

## US Economic Watch

## The economics of reopening: real time tracking #19

*This is a redaction of a report published September 16, 2020.*

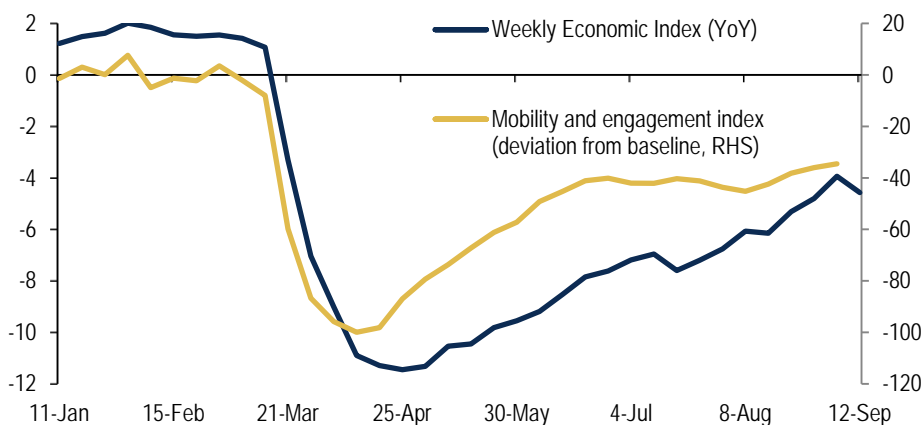
### Labor day continues to distort high frequency data

In our last update, we flagged that Labor Day had likely distorted a few indicators. In this report, we continue to see evidence of Labor Day distortions. Here is a summary of the changes in the data

- (1) Gradual gains on the virus front: data on the virus continue to show steady improvements in terms of new cases and hospitalizations. Though it is too early to say whether or not Labor Day was a catalyst for a new outbreak.
- (2) Labor Day has distorted the economic data: Last week we flagged that the increases in air passenger throughput from the TSA and seated diners according to OpenTable were likely due to Labor Day. This week, both measures reversed those gains, confirming the influence of the Labor Day holiday (Chart 8 and Chart 10). Meanwhile, in this report, data on Small Businesses from Homebase and shift work from the Ultimate Kronos Group also suggest a significant Labor Day distortion. We recommend looking through this noise.
- (3) Recovery continued into mid-September: the New York Fed weekly economic index continues to show an improving trend. The most recent data point ticked down but note that it is subject to weekly revisions higher, as has been the latest trend. Similarly, the Dallas Fed Mobility index also continues to signal increased activity in early September.

Bottom line: Labor Day has distorted the signal from many of the high frequency indicators that we track. However, the New York Fed weekly economic index and Dallas mobility and engagement index continue to signal that the recovery has continued in September, but there is still a long road ahead before the economy is fully healed.

**Chart of the Day: New York Fed Weekly economic index and Dallas Fed mobility index**



Source: FRBNY, FRB Dallas

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16 September 2020

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# Tracking the virus to track the recovery

## Virus update

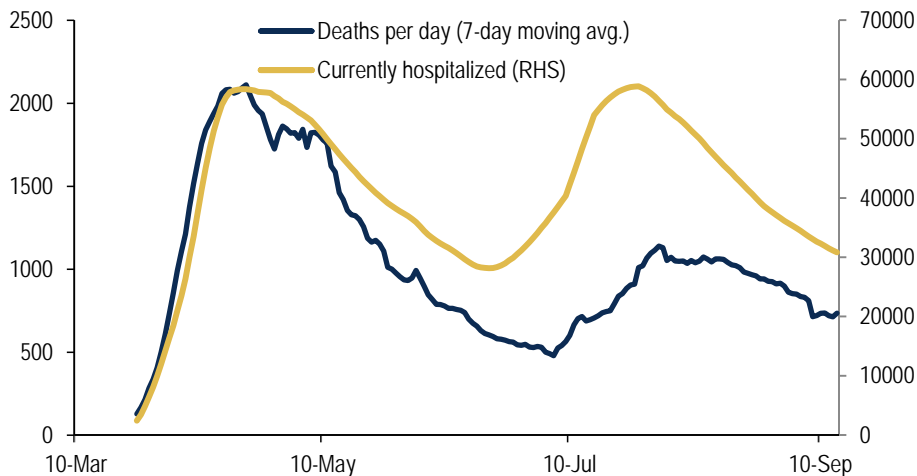
New cases of COVID-19 in the US have moderated further since our last update. The 7-day average for cases is down close to 7% from a week ago to 36.1k. Meanwhile the 7-day average for daily tests increased by a significant 20.3% from a week ago, but that is primarily due to over 2mn tests reported on September 11. Excluding the 11<sup>th</sup>, the US averaged roughly 718k tests per day, which is down from 7-day average of 733k tests from a week ago. Testing was likely affected by: the Labor Day holiday, the Hurricanes in the Gulf and wildfires in the West. Bottom line the recent data on cases and testing is noisy.

Meanwhile, hospitalizations and deaths data, which is less noisy, have continued to show improvement, albeit more gradually than in previous weeks. Hospitalizations declined by 8.0% over the week to 30.8k. This is down 47.6% from the early September peak. Meanwhile, the 7-day average for deaths fell by 9.2% over the week to 728. The decline in deaths has been more gradual than hospitalizations (Chart 1).

It is important to keep in mind that the effects of Labor Day weekend have likely not yet been fully borne out in the data. We should have a better idea of whether or not the holiday led to a surge in new infections over the next week or so. Nevertheless, it appears the situation in the US continues to gradually improve which should allow more government restrictions on activity to be lifted. But this does not mean the risk of the virus has diminished. With schools returning to classrooms, colder weather and the flu season approaching, the risk of another surge in infections remains high.

For detailed statistics on the virus at the state level please see Exhibit 1 and Table 1

**Chart 1: Deaths and Hospitalizations**



Source: The COVID-tracking project Note: all states are now reporting currently hospitalized but this is not true for the full sample.

