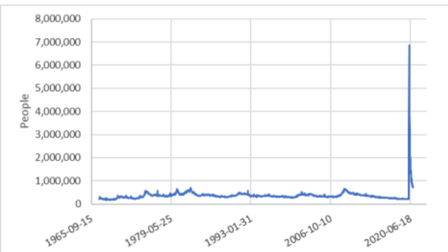
The Weekly Breadline
A weekly analysis of the most recent economic indications

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]

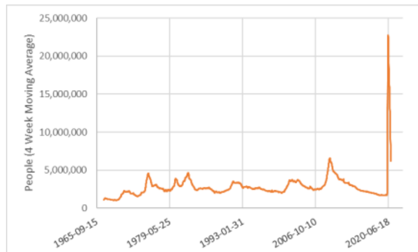
The Weekly Data: December 6, 2020

Weekly Jobless Claims



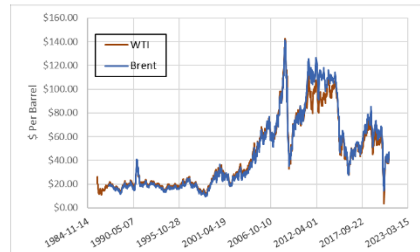
New claims for unemployment insurance fell from 778,000 to 712,000 last week.

Continuing Claims for Unemployment



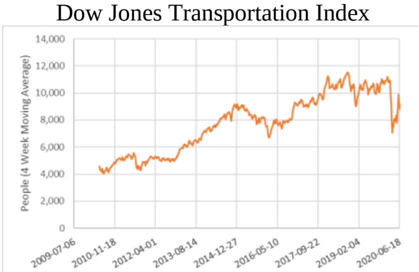
The four-week moving average of unemployment claims declined last week from 6,615,250 to 6,194,250.

WTI Spot Oil Price



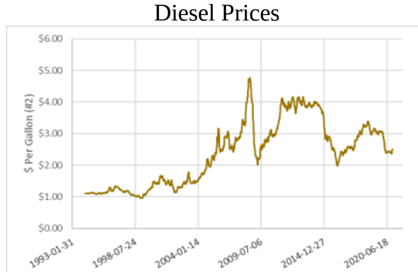
WTI spot crude is up from $41.52 per barrel to $44.40, while Brent also increased from $45.00 to $46.84 per barrel.

Dow Jones Transportation Index



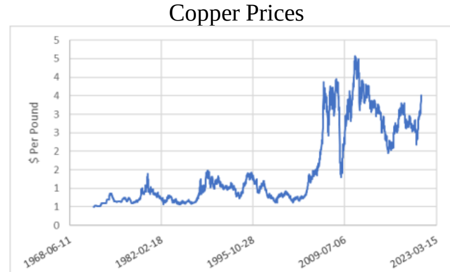
The Dow Jones Transportation Index dipped from 12,580.59 to 12,563.87.

Diesel Prices



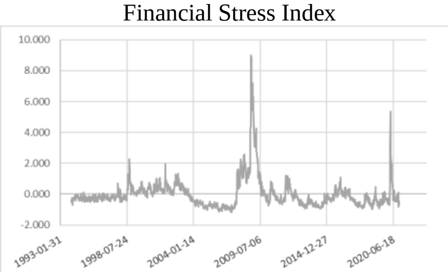
Diesel prices rose from $2.46 per gallon to $2.50
per gallon.

Copper Prices



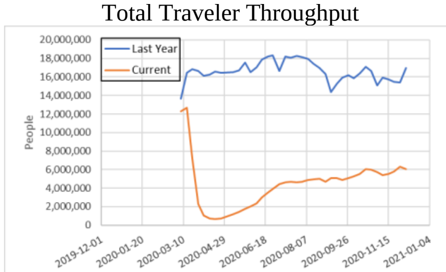
Spot copper prices increased last week from $3.37/lb to $3.51/lb.

Financial Stress Index



The weekly St. Louis Fed financial stress index fell last week from -0.4733 to -0.6546 indicating more stability.

Total Traveler Throughput



TSA checkpoint traveler throughput fell last week from 6,314,015 passengers to 6,027,273 or 35.46 percent compared to 16,998,519 passengers a year ago.

10-Year Treasury Yield

Interest rates on 10-year Treasury Bonds remained flat at 0.87.

Consumer Credit Outstanding (Commercial Banks)

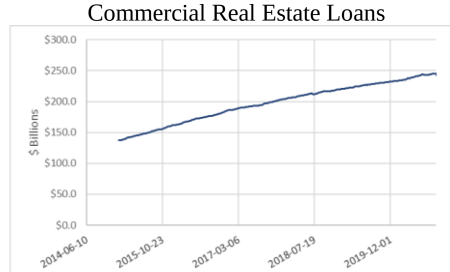
Consumers debt rose as loans outstanding fell from $1,521.76 billion to $1,524.04 billion.

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

Let us know at:

jrd@guerrillaeconomics.com

Commercial Real Estate Loans



Commercial real estate loans rose - from $242.21 billion to $242.86 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.

Key takeaways for the week:

1. The big miss of the week on the part of economic forecasters came from the Jobs Report. While economists had projected a reduction in hiring, they were well off the mark. Only 245,000 new jobs were reported in November, down from 610,000 during October, and well below expectations of 469,000.

2. Even so, the headline unemployment rate fell again, down from 6.9 percent in October to just 6.7 percent in November. Most of this was due to a reduction in the labor force participation rate which fell by 2-10ths of a percent.

3. On a positive note, weekly claims for state unemployment insurance fell for the first time in three weeks. They are still extremely high, however, at a seasonally adjusted level of 712,000 for the week ending November 28.

4. US car and light truck sales were down slightly in November to an annualized 11.79 million units. This is; however, only 6.5 percent below levels at the same time last year.

The normal holiday retail hype is in the air. New reports across the board are discussing the magnitude of Black Friday sales. Shoppers spent an average of just under $312 on holiday-related purchases from Thanksgiving to Cyber Monday, down 14 percent from 2019 according to a survey by the National Retail Federation (NRF) and Prosper Insights & Analytics. The number of people in brick-and-mortar stores on Black Friday was down a whopping 37 percent from a year earlier, however, on-line sales are up by 27.7 percent from the prior year.

These figures can be expected, owing to the fear brought on by the COVID-19 hysteria, as well as restrictions on in-person shopping across the country. Even here in Florida, where there are few government-ordered restrictions, individual retailers are limiting the number of shoppers in their stores, thereby keeping potential sales below where they probably should be.

While Black Friday was not as strong as it could have been, many retailers have been trying to spread out the holiday shopping rush by enticing consumers with generous deals as early as October. According to the NRF survey about half of holiday shoppers took advantage of early holiday sales and promotions this year, with nearly 40 percent starting their holiday shopping early.

This suggests that when the Census Bureau releases its advance report of retail sales for November in a week or so, the numbers should appear very strong. Enthusiasm will likely be tempered by lower than expected numbers for eating and drinking places.

Thanksgiving travel numbers were also quite strong, with air travel down by just about 50 percent from the prior year. While this sounds terrible, it is far better than the 70 percent decrease in air travel that has been seen in prior weeks.

Americans are doing their best to prop up the economy in spite of the grim warnings coming from the likes of Dr. Fauci and President Elect Biden. The only question now is how well will consumer enthusiasm holds up through December as many of the large states like California and New York are once again shutting down their economies.

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.

free to contact us at JRD@GuerrillaEconomics.com, or by phone at 212-239-2105.