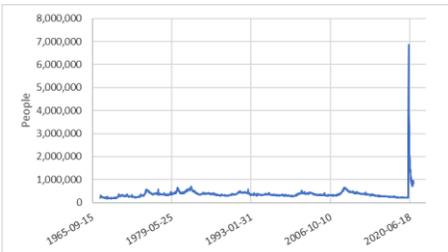
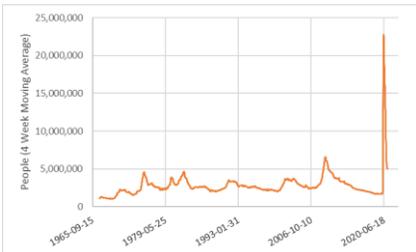
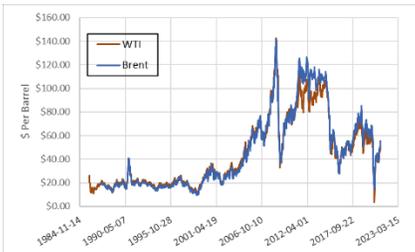
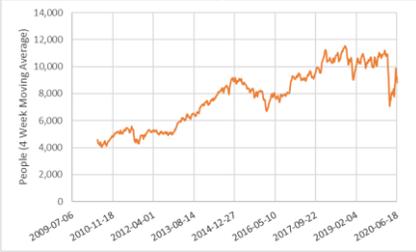
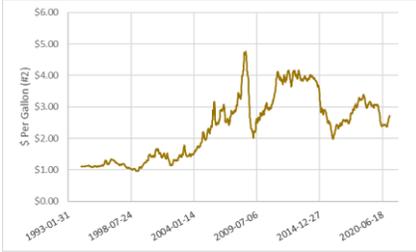
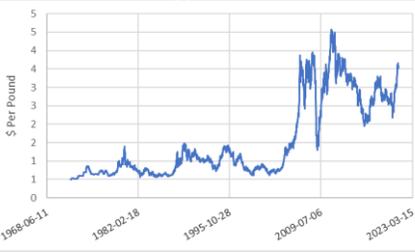
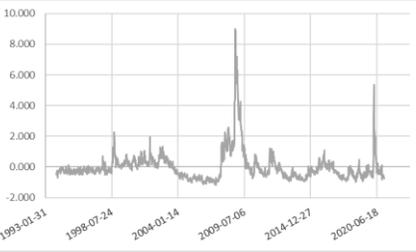
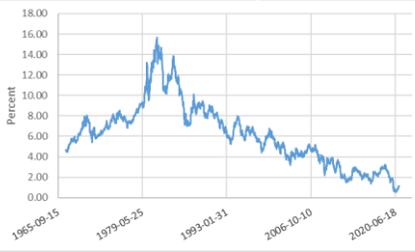
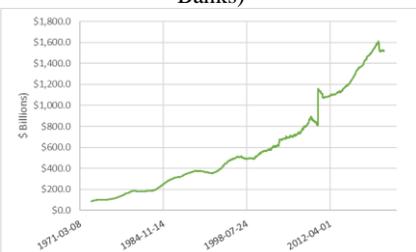


## The Weekly Breadline

### 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 middle of 2021. 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.<sup>1</sup>