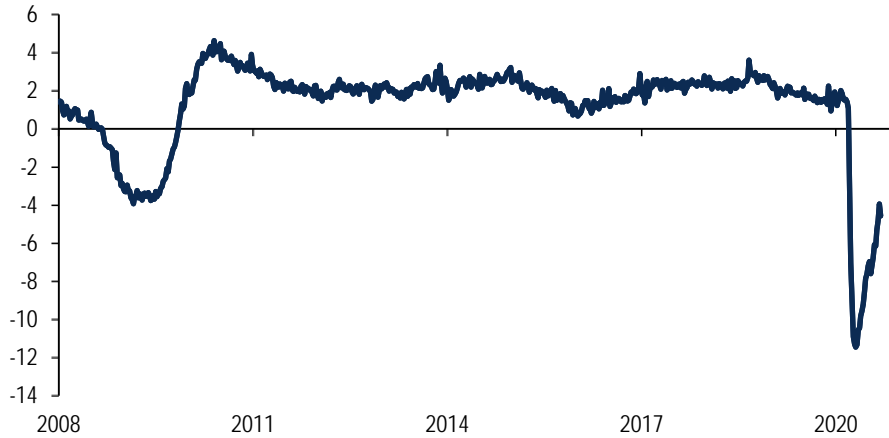


## Economic data

### Economic activity: climbing out of a hole (slowly)

The New York Fed's weekly economic index, declined to -4.6% yoy for the week ending September 11, from a crisis high of -3.9% yoy in the prior week (Chart 2). This is a significant recovery from the -11.5% yoy trough for the week ending April 24, but the index still remains below the -3.9% trough of the 2008/2009 crisis, illustrating the magnitude of the current shock.

**Chart 2: New York Fed's Weekly Economic Index (% , GDP growth units)**



Source: Federal Reserve Bank of New York, Haver Analytics. Data through Sep 11

Note: According to the New York Fed, "The index is the common component of ten different daily and weekly series covering consumer behavior, the labor market and production"

### Consumer behavior

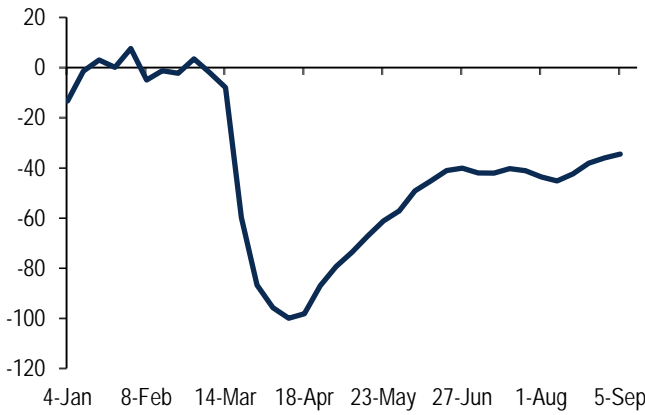
Mobility from the Dallas Fed and Google continue to show an uptick in movement since our last update. The Dallas Fed mobility index increased for a fourth consecutive week, rising to -34.5 for the week ending September 5, though some of the increase could be due to the Labor Day holiday (Chart 3).

Indeed, we are seeing signs in more timely data that Labor Day led to a transitory pop in activity. Passenger throughput data from the TSA, which is timelier with data through Sep 14, showed a weekly decline of 5% after the Labor Day boosted travel last week (Chart 8). Additionally, the data from OpenTable on seated diners shows a similar retracement of last week's surge (Chart 10).

Movies theaters are back in business, at least in some portions of the country. Box offices gross receipts have shifted off their effective lower bound recently, with the release of "Tenet" helping boost receipts (Chart 11). Still, both receipts and releases remain down significantly from a year ago as theaters remain closed in many regions and consumers continue to be hesitant to return to the movie theaters.

