# COVID-19 Economic Recovery Tracker

High-frequency and alternative indicators of economic activity

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## Summary for February 4, 2021

Key COVID-19 metrics for the past two weeks suggest the US health picture is finally improving after a bleak January. Overall economic activity was little changed last week after sinking in early January as virus cases surged, with consumer spending receiving a boost from recent stimulus payments and expanded unemployment benefits. Recent bright spots, however, do not negate the fragility and uncertainty of the current situation. New virus variants are spreading rapidly, threatening the effectiveness of existing vaccines and treatments, while recent positive economic news may dampen prospects for a significant new stimulus package.

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| Area | Trend | Key Developments |
|---|---|---|
| Human Health | ↑ | The key determinant of the US and global economic recovery is the trajectory of the coronavirus itself. The number of daily new US cases, hospitalizations, and deaths are falling while vaccinations tick slowly upward. |
| Economic Activity | ↔ | The NY Fed's Weekly Economic Index (WEI) was little changed at -2.2% last week, down slightly from -1.7% the week prior. An underlying measure of consumer confidence weakened, offsetting improved retail sales. |
| Consumer Activity | ↑ | Though physical visits to shops and restaurants showed little improvement, total consumer spending jumped in late January following recent direct stimulus payments. |
| Labor Market | ↑ | The jobs market recovery may finally be pulling out of a months-long slump, with increases in job postings and less-pessimistic expectations for employment income. |
| Industrial Activity | ↔ | Industrial indicators continue to be mixed, with travel indicators deteriorating further while oil prices regain pandemic losses, and steel production edges downward. |

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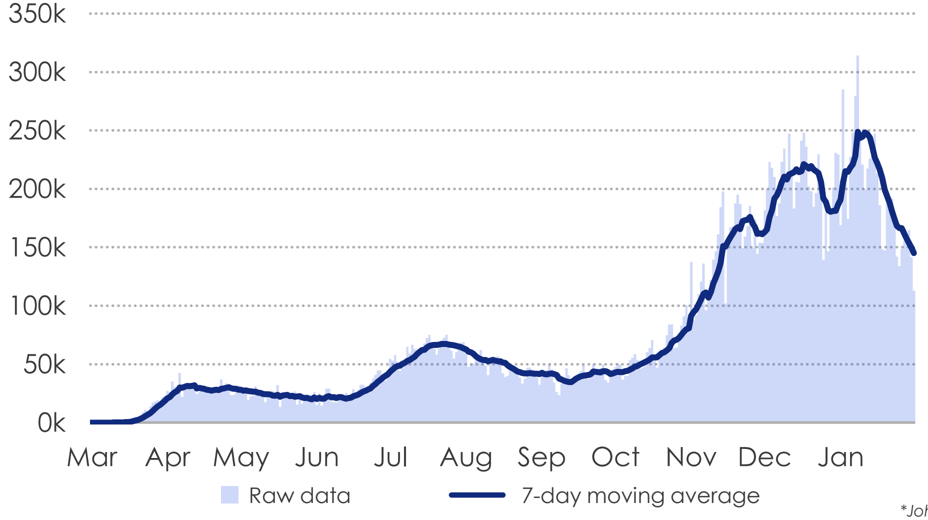
**COVID-19 Update** | Although the US public health emergency is far from over, key measures of pandemic severity trended positively over the past two weeks. Daily new cases, hospitalizations, and deaths are declining simultaneously in a compelling sign that the post-holiday surge has finally turned a corner. Vaccinations, meanwhile, continue to tick up albeit at a slower pace than planned: at the current rate, it would take until July for even half the US to be at least partly vaccinated, assuming no hiccups in anticipated supply.

Vaccine rollout in the US has been much more successful than in much of the rest of the world, especially Europe. Experts caution, however, that the proliferation of new, more infectious strains that may be less susceptible to existing vaccines and treatments has created a dangerous race between vaccinations and new infections, and the situation could change very quickly.