The Weekly Data: January 31, 2021

<p style="text-align: center;"><b>Weekly Jobless Claims</b></p>  <p>New claims for unemployment insurance dropped from 900,000 to 847,000 last week.</p>	<p style="text-align: center;"><b>Continuing Claims for Unemployment</b></p>  <p>The four-week moving average of unemployment claims declined last week from 5,126,250 to 4,998,000.</p>	<p style="text-align: center;"><b>WTI Spot Oil Price</b></p>  <p>WTI spot crude is up from \$52.75 per barrel to \$52.82, while Brent also increased from \$54.21 to \$55.44 per barrel.</p>
<p style="text-align: center;"><b>Dow Jones Transportation Index</b></p>  <p>The Dow Jones Transportation Index fell from 12,945.44 to 12,452.62.</p>	<p style="text-align: center;"><b>Diesel Prices</b></p>  <p>Diesel prices rose last week from \$2.70 to \$2.72 per gallon.</p>	<p style="text-align: center;"><b>Copper Prices</b></p>  <p>Spot copper prices fell last week from \$3.60/lb to \$3.54/lb.</p>
<p style="text-align: center;"><b>Financial Stress Index</b></p>  <p>The weekly St. Louis Fed financial stress index fell last week from -0.7384 to -0.7417 indicating more stability.</p>	<p style="text-align: center;"><b>Total Traveler Throughput</b></p>  <p>TSA checkpoint traveler throughput decreased last week from 4,965,674 passengers to 4,674,466 or 34.75 percent compared to 13,451,510 passengers a year ago.</p>	<p style="text-align: center;"><b>10-Year Treasury Yield</b></p>  <p>Interest rates on 10-year Treasury Bonds decreased from 1.13 to 1.11.</p>
<p style="text-align: center;"><b>Consumer Credit Outstanding (Commercial Banks)</b></p>  <p>Consumers debt increased as loans outstanding rose from \$1,514.99 billion to \$1,516.20 billion.</p>	<p style="text-align: center;">Is there anything else that you would like us to track?</p> <p style="text-align: center;">Let us know at:</p> <p style="text-align: center;"><a href="mailto:jrd@guerrillaeconomics.com">jrd@guerrillaeconomics.com</a></p>	<p style="text-align: center;"><b>Commercial Real Estate Loans</b></p>  <p>Commercial real estate loans increased - from \$247.10 billion to \$247.88 billion.</p>

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

## The Weekly Commentary

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Key takeaways for the week:

1. So far President Biden has issued 24 Executive Orders, mostly related to the COVID-19 situation.
2. According to the Federal Housing Finance Agency, home prices in the US are up by 11.0 percent over the 12 months through November, compared to just 5.3 percent in the prior year. The strongest markets are in the mountain states where prices are up 14.0 percent. Prices are 37.6 percent higher than the last peak in April 2007. The Case-Shiller price index, which represents urban markets, is up 9.1 percent over the same period.
3. The Conference Board Consumer Confidence Index® improved slightly in January, from 87.1 in December to 89.3 for January. The Present Situation Index – based on consumers’ assessment of current business and labor market conditions – decreased from 87.2 to 84.4. According to Lynn Franco, Senior Director of Economic Indicators at The Conference Board, the major factor suppressing expectations continues to be COVID-19; however, the percent of consumers who said they intend to purchase a home in the next six months improved, another good sign for housing markets.
4. Meanwhile, the University of Michigan’s indexes of both Consumer Sentiment and of Current Conditions fell in January, down 1.3 and 3.3 points respectively.
5. One statistic that beat expectations this week was new claims for unemployment insurance, which, unadjusted, totaled 873,966 in the week ending January 23, a decrease of 101,498 (or 10.4 percent) from the prior period. Of course, to put this in perspective there were 229,002 initial claims in the comparable week in 2020.

Considering that the government-imposed shutdowns of the economy were in response to a health issue, one sector that has performed particularly poorly over the year has been, well health care. Based on data from the Bureau of Labor Statistics, overall employment in this sector has grown in every year since 2000, except for 2020. Health care jobs grew at a compound annual rate (CAGR) of 2.23 percent per year prior to the implementation of the Obamacare regulations, and 1.67 percent per year following their implementation. In no year did health care employment fall.

Obamacare did change the mix of health care, with the growth rate in the number of physicians falling, and growth in outpatient centers rising rapidly; however, across all segments, physicians, clinics, and hospitals, jobs grew each year.

Then comes COVID. In 2020, growth in overall health care employment was off by 407,000 jobs (2.5 percent), with physicians and doctors accounting for more than a quarter of the decline. As with other service businesses, doctors’ offices were forced to close and limit capacity, making the profitability of a practice problematic. Even more interesting is that, in spite of claims that hospitals are strained to their limits, employment in this sector was down by 26,600 jobs.

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.

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The Weekly Breadline is provided as a service to our clients by **John Dunham & Associates**. It is not intended as investment advice. If you would like more information, or if you would like us to track additional indicators, please feel free to contact us at [JRD@GuerrillaEconomics.com](mailto:JRD@GuerrillaEconomics.com), or by phone at 212-239-2105.