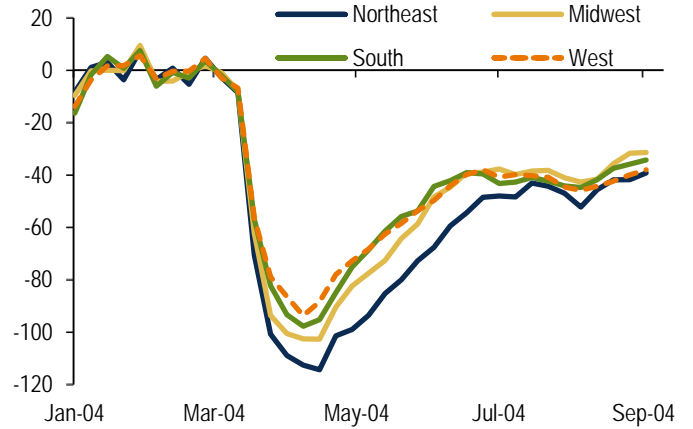


**Chart 3: Dallas Fed mobility engagement index (weekly)**



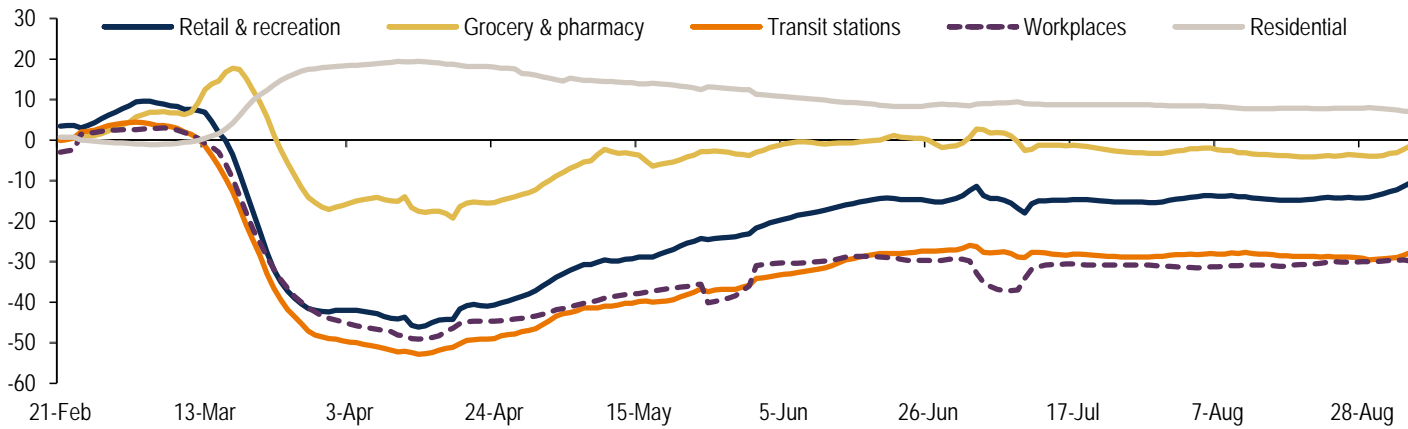
Source: Dallas Fed, Haver Analytics. Data through Sep 5  
 Note: The index is a summary of 7 geolocation data variables using principal component analysis and reported as deviation from normal mobility behavior. Index is scaled such that the average for January through February is 0 and the average for the week ended April 11 is -100

**Chart 4: Dallas Fed mobility engagement index by Census region (population weighted, weekly)**



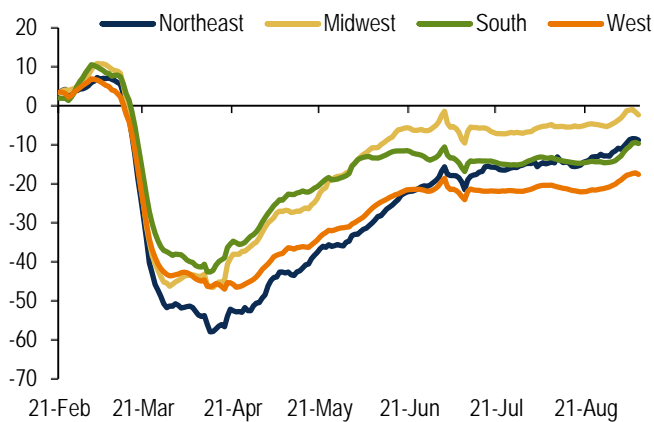
Source Dallas Fed, Haver Analytics Data through Sep 5

**Chart 5: Google mobility trends by area\* (7-day moving average)**



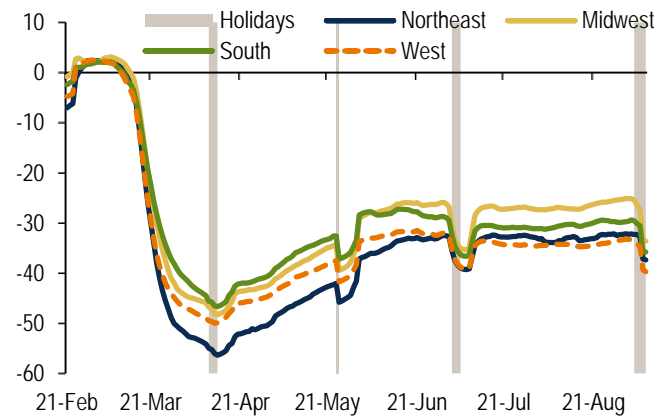
Source: Google , Data through Sep 8\*(% change from the median value for the corresponding day of the week, during the 5 week period Jan 3-Feb 6 2020)

**Chart 6: Google mobility trends: retail and recreation visits by Census Regions (population weighted, 7-day moving avg.)**



Source: Google , Data through Sep 8

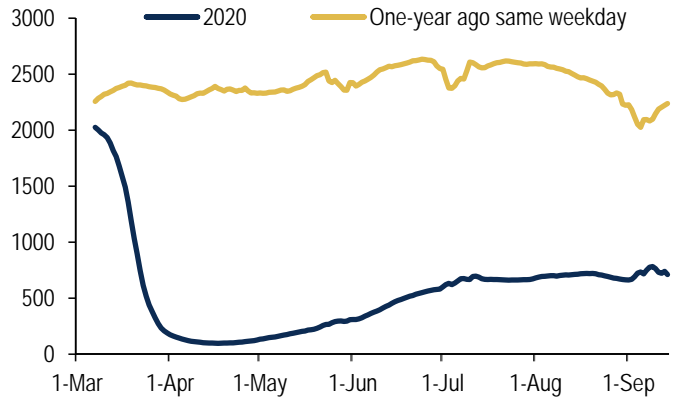
**Chart 7: Google mobility trends: workplace visits by Census Regions (population weighted, 7 day moving avg.)**