## United States Daily New COVID Cases

US Centers for Disease Control & Prevention (CDC)




**26.3 m**
cumulative US cases

**7.9%**
positive test rate*

**8.2%**
given at least 1 vaccine dose

*Johns Hopkins/COVID Tracking Project

## United States COVID Hotspots

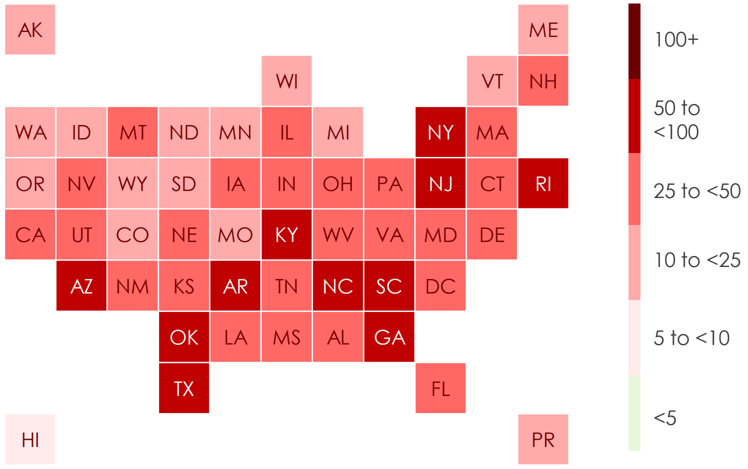
US CDC, daily new cases per 100,000 people (7-day moving average)

### Most New Cases (per 100k)

1. *Texas (70)*
2. *South Carolina (67)*
3. *Arizona (64)*
4. *New York (53)*
5. *Kentucky (53)*

### Least New Cases (per 100k)

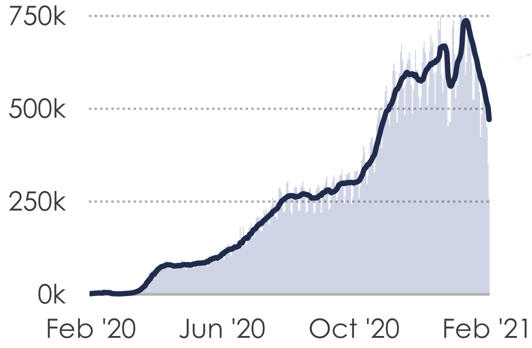
1. *Hawaii (6)*
2. *Puerto Rico (11)*
3. *North Dakota (15)*
4. *Oregon (16)*
5. *Minnesota (17)*




