 18 percent. Considering that long term unemployment is being reported at about 14 percent, there is obviously something wrong with the Labor Department's statistics.

That said, the very fact that 6-months after the closures there are still nearly 1 million people per week filing new claims for unemployment is something to be very frightened of. Considering that initial claims peaked at 661,000 during the so-called *great recession*, the labor markets are still signaling a continuation of depression level unemployment. This is in spite of states allowing for at least the partial reopening of many retail establishments.

While the absolute numbers are likely way off, the percentage change in jobs from last year tells a stunning picture. In many sectors, the total number of people employed has fallen by more than 25 percent. Some of these are obvious. The hospitality sector has been decimated with accommodations, arts, museums, gaming, and recreation all down by nearly a third. Travel is in just as bad shape. Travel arrangement services are down by a third, as is ground passenger transportation. In fact, the second hardest hit segment of the economy is motorcoach chartering which is off by over 49 percent (and our own research suggests this is a big underestimate). By the way, the hardest hit sector is the motion picture industry where reported employment is down by half. Employment in clothing stores is off by over a third, while this sector deals with a large number of major bankruptcies, and employment in numerous other sectors is down by at least a fifth from this time last year.

Only a handful of segments have experienced employment growth, namely food retailing, the Federal government, couriers, warehouses and computer production. Until growth returns to the majority of sectors of the economy, jobless claims will continue at depression levels and the economy will continue to flatline.

Notes:

Weekly and daily economic data series are rare. Certain financial data can be used as a proxy for underlying economic indicators.

- Copper prices, like those of other industrial metals, can serve as a proxy for industrial production.
- Fuel prices account for about 10 percent of the CPI and can serve as a proxy for short-term inflation expectations.
- The level of commercial real estate loans is a proxy for the construction industry.
- Changes in the level of consumer credit can be used as a proxy for retail sales.
- The yield on the 10-year treasury is an indicator of inflation.

UPCOMING EVENT THIS WEEK

US Fertilizer Jobs and The Impact of Covid-19 on the Fertilizer Market

WEBINAR DETAILS

- When

  Thu, Sep 24, 2020 at 11:00 AM

- About

  In the early days of the COVID-19 pandemic, the U.S. fertilizer industry and its employees acted quickly and were deemed as “essential” to the U.S. economy. Globally, despite the fears of widespread demand destruction and disruption to supply and trade, fertilizer demand remained broadly robust and producers largely avoided prolonged stoppages as numerous countries also designated the industry as critical to food security.

  In Part 1 of this webinar, John Dunham will provide an overview of the exclusive “2019 Economic Impact of the U.S. Fertilizer Industry”, including how the industry contributed $130 billion to the economy and generated more than 487,000 jobs. You’ll also learn about the tools available to help promote the importance of our industry.

  In Part 2, Humphrey Knight will review the current pandemic demand/supply landscape for the fertilizer markets and take a deeper dive into key areas, including:

  = How the volatile foreign exchange rates have reduced production costs in US dollar terms for many overseas producers, increasing their competitiveness

  = Agricultural commodities used as edible oils or biofuels have been hardest hit by the pandemic

  = Economic recession and tightening credit availability represent significant downside risks to fertilizer demand after 2020

- Price

  Free

- Language

  English

- OPEN TO

  Everyone

Register online at https://www.bigmarker.com/the-fertilizer-institute/US-Fertilizer-Jobs-The-Covid-19-Economic-Impacts-on-Global-Ag-and-the-Fertilizer-Industry