Source: Google , Data through Sep 8

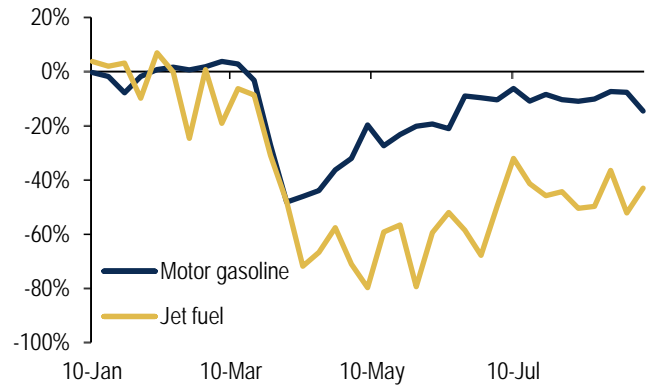


**Chart 8: Total throughput of air travelers in US airports (thous. 7-day average)**



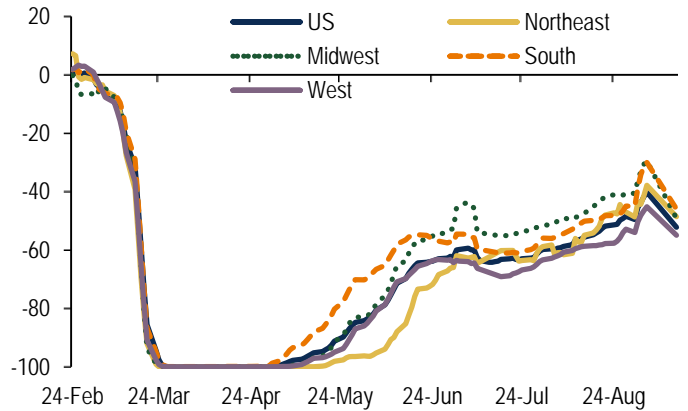
Source: TSA Data through Sep 14

**Chart 9: Weekly U.S. Fuel demand (% yoy)**



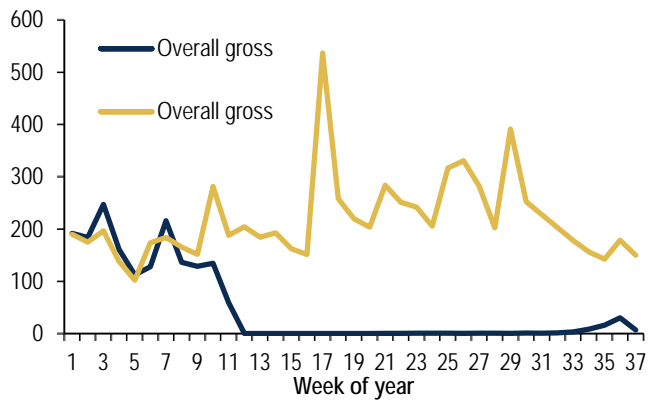
Source: EIA, Haver Analytics, Data through Sep 4

**Chart 10: OpenTable seated diners (% yoy, 5-day moving avg, weekdays only)**



Source: OpenTable, Haver Analytics, Data through Sep 4

**Chart 11: Box office overall weekly grosses (\$Mn)**



Source: Box office mojo, Data through Sep 17

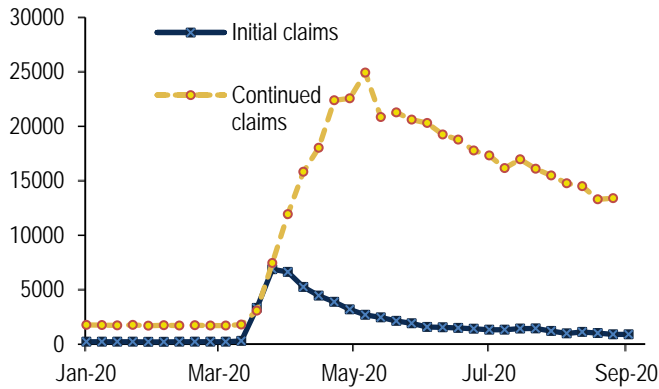
**Labor market data mixed**

Labor Day has distorted the signals from many of the high frequency labor market indicators that we have been tracking. Small businesses open and employment dropped significantly because of Labor Day, according to data from Homebase. Additionally, time punch data from the Ultimate Kronos Group declined by more than 10% from a week ago. However, these changes are likely to prove transitory, once the Labor Day effects roll off.

Aside from these data, the other indicators continue to be a mixed bag. Initial jobless claims were roughly unchanged at 884k for the week ending September 5 and continuing claims edged higher on a weekly basis (Chart 12). On a more positive note, business applications continue to record robust growth with year-to-date applications up 13% from a year ago (Chart 13)

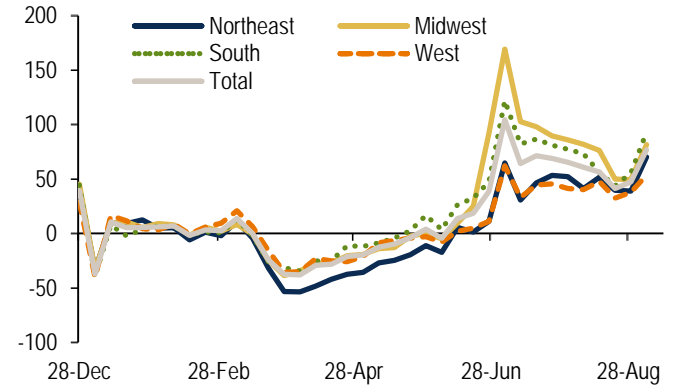


**Chart 12: Initial and continued claims remain historically elevated (Thous. SA)**



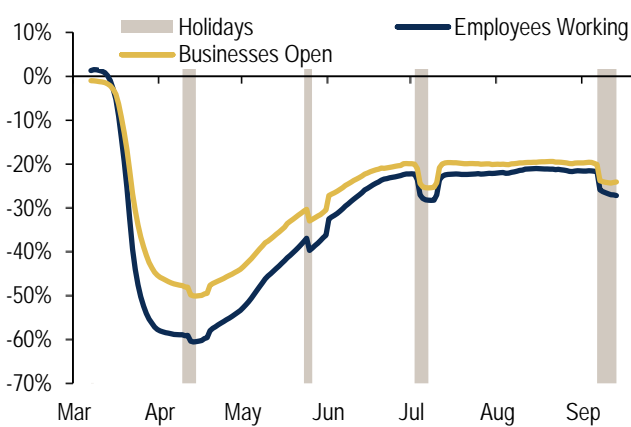
Source: DoL, Initial claims data through Sep 5, Continued claims data through Aug 29