## Global COVID Statistics

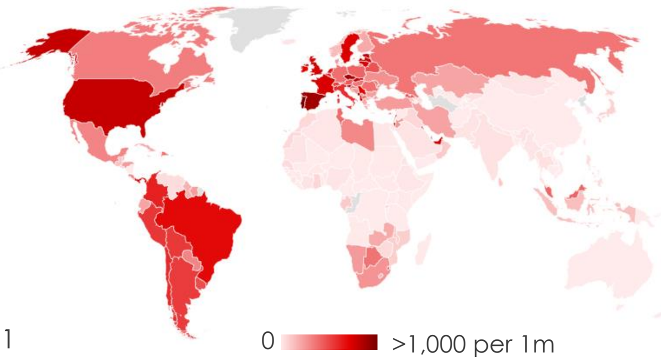
### Daily New COVID Cases

ECDC




### Daily New Cases Per 1 Million People

ECDC / Our World in Data



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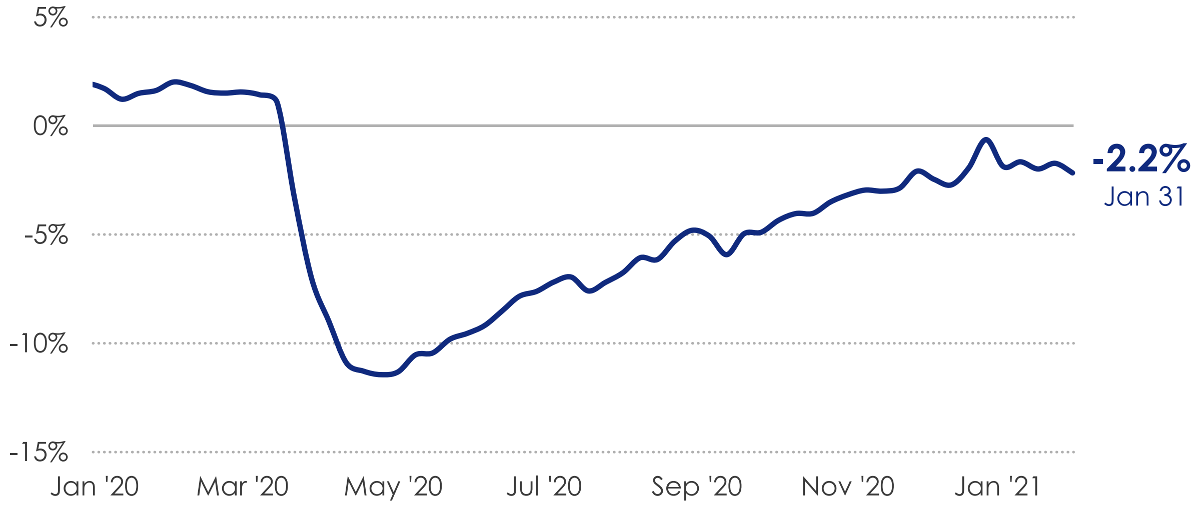
**Overall Economic Activity** | The overall pace of US economic activity was little changed last week according to the Weekly Economic Index (WEI), which slipped to -2.2%, down from the previous week's revised -1.7% figure and down from -1.7% two weeks ago. The latest reading implies that the level of US GDP would be roughly 2.2% lower in Q1 2021 compared to Q1 2020 if the WEI were at the current level for the entire quarter.

Per the New York Fed, last week's slight decline in the WEI reflects weakening of an underlying measure of consumer confidence that was partly offset by improvements in retail sales and raw steel production. Initial and continuing unemployment insurance claimed edged down last week but remain significantly elevated above pre-pandemic levels, underscoring the divergence between the pace of recovery for total output versus recovery for total employment.

## Weekly Economic Index (WEI)

Week ended Jan 31




## WEI Indicator Highlights

Latest available data

| Indicator | Current | Prior | Description |
|---|---|---|---|
| Redbook Research Total Retail Sales | **4.4% Y/Y** | 3.9% Y/Y | *Year-over-year same-store sales growth for general merchandise stores* |
| Initial Unemployment Claims | **779 thousand** | 812 thousand | *New unemployment claims filed with state unemployment offices* |
| Continuing Unemployment Claims | **4.59 million** | 4.79 million | *Number of unemployment claims filed after an initial filing* |
| Raw Steel Production | **-9.9% Y/Y** | -10.5% Y/Y | *Domestic raw steel production reported by the American Iron and Steel Institute* |
| Railroad Traffic | **-4.1% Y/Y** | -0.6% Y/Y | *Total freight transported by rail as reported by the Association of American Railroads* |

*Note:* From the New York Fed, "The Weekly Economic Index (WEI) provides a signal of the state of the U.S. economy based on data available at a daily or weekly frequency. The WEI is an index of ten daily and weekly indicators of real economic activity, scaled to align with the four-quarter GDP growth rate." In addition to the five indicators highlighted above, the WEI also incorporates the following components: American Staffing Association Index, Rasmussen Consumer Index, electric utility output, fuel sales to end users, and federal withholding tax collections.

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**Consumer Activity** | Consumer activity picked up in the second half of January, likely driven more by the latest round of $600 direct stimulus checks than by ebbing virus cases or relaxed mobility restrictions. Consumer spending tracked by Affinity is up compared to January 2020 levels for the first time since the pandemic started, jumping sharply in early January just as the majority of eligible Americans were receiving their direct payments.

Physical mobility, however, has not shown a significant jump. While the MEI and OpenTable dining reservations have risen off late December lows, they remain near November 2020 levels, and visits to retail and recreation places tracked by Google have declined consistently through January. The divergence suggests the latest surge in spending has been captured mostly by online retailers and service providers as the health situation keeps consumers hesitant to venture out.

