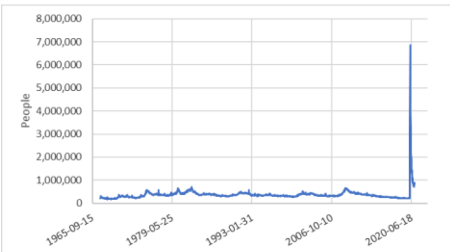
The Weekly Breadline

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]

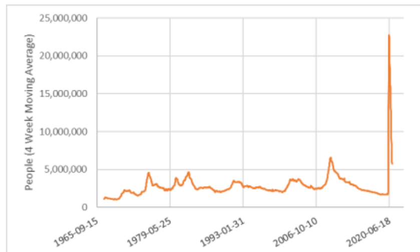
The Weekly Data: December 20, 2020

Weekly Jobless Claims



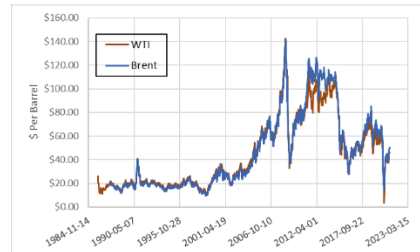
New claims for unemployment insurance rose from 853,000 to 885,000 last week.

Continuing Claims for Unemployment



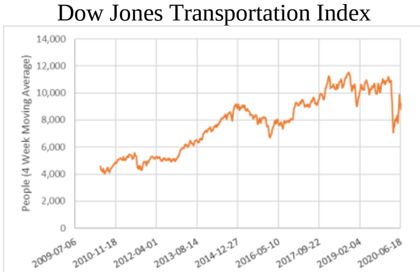
The four-week moving average of unemployment claims declined last week from 5,935,750 to 5,726,250.

WTI Spot Oil Price



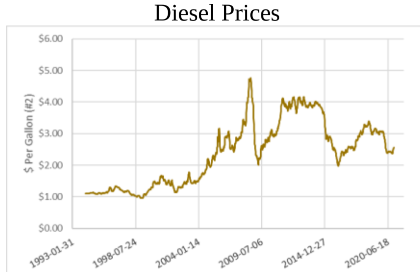
WTI spot crude is up from $45.37 per barrel to $46.04, while Brent also increased from $48.63 to $50.27 per barrel.

Dow Jones Transportation Index



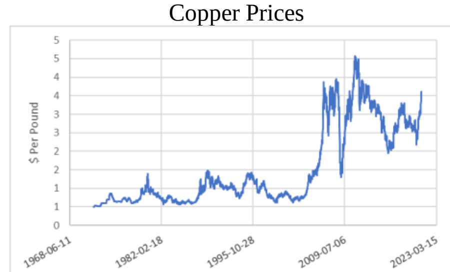
The Dow Jones Transportation Index dipped from 12,733.37 to 12,514.47.

Diesel Prices



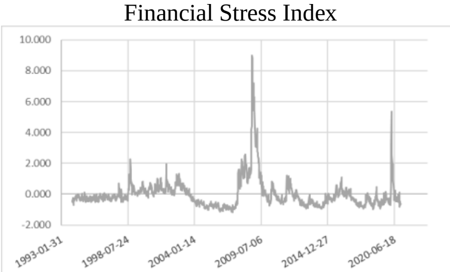
Diesel prices rose from $2.53 per gallon to $2.56 per gallon.

Copper Prices



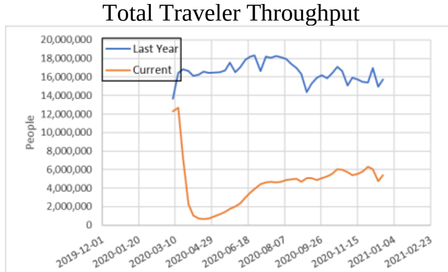
Spot copper prices increased last week from $3.50/lb to $3.61/lb.

Financial Stress Index



The weekly St. Louis Fed financial stress index rose last week from -0.6852 to -0.6199 indicating less stability.

Total Traveler Throughput

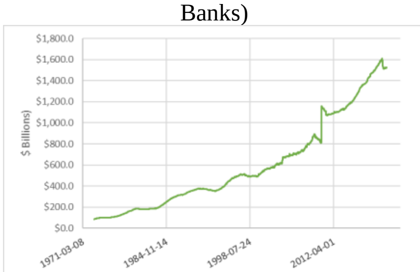


TSA checkpoint traveler throughput rose last week from 4,777,794 passengers to 5,387,516 or 34.17 percent compared to 15,767,487 passengers a year ago.

10-Year Treasury Yield

Interest rates on 10-year Treasury Bonds increased from 0.92 to 0.93.

Consumer Credit Outstanding (Commercial Banks)



Consumers debt rose as loans outstanding rose from $1,522.51 billion to $1,524.53 billion.

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

Let us know at:

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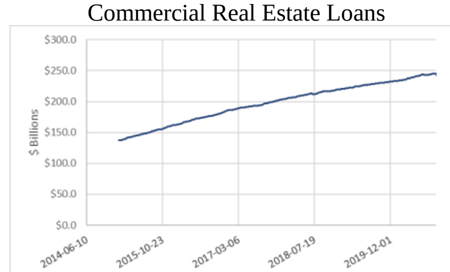
Commercial Real Estate Loans



Commercial real estate loans rose - from $242.90 billion to $245.69 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. Overall retail sales (including food service sales) fell by 1.1 percent in November, but are still up by 0.3 percent for 2020. This masks the effect of the downturn, as the only service sector contained in the retail sales number is food service (restaurants) where sales are up 4.0 percent MoM and 19.4 percent YoY.

2. Home construction continues to be a bright spot in the economy, with building permits rising 6.2 percent in November, and housing starts beating expectations, increasing to 1.547 million on an annualized basis.

3. Meanwhile, jobless claims continue to increase, rising from 862,000 in the prior week to 885,000 last week. This is the fourth time in the past 5 weeks that initial claims have risen. In addition to this, total continuing claims surged back over 20 million last week to a total of 20.647 million claims. This, as more states impose new shutdowns on large sectors of the economy and new stay-at-home orders are put into effect.

4. After falling from over $2,000 an ounce in August, to a low of about $1,770 at the end of November, gold prices have turned, and have risen to close at $1,879 at the end of last week, reflecting a weakening dollar and higher inflation expectations.

Reports this morning are that Congress is set to pass another COVID-19 relief bill in response to the economic calamity that has been caused by government-imposed shutdowns. The new bill is reported to contain roughly $900 billion in additional Federal borrowing to provide for the following:

- Direct helicopter money of as much as $600 per person depending on income;
- An increase in weekly state unemployment payments of $300 per week for 11 weeks, as well as extensions in other unemployment programs;
- An additional $280 billion toward the PPP;
- Reinstatement of the restaurant meals deduction for business;
- Grants for airlines, performance venues and small businesses;
- Money for schools and universities, including special grants for historically black colleges;
- $25 billion in rental assistance along with an extension of the moratorium on evictions;
- As well as a Christmas tree full of other special grants to favored programs such as climate change initiatives and clean energy.

In other words, the bill contains a laundry list of barely targeted relief but does not contain either the GOP priority of liability protections (which would allow businesses to go back to their offices), or the Democrat priority of massive funds for state and local governments (which would help bail out governments and bankrupt pension systems).

The bottom line is that the economy will continue to require help from the Federal government until more states reopen 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.