**Chart 13: High propensity business applications (% yoy)**



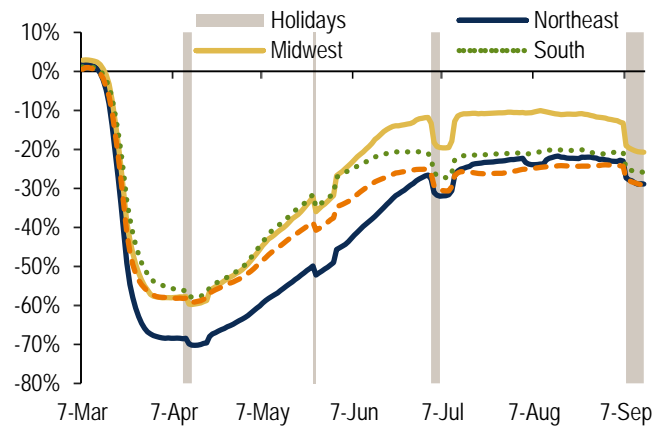
Source: Census Bureau, Data through Sep 5

**Chart 14: Homebase statistics on small businesses (% ch from median for that day of the week from Jan 4, 2020 – Jan 31, 2020, 7-day ma)**



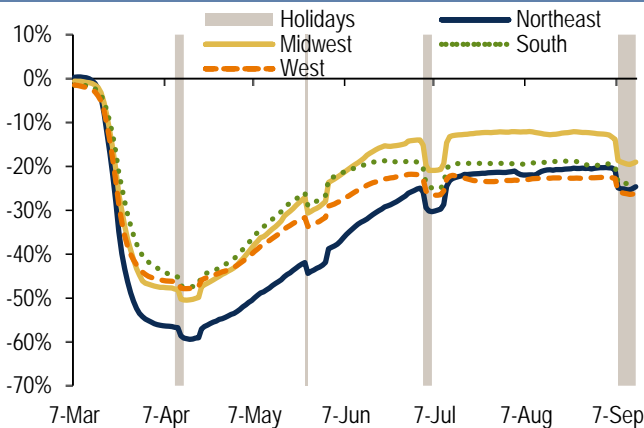
Source: Homebase, Data through Sep 13

**Chart 15: Homebase employees working relative to baseline by Census Region (7-day moving avg., population weighted)**



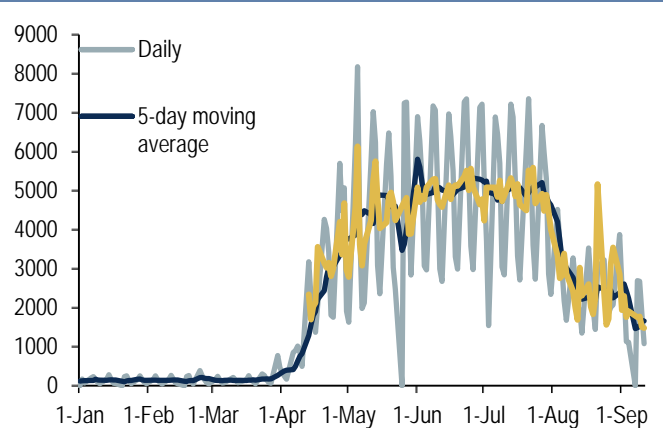
Source: Homebase, Data through Sep 13

**Chart 16: Homebase businesses open relative to baseline by Census Region (7-day moving avg., population weighted)**



Source: Homebase, Data through Sep 13

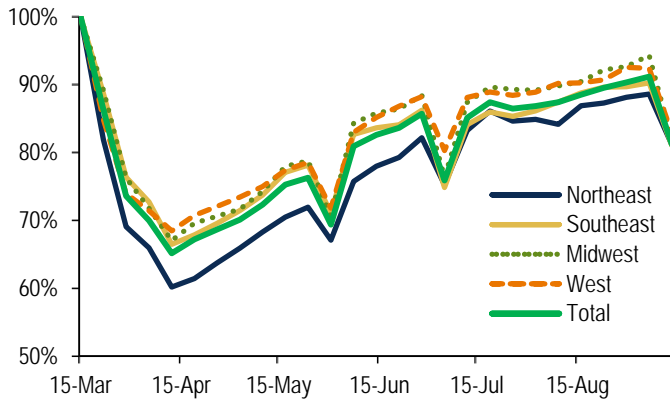
**Chart 17: Daily Treasury statement: Withdrawals of operating cash, UI benefits (\$M)**



Source: US Treasury Department, BofA Global Research, Data through Sep 11



**Chart 18: Kronos % ch. in punches by region from March 15**



Source: Kronos, Data through Sep 13

**Industrial activity**

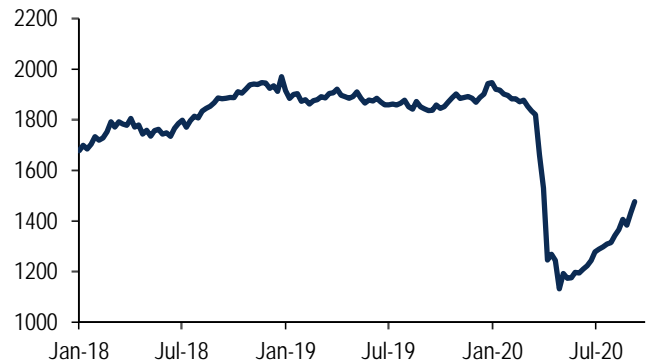
High frequency indicators of industrial activity continue to signal a continuation of the recovery that started in May. The latest data on railroad traffic and raw steel production increased on a weekly basis. Oil and gas rigs also increased over the week for the week ending September 11. Electric grid usage for the week ending September 6 did drop meaningfully. However, this may partially reflect cooler weather and power outages from Hurricane Laura.