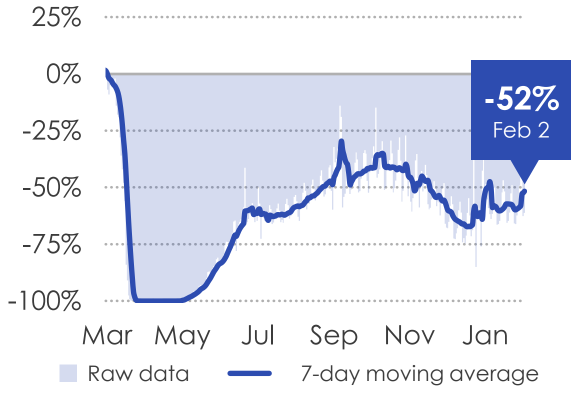
## Google Mobility Index: Retail & Recreation Visits

% change from baseline*, daily


*Median for same day of week Jan 3 – Feb 6, 2020

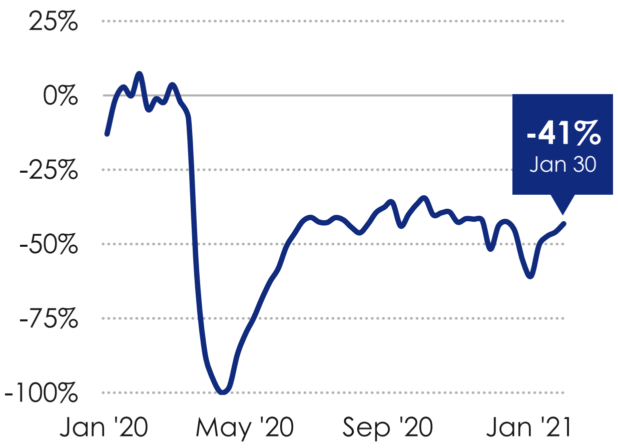
## OpenTable: US Seated Restaurant Diners

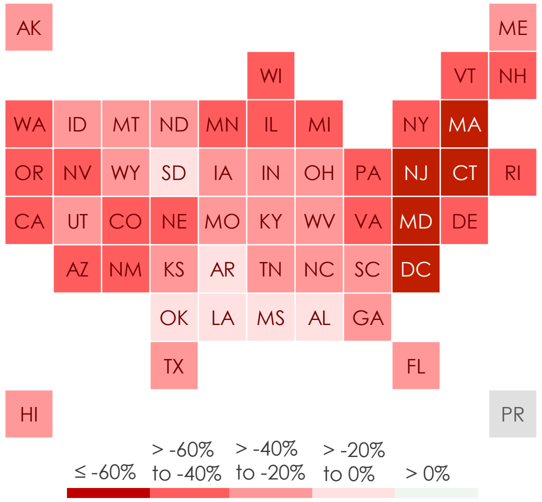
Y/Y % change in diners, daily




## Mobility & Engagement Index (MEI)

%, Jan/Feb 2020 average scaled to 0, weekly




*The MEI is a composite indicator based on 7 mobile device geolocation data series.*

## Affinity: Change in Consumer Spending

% change compared to January 2020, daily, seasonally adjusted*


*Seasonally adjusted and published by Opportunity Insights

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**Labor Market** | After months of moving sideways or weakening, the US labor market is showing tentative signs of improvement. Job postings tracked by Burning Glass were 10% above January 2020 levels at the end of last week, the highest reading since postings plunged last March. Expectations for lost employment income reported to the Census Household Pulse Survey fell four percentage points in mid-January compared to a month earlier, suggesting households are somewhat more optimistic (or at least, less pessimistic) about February employment prospects.

Even with early signs of a resumed labor market recovery, recovery of total US jobs is proving much slower than the return of spending and aggregate output. The latest economic projections from the Congressional Budget Office released earlier this week estimate US output will be back at pre-pandemic levels by next year, but it will take until 2024 to recover the total number of lost jobs.

