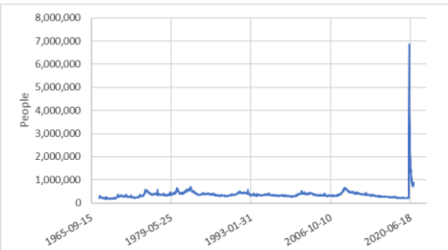
The Weekly Breadline

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 foreseeable future. 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]

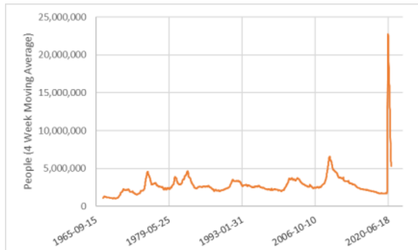
The Weekly Data: January 10, 2021

Weekly Jobless Claims



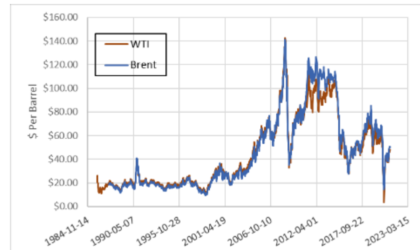
New claims for unemployment insurance remained at 787,000 last week.

Continuing Claims for Unemployment



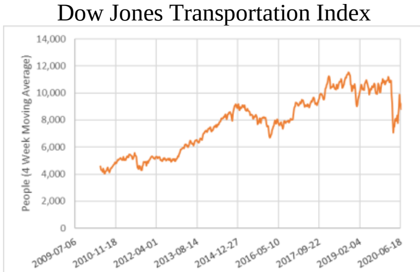
The four-week moving average of unemployment claims declined last week from 5,457,250 to 5,274,750.

WTI Spot Oil Price



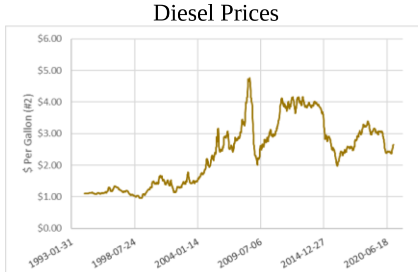
WTI spot crude is up from $47.73 per barrel to $47.98, while Brent decreased from $50.88 to $50.37 per barrel.

Dow Jones Transportation Index



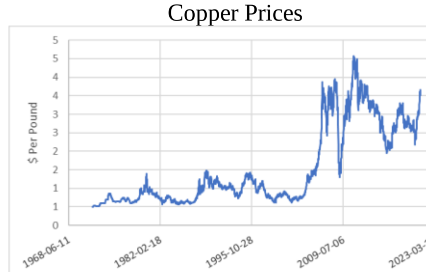
The Dow Jones Transportation Index dropped from 12,479.92 to 12,596.53.

Diesel Prices



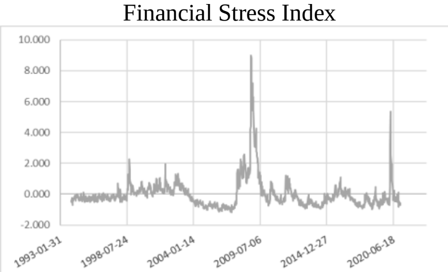
Diesel prices remained unchanged last week at $2.64 per gallon.

Copper Prices



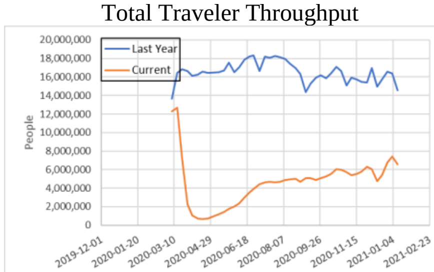
Spot copper prices rose last week from $3.52/lb to $3.66/lb.

Financial Stress Index



The weekly St. Louis Fed financial stress index fell last week from -0.5823 to -0.6969 indicating more stability.

Total Traveler Throughput

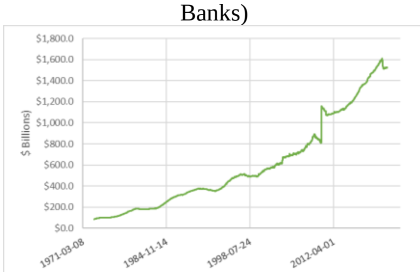


TSA checkpoint traveler throughput decreased last week from 7,388,562 passengers to 6,577,170 or 45.23 percent compared to 14,540,005 passengers a year ago.

10-Year Treasury Yield

Interest rates on 10-year Treasury Bonds decreased from 0.95 to 0.94.

Consumer Credit Outstanding (Commercial Banks)



Consumers debt rose as loans outstanding fell from $1,525.40 billion to $1,522.20 billion.

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

Let us know at:

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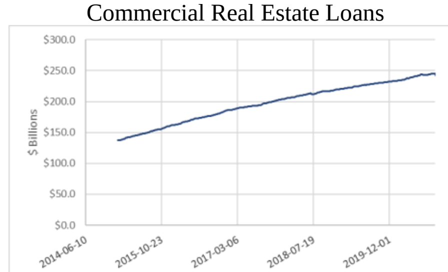
Commercial Real Estate Loans



Commercial real estate loans increased - from $246.27 billion to $247.02 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. The monthly "Jobs Report for December was released last week, and the statistics were disturbing. According to the BLS, nonfarm payroll employment declined by 140,000 in December, with the hospitality industry losing nearly half a million jobs.

2. One area where there was job growth was in automobile manufacturing. Sales continued to be strong, with car and light truck sales in December reaching an annualized 16.27 million units.

3. Meanwhile, the balance of trade in November reached the highest (or actually lowest) levels since the middle of the last recession, with the deficit in goods and services trade reaching $68.14 million. In spite of the President's rhetoric, the Administrations tariffs and restrictions on trade, deficits have worsened throughout the course of the past 4 years.

4. With the plunge in lower wage jobs in December, average hourly earnings spiked, up by 0.8 percent on the month, and 5.5 percent YoY. The unemployment rate and labor force participation rate were unchanged in December at 6.7 percent and 61.5 percent respectively.

5. Oil prices spiked last week, reflecting concerns about the US economy and the value of the dollar. The Price of West Texas Intermediate (WTI) crude was up by $4.68 on the week, a 9.9 percent jump.

In the 1955 song, by Pete Seger, *Where have all the flowers gone,* the great folk singer enquires, *When will you ever learn, Oh when will you ever learn?*

Once again, the major economic story of the week was a political one, with a large "Stop the Steal" protest devolving into an attack on Capitol Hill resulting in calls for the impeachment of the President.

This comes on the heels of what would have been considered to be an impossible double victory in the Georgia Senate runoffs, which give the Democrat Party virtually complete control of the Federal government.

Of course, while this was happening the December Jobs Report came out and showed that the newest round of government-imposed shutdowns of the economy in response to the COVID-19 virus were having their intended effect, as nearly half a million hospitality and entertainment industry workers filed for unemployment during the month. Furthermore, the National Restaurant Association reported that 110,000 establishments went bankrupt already due to the restrictions. The BLS estimates that 328,000 businesses on net closed up shop in December, the first decline since full scale shutdowns were imposed in March and April. When will Congress finally get to work supporting the economy, and stop the political battels – *When will they ever learn?*

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.