**Chart 19: US Railroad Traffic Originated (SA, Thous. Units)**



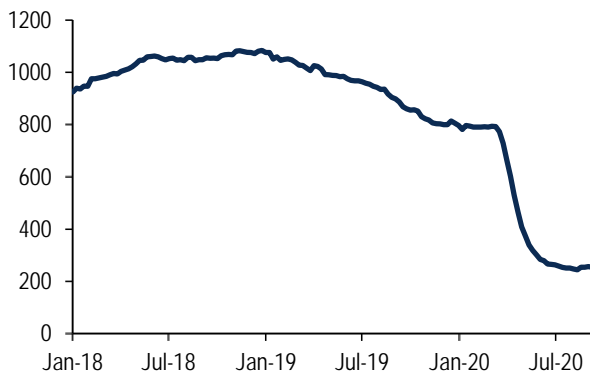
Source: Association of American Railroads, Haver Analytics. Data through Sep 5

**Chart 20: Raw steel production (SA, thous. Net tons)**



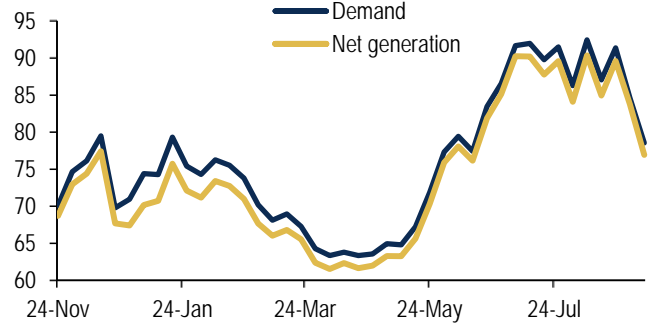
Source: American Iron and Steel Institute, Haver Analytics, Data through Sep 12

**Chart 21: Baker Hughes oil and gas rig count**



Source: Baker Hughes, Data through Sep 11

**Chart 22: US Electric Grid usage (Million megawatts/hr, lower 48)**



Source: EIA, Data through Sep 6

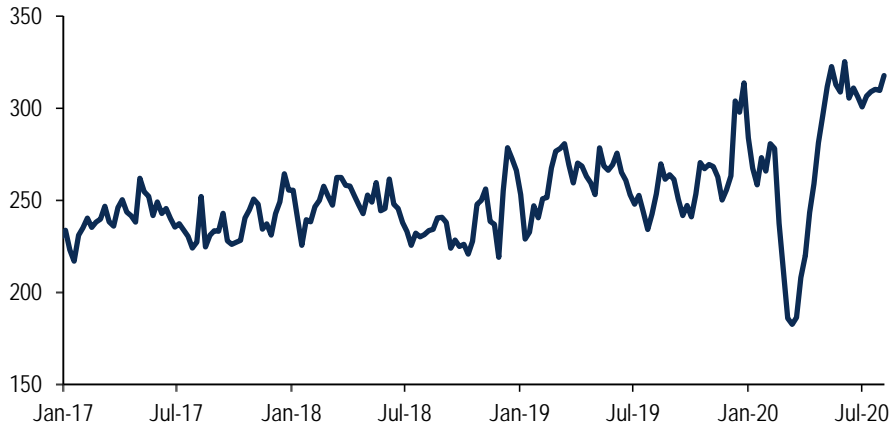
**Housing activity**

The MBA mortgage purchase application index, continues to point to strong and stable demand for housing to start September. The index increased by 2.6% over the week to



its highest level since the week ending July 3<sup>rd</sup> (Chart 23).