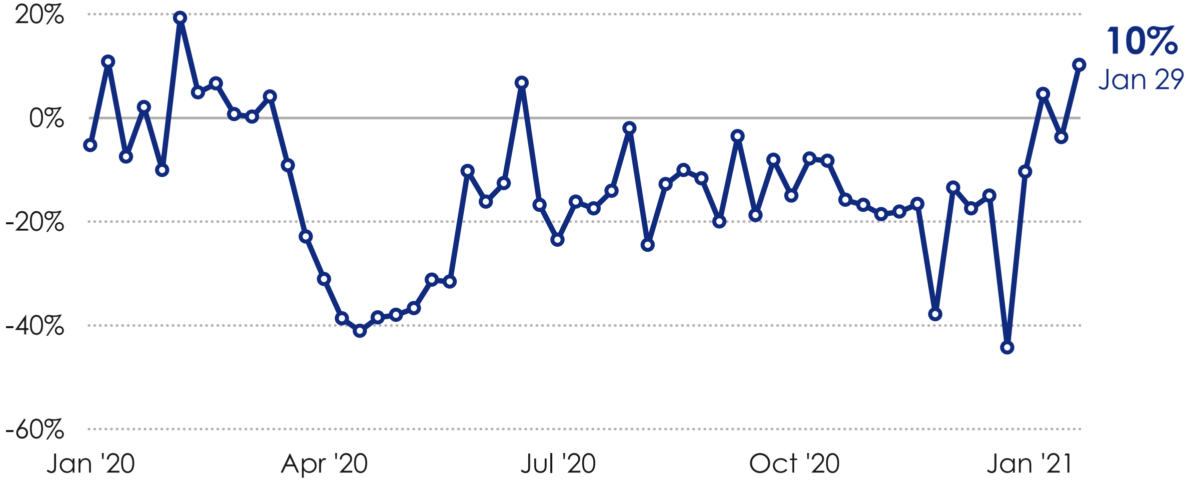
## Census Small Business Pulse Survey: Employment Changes

% of businesses that increased, did not change, or decreased employment, or rehired employees laid off or furloughed since March 13, 2020

| | **Increase** Employment | **No Change** in Employment | **Decrease** Employment | **Rehire** Employees |
|---|---|---|---|---|
| **Latest** 01/04 – 01/10 | **3.4%** | **84.1%** | **12.4%** | **2.6%** |
| **Prior** 12/28 – 01/03 | 2.7% | 84.8% | 12.5% | 2.2% |

## Burning Glass Job Postings

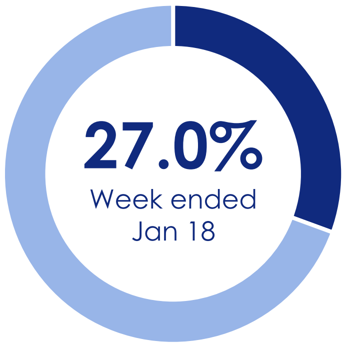
% change compared to January 2020, weekly, seasonally adjusted*




*Seasonally adjusted and published by Opportunity Insights

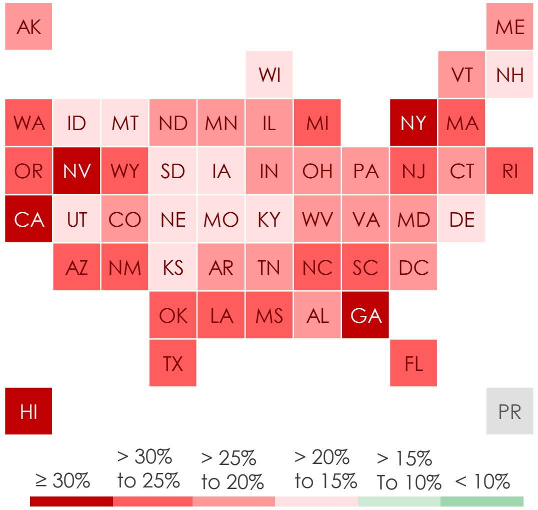
## Census Household Pulse Survey: Expected Employment Income Loss

% of survey respondents anticipating a *loss* in household employment income in the next 4 weeks




**Down** from 31.0% four weeks* prior

*Survey data normally collected biweekly (data collection paused temporarily Dec 22-Jan5)



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**Small Business Spotlight** | Data lags notwithstanding, available indicators of small business health through mid-January underscore the need for the additional small business aid included in the most recent federal stimulus package. Small business revenue and the share of businesses open has weakened since the first iteration of the Paycheck Protection Program last summer, suggesting demand will be high for the current round of funds. Indeed, $72.7 billion in grants have been approved for nearly five thousand small businesses since the new PPP round opened just two weeks ago.