**Chart 23: MBA's mortgage purchase applications index has rebounded (1990 = 100)**



Source: Mortgage Bankers Association, Data through Sep 4





# Appendix

**Exhibit 1: Cases per million residents (7-day moving average)**

State	Trend line	9/14/20	9/7/20	8/31/20	8/24/20	8/17/20	8/10/20	8/3/20	7/27/20	7/20/20	7/13/20	7/6/20	6/29/20	6/22/20	6/15/20	6/8/20	6/1/20	5/25/20	5/18/20	5/11/20	5/4/20
AK		112	109	96	100	111	92	166	153	169	78	45	28	19	20	19	11	2	3	2	5
AL		190	202	273	225	175	303	337	357	390	312	225	196	122	156	75	106	77	61	58	45
AR		206	240	205	181	145	257	244	262	236	222	189	198	150	151	109	67	58	37	27	21
AZ		55	82	68	88	129	160	312	371	425	446	536	397	356	180	150	71	48	56	49	44
CA		81	112	128	147	239	170	196	249	225	208	189	149	96	73	66	67	51	45	47	41
CO		51	51	52	49	63	74	85	105	81	71	44	44	35	28	41	55	56	51	82	80
CT		61	19	35	30	28	20	43	37	22	21	25	23	22	46	54	75	110	174	179	161
DC		62	66	72	74	95	100	93	106	88	80	45	48	53	83	108	129	194	179	248	260
DE		102	121	72	60	133	86	96	131	95	87	135	82	71	54	54	95	162	193	189	166
FL		117	166	138	179	262	302	397	485	523	510	403	309	154	83	54	34	36	37	27	32
GA		157	181	193	236	269	320	334	343	340	319	240	183	102	80	66	58	71	56	62	74
HI		85	152	175	157	155	126	56	30	16	20	12	9	9	5	2	1	0	1	1	1
IA		190	242	303	177	165	146	149	153	165	175	130	124	90	94	104	96	119	117	121	174
ID		131	147	164	179	243	271	258	269	323	258	197	107	49	21	24	17	17	15	14	13
IL		134	181	152	157	140	137	119	112	90	78	61	59	49	53	89	103	174	196	170	201
IN		131	132	141	141	128	140	118	122	110	79	66	55	47	60	60	66	74	77	88	97
KS		146	211	207	159	169	140	133	139	161	155	121	97	51	38	31	39	43	60	92	94
KY		135	149	144	135	142	120	125	134	120	80	58	48	38	37	46	47	28	40	42	34
LA		147	159	163	156	200	341	335	461	462	414	283	210	94	126	83	78	95	89	66	80
MA		47	-119	52	54	43	55	57	44	41	35	28	32	31	43	58	156	129	178	194	261
MD		89	110	85	93	105	121	148	146	122	86	63	63	61	86	120	146	175	151	165	164
ME		22	19	18	17	16	8	15	13	16	14	22	26	17	24	26	29	39	27	27	19
MI		84	77	76	71	78	70	74	68	74	56	44	32	27	14	18	31	40	69	60	73
MN		95	136	142	117	107	126	121	120	110	107	69	67	65	32	65	86	116	117	105	103
MO		227	225	204	171	202	165	229	220	134	94	66	68	46	34	33	27	28	24	27	37
MS		138	200	217	287	228	312	391	434	345	259	224	205	119	97	96	110	97	84	86	85
MT		106	120	125	94	104	105	115	102	105	80	44	24	18	8	4	5	1	1	0	1
NC		108	146	150	150	119	142	168	183	186	179	152	136	117	119	99	73	68	55	44	37
ND		382	373	342	253	176	175	149	162	129	111	58	42	39	42	48	46	84	78	55	53
NE		181	136	160	112	144	128	154	151	104	92	76	81	80	81	114	146	132	151	178	213
NH		25	21	15	14	17	22	21	25	16	17	14	23	21	32	41	53	58	46	60	76
NJ		41	39	36	31	44	39	45	46	23	31	38	30	37	42	57	93	113	130	187	274
NM		45	56	60	67	75	89	135	141	132	121	99	85	57	53	85	51	69	73	69	77
NV		87	129	151	190	235	272	347	335	386	264	236	205	106	70	52	38	46	35	31	38
NY		36	38	34	31	33	33	33	37	37	34	34	32	33	38	52	65	83	105	132	197
OH		87	100	92	81	90	95	107	110	114	109	84	67	48	33	35	43	49	45	53	51
OK		217	199	189	174	172	194	214	263	170	159	116	88	84	44	23	17	25	28	21	28
OR		44	50	53	58	67	72	78	76	82	70	65	48	43	31	21	12	9	14	18	14
PA		58	65	51	52	60	59	66	73	67	61	48	42	34	29	41	53	57	66	79	90
RI		75	84	87	99	86	93	99	83	56	44	39	45	48	67	81	118	140	188	242	273
SC		199	186	181	157	163	231	296	308	373	331	330	251	178	129	75	55	35	36	29	32
SD		243	290	337	172	113	104	93	81	68	68	63	63	64	74	71	73	91	67	153	68
TN		193	215	218	208	229	280	298	353	306	277	208	142	93	89	72	62	55	52	42	77
TX		95	136	162	186	259	243	279	266	339	317	237	190	128	67	53	44	36	44	38	35
UT		154	132	124	112	113	129	141	175	203	206	172	170	149	103	105	67	51	46	47	49
VA		117	117	117	104	112	128	118	129	113	93	66	62	60	61	98	129	110	102	94	100
VT		10	6	13	9	15	8	6	10	13	11	10	10	8	12	21	5	4	4	5	10
WA		55	55	50	44	69	81	89	105	104	107	87	82	61	46	44	39	30	30	29	34
WI		211	156	122	120	132	146	150	162	155	127	103	78	57	52	66	78	77	62	59	58
WV		98	105	74	54	69	62	73	72	70	65	45	25	20	11	11	19	22	10	13	11
WY		89	47	59	67	71	48	81	82	80	56	45	54	42	25	12	18	21	23	19	53

Source: The COVID Tracking Project. The Heat map is based on weekly data back to 3/9/2020



Table 1: Summary statistics of the virus by state and statistics related to phase 1 gating criteria from White House