Increased consumer spending from stimulus payments and enhanced unemployment benefits may also benefit small business revenues. However, the disproportionate share of spending still taking place online limits the gains to be captured by storefront-only small firms.

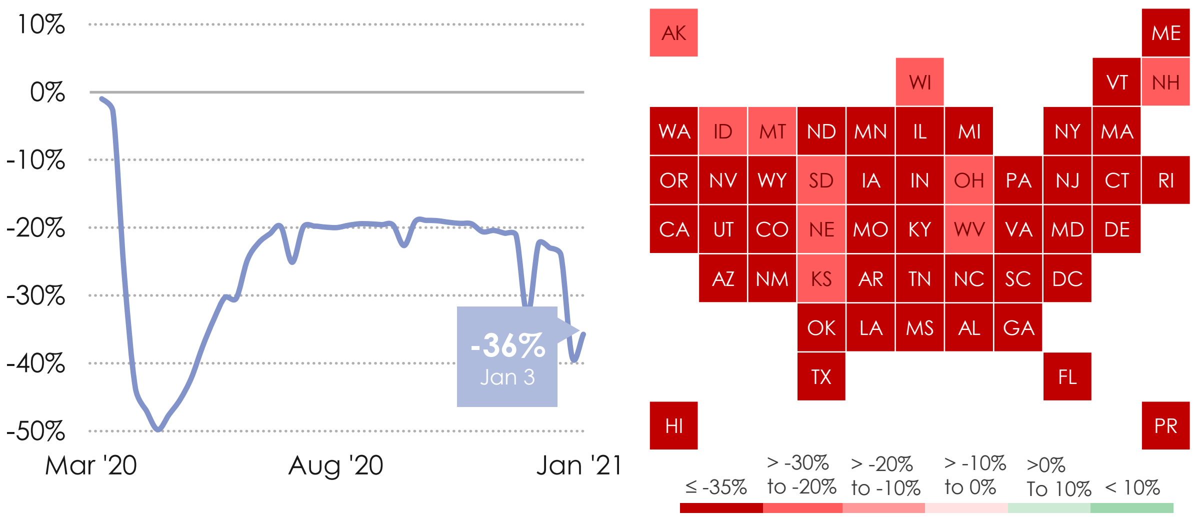
## Womply: Change in Total Small Business Revenue

% change compared to January 2020, daily, seasonally adjusted*


*Seasonally adjusted and published by Opportunity Insights

## Homebase Small Businesses Open

% change compared to same weekday in January 2020, weekly avg.




## Census Small Business Pulse Survey: Operating Status

% of businesses reporting a change in locations status *in the past week* and change in level of operating capacity* compared to *one year ago*

| | Reopened Closed Location | Temporarily Closed Location | Permanently Closed Location | Increased Operating Capacity | Decreased Operating Capacity |
|---|---|---|---|---|---|
| **Latest** 01/04 – 01/10 | **0.4%** | **3.8%** | **1.5%** | **6.6%** | **50.5%** |
| **Prior** 12/28 – 01/03 | 0.2% | 4.0% | 1.5% | 7.0% | 51.9% |

*Defined as "the maximum amount of activity this business could conduct under realistic operating conditions."

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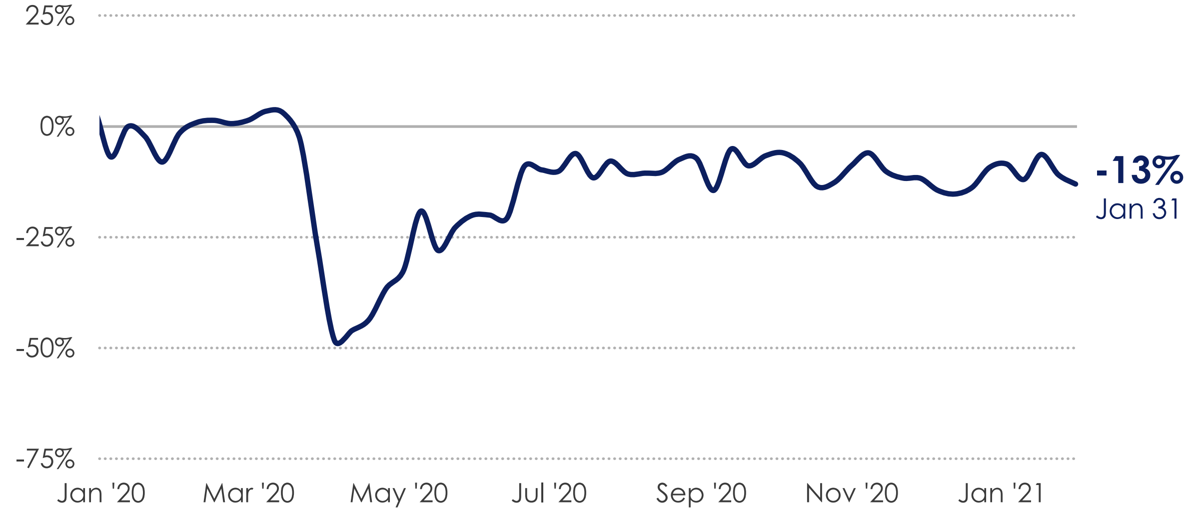
**Transportation & Energy** | Indicators of both motor vehicle and air travel remain stubbornly depressed as the pandemic wears on. Demand for motor gasoline was 13% below year-ago (pre-pandemic) levels at the end of January, while the number of domestic air passengers fell off sharply after the 2020 holiday season. International flights, meanwhile, have experienced a significant decline as the emergence of new coronavirus strains prompts tighter global travel restrictions.

Oil prices have gradually risen above last year's pre-pandemic prices on hopes that this year will see a strong resurgence in demand. Global majors are expected to extend existing output cuts, further tightening supply and pushing prices higher. This year's energy outlook for US oil and gas producers is not wholly optimistic, however, especially as last week's axing of the Keystone XL pipeline project adds to concerns about further energy sector regulations.

## US EIA Finished Motor Gasoline Demand

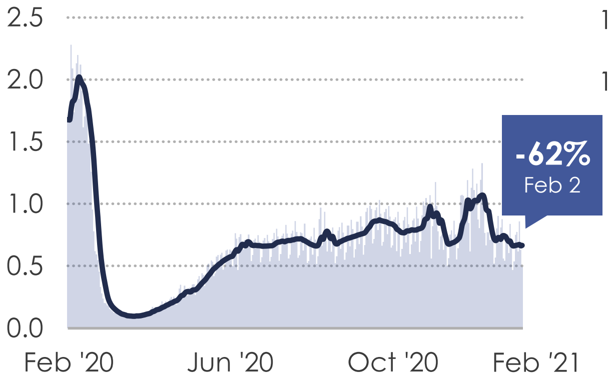
Year-over-year % change in fuel supplied, weekly