	Share of total cases <sup>1</sup>	Cases/mn (7-day moving avg.)			Deaths/mn (7-day moving avg.)			% positive (7-day rolling period)			Currently hospitalized			ICU	
		9/14/2020	8/31/2020	% ch. <sup>2</sup>	9/14/2020	9/7/2020	% ch. <sup>3</sup>	9/14/2020	8/31/2020	% ch.	9/14/2020	8/31/2020	% ch.	% occ.	Conditions
AK	0.2%	112	96	17%	0.39	0.97	-60%	3.9%	2.7%	1.2%	37	39	-5%	47.0%	Normal
AL	2.7%	190	273	-31%	2.31	2.75	-16%	16.4%	15.1%	1.3%	792	1004	-21%	84.0%	Constrained
AR	1.8%	206	205	0%	3.98	5.26	-24%	7.8%	8.1%	-0.3%	378	420	-10%	65.0%	Normal
AZ	1.2%	55	68	-19%	2.05	3.78	-46%	7.4%	7.2%	0.2%	489	768	-36%	56.0%	Normal
CA	9.4%	81	128	-36%	2.38	2.86	-17%	3.5%	4.9%	-1.4%	3665	4829	-24%	67.0%	Normal
CO	0.9%	51	52	-1%	0.58	0.58	0%	3.2%	3.2%	-0.1%	228	240	-5%	57.0%	Normal
CT	0.6%	61	35	76%	0.68	0.12	467%	1.1%	0.9%	0.2%	64	52	23%	49.0%	Normal
DC	0.1%	62	72	-13%	1.02	0.81	25%	1.7%	1.7%	0.0%	91	70	30%	71.0%	Elevated
DE	0.3%	102	72	41%	1.18	0.59	100%	6.9%	3.6%	3.3%	64	58	10%	73.0%	Elevated
FL	7.3%	117	138	-15%	5.21	4.64	12%	12.5%	12.3%	0.3%	2637	3736	-29%	76.0%	Elevated
GA	4.8%	157	193	-19%	4.20	5.59	-25%	9.1%	10.3%	-1.1%	2134	2463	-13%	81.0%	Constrained
HI	0.4%	85	175	-51%	1.41	2.21	-36%	3.4%	9.7%	-6.3%	225	272	-17%	63.0%	Normal
IA	1.8%	190	303	-37%	2.53	2.35	8%	13.6%	18.2%	-4.6%	272	299	-9%	66.0%	Normal
ID	0.7%	131	164	-20%	2.44	2.12	15%	15.5%	11.6%	3.9%	165	181	-9%	51.0%	Normal
IL	5.0%	134	152	-12%	1.66	1.83	-9%	3.7%	4.2%	-0.5%	1431	1492	-4%	54.0%	Normal
IN	2.6%	131	141	-7%	1.52	1.54	-1%	6.1%	8.8%	-2.7%	844	881	-4%	60.0%	Normal
KS	1.2%	146	207	-29%	2.40	1.91	26%	13.8%	16.0%	-2.3%	192	211	-9%	63.0%	Normal
KY	1.8%	135	144	-6%	2.21	2.01	10%	3.3%	8.4%	-5.0%	504	557	-10%	80.0%	Elevated
LA	2.0%	147	163	-10%	4.51	4.75	-5%	4.2%	5.3%	-1.1%	664	881	-25%	66.0%	Normal
MA	1.0%	47	52	-9%	1.78	1.51	18%	0.7%	0.9%	-0.2%	302	314	-4%	53.0%	Normal
MD	1.6%	89	85	5%	0.83	1.16	-29%	6.3%	4.3%	2.0%	347	377	-8%	70.0%	Normal
ME	0.1%	22	18	19%	0.21	0.21	0%	0.6%	0.6%	0.0%	9	6	50%	70.0%	Elevated
MI	2.5%	84	76	10%	1.59	0.81	95%	3.0%	2.5%	0.4%	590	629	-6%	74.0%	Elevated
MN	1.6%	95	142	-33%	1.58	1.17	35%	8.2%	9.2%	-1.1%	233	306	-24%	73.0%	Elevated
MO	4.1%	227	204	11%	1.28	3.01	-57%	10.7%	13.8%	-3.1%	1010	906	11%	65.0%	Normal
MS	1.2%	138	217	-36%	5.79	5.36	8%	10.4%	14.6%	-4.2%	513	802	-36%	74.0%	Elevated
MT	0.3%	106	125	-15%	2.69	1.88	43%	4.2%	5.6%	-1.4%	144	134	7%	63.0%	Normal
NC	3.3%	108	150	-28%	2.24	2.68	-16%	4.5%	6.5%	-2.0%	895	923	-3%	73.0%	Elevated
ND	0.8%	382	342	12%	1.69	1.32	29%	5.5%	5.3%	0.2%	65	68	-4%	48.0%	Normal
NE	1.0%	181	160	14%	2.22	0.89	150%	9.2%	9.9%	-0.7%	169	172	-2%	53.0%	Normal
NH	0.1%	25	15	69%	0.32	0.11	200%	2.5%	1.1%	1.4%	7	6	17%	54.0%	Normal
NJ	1.1%	41	36	15%	0.69	0.69	0%	1.9%	1.2%	0.7%	420	484	-13%	55.0%	Normal
NM	0.3%	45	60	-26%	1.36	2.25	-39%	2.1%	2.4%	-0.3%	59	66	-11%	62.0%	Normal
NV	0.8%	87	151	-43%	2.97	4.14	-28%	8.3%	15.1%	-6.8%	473	664	-29%	70.0%	Normal
NY	2.1%	36	34	7%	0.24	0.24	0%	0.9%	0.8%	0.1%	464	418	11%	60.0%	Normal
OH	3.0%	87	92	-5%	1.75	1.69	4%	3.6%	3.1%	0.5%	671	774	-13%	65.0%	Normal
OK	2.5%	217	189	15%	1.88	1.92	-2%	9.1%	9.9%	-0.9%	499	570	-12%	64.0%	Normal
OR	0.5%	44	53	-17%	0.99	0.78	26%	4.9%	4.6%	0.3%	135	136	-1%	64.0%	Normal
PA	2.2%	58	51	14%	0.99	1.19	-17%	6.4%	4.8%	1.6%	472	505	-7%	75.0%	Elevated
RI	0.2%	75	87	-14%	2.16	1.49	45%	1.0%	1.3%	-0.3%	80	77	4%	86.0%	Severely constrained
SC	3.0%	199	181	10%	4.78	5.25	-9%	9.0%	12.1%	-3.2%	733	934	-22%	77.0%	Elevated
SD	0.6%	243	337	-28%	1.78	0.97	83%	16.6%	23.0%	-6.4%	110	76	45%	53.0%	Normal
TN	3.8%	193	218	-11%	4.81	2.43	98%	6.2%	7.3%	-1.1%	833	910	-8%	74.0%	Elevated
TX	8.0%	95	162	-41%	3.47	4.76	-27%	8.3%	11.2%	-2.9%	3319	4203	-21%	75.0%	Elevated
UT	1.4%	154	124	24%	0.59	0.72	-19%	11.4%	8.2%	3.2%	170	143	19%	60.0%	Normal
VA	2.9%	117	117	1%	0.99	1.74	-43%	7.2%	6.8%	0.4%	1006	1082	-7%	68.0%	Normal
VT	0.0%	10	13	-22%	0.00	0.00	0%	0.8%	0.4%	0.4%	3	8	-63%	64.0%	Normal
WA	1.2%	55	50	10%	1.00	0.91	10%	3.2%	3.2%	-0.1%	247	340	-27%	67.0%	Normal
WI	3.6%	211	122	73%	1.03	1.13	-9%	15.5%	8.5%	7.0%	313	287	9%	53.0%	Normal
WV	0.5%	98	74	33%	2.21	2.61	-15%	4.7%	2.5%	2.2%	151	139	9%	75.0%	Elevated
WY	0.2%	89	59	51%	0.99	1.24	-20%	3.4%	2.3%	1.0%	13	16	-19%	42.0%	Normal

Source: The COVID Tracking Project, COVID Exit Strategy

Notes: 1. Red shading signifies states that have shares of total covid cases in excess of their population share. 2/3. Red shading is for states with virus growth rates or virus related deaths over the 14 day period in excess of 10%. Green signifies negative growth rates and white positive but less than 10%. 4. According to WHO a 5% positive rate or less signifies that the region is doing enough testing. Green shading notes those with less than a 5% positive rate and red those with more than a 5% rate. 5. These classifications are taken from COVID Exit Strategy

\* Washington State has had reporting issues and not been reporting negative test results

\*\* North Carolina had a major correction to its data on Aug 12 resulting in close to 200k tests being removed.



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