## US & Global Flight Data

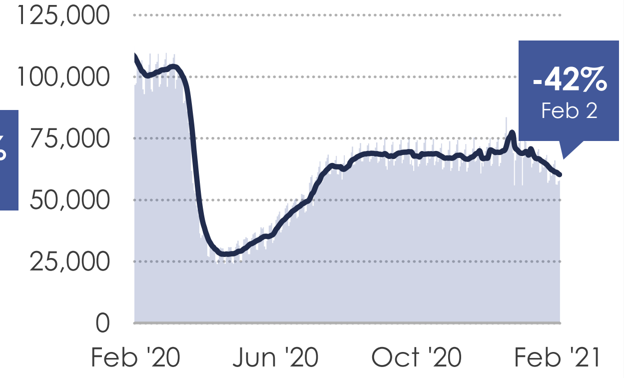
### TSA Passenger Checkpoint Volume

Millions, daily




### Flightradar24 Commercial Flights

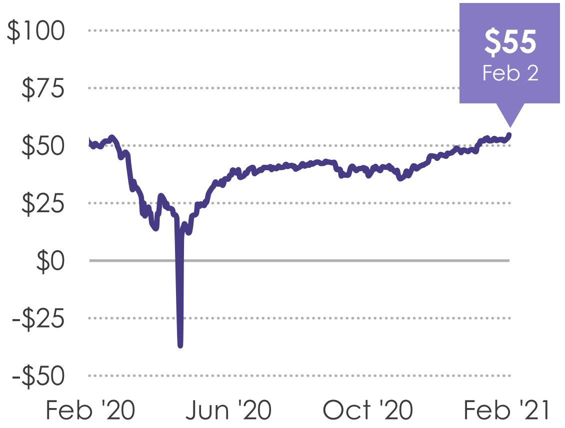
Global passenger/charter/cargo, daily




Raw data — 7-day moving average — % change in 7DMA from first week of March 2020

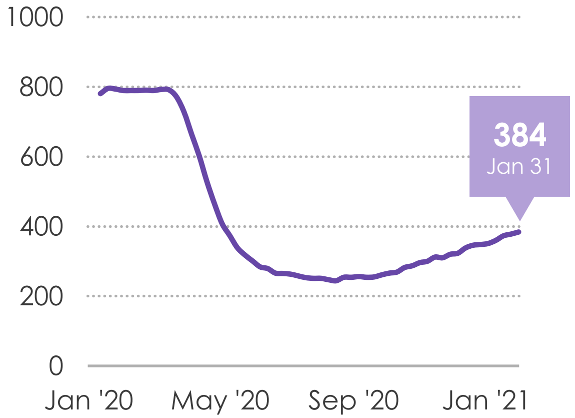
## WTI Spot Price

Dollars/barrel, daily




## Baker Hughes US Rig Count

Total oil & gas rigs, weekly



## *About This Report*

Keybridge's COVID-19 Economic Recovery Tracker is intended to provide a snapshot of where the US economy currently stands, based on the collective evaluation of a variety of high-frequency and alternative indicators of economic activity. It is intended to provide a quick explanation of how the US economy is faring at present and in the very near term, based on data from the last couple of weeks.

The data tool was constructed around a few key needs and assumptions:

- **Regular evaluation of high-frequency data:** The economic downturn associated with the spread of the coronavirus has been the fastest in US history, and the slope of the recovery has been changing on a daily or weekly basis. Although traditional economic indicators like the unemployment rate, quarterly GDP growth or industrial production still provide the most accurate read of how the US economy is faring, the lag between data collection and release and backward-looking nature of these measures does not allow for an evaluation of the economy as it stands right now, which may be very different from how it looked a month (or even a couple of weeks) ago.

- **Qualitative assessment of quantitative measures:** Unlike some other data tools, the Recovery Tracker does not attempt to quantify current growth or the near-term probability of a binary event. Instead, it centers on qualitative evaluation of what current quantitative measures are saying, in the form of directional arrows (with a simple red-yellow-green color scheme) pointing to the near-term performance of the health situation, overall economic activity, consumer activity, labor market, and industrial activity, as well as a written explanation of the state of each area and latest relevant developments.

- **Organization by data type:** Because many of the indicators included in the report, particularly the alternative indicators, relate to more than one aspect of economic activity, the pages of the report are organized in a way that groups similar types of indicators together. Within each page, the various indicators are assigned non-exclusive labels identifying a key aspect of economic activity – consumer activity, labor market, and industrial activity – that they reveal information about.

- **Health situation underlies economic performance:** A central assumption of this report is that an improving health situation is necessary (but perhaps not sufficient) for a strong economic recovery. Apparent improvement in economic measures is therefore likely to be short-lived in the absence of a positive health trajectory, and a key leading indicator of economic growth is a sustained decline in new virus case counts and deaths. The report therefore begins with a summary of the current health situation in the United States and around the world.