COVID-19 Economic Recovery Tracker

High-frequency and alternative indicators of economic activity

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KEYBRIDGE
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Summary for March 18, 2021

Ongoing improvement in US vaccination coverage has prompted states and municipalities across the country to initiate rollbacks of health restrictions even as plateauing case counts suggest the pandemic is far from other. Consumer mobility rose sharply in the first half of March, while spending is poised to jump in the second half of the month as $1,400 stimulus checks reach Americans' bank accounts. Industrial indicators have generally strengthened on expectations of continued improvement in demand for energy and manufacture red goods, though worsening supply chain disruptions in key industries are a major risk to watch.

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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 pace of vaccinations is improving, but daily new case counts have stalled as potential hotspots surface.
Economic Activity	⟷	The NY Fed's Weekly Economic Index (WEI) slipped to -1.2% last week from -0.6% a week prior (but was little changed from -1.6% two weeks ago). Most subcomponents improved, but jobless claims worsened.
Consumer Activity	↑	Overall mobility and visits to stores and restaurants has continued rebounding amid vaccine optimism and warming weather, while new stimulus will likely boost spending.
Labor Market	⟷	Alternative indicators suggest the jobs market is still generally headed in the right direction, though rising jobless claims suggest the pace of improvement had moderated.
Industrial Activity	↑	Industrial indicators were broadly positive last week, with increases in steel production and railroad traffic along with rising domestic and international air travel.

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COVID-19 Update | Daily new US COVID-19 infections dipped slightly but have remained roughly flat since late February. Experts continue to warn the public to maintain social distancing and other precautions, just as evidence is emerging of possible virus resurgences in previous hot spots like New York City. On the positive side, the US daily vaccination rate has risen to 2.4 million doses per day, and an anticipated supply increase over the next couple of months promises to quicken that pace even further.

Meanwhile, the virus continues to rage across Brazil and Europe, as new variants become dominant. Several European countries, including Italy and Germany, have re-entered lockdown amid the new wave. Many countries, particularly in Europe, are also facing continued vaccine shortages and amplified rollout hiccups amid suspension of the Oxford-AstraZeneca vaccine.

United States COVID Hotspots

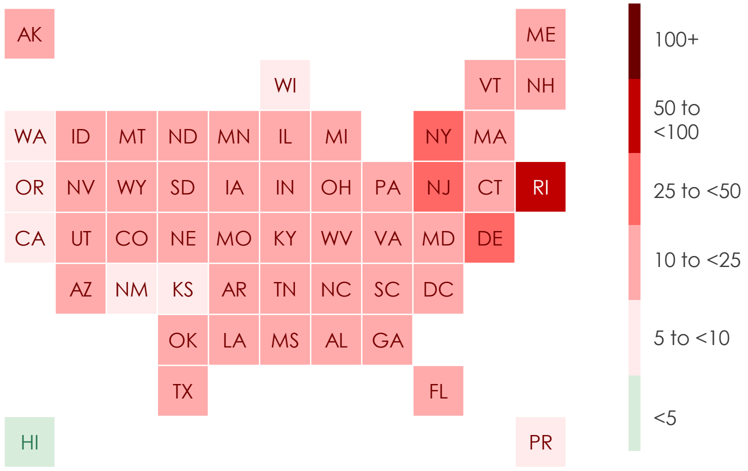
US CDC, daily new cases per 100,000 people (7-day moving average)

Most New Cases (per 100k)

1. *Rhode Island (56)*
2. *New Jersey (42)*
3. *New York (36)*
4. *Delaware (30)*
5. *Alabama (24)*

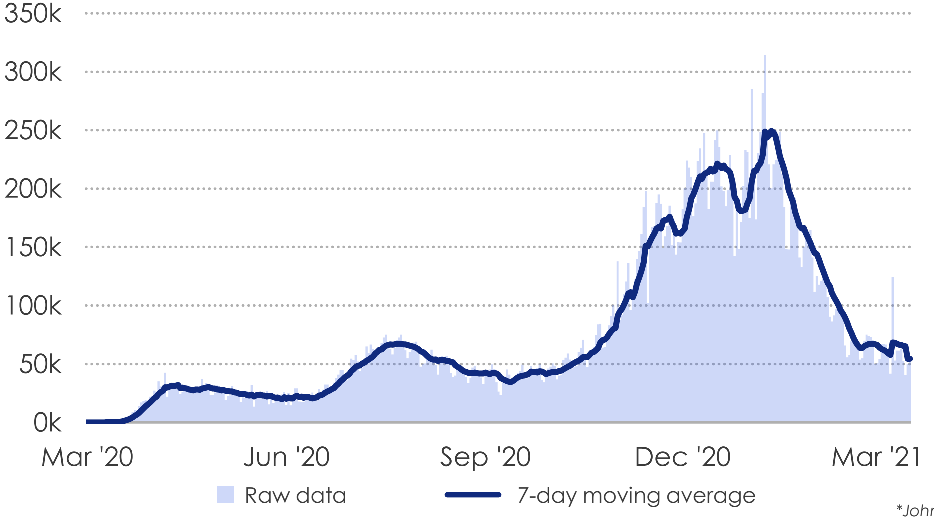
Fewest New Cases (per 100k)

1. *Hawaii (5)*
2. *Puerto Rico (6)*
3. *Oregon (8)*
4. *California (8)*
5. *Kansas (8)*



United States Daily New COVID Cases

US Centers for Disease Control & Prevention (CDC)



29.4 m
cumulative US cases

4.8%
positive test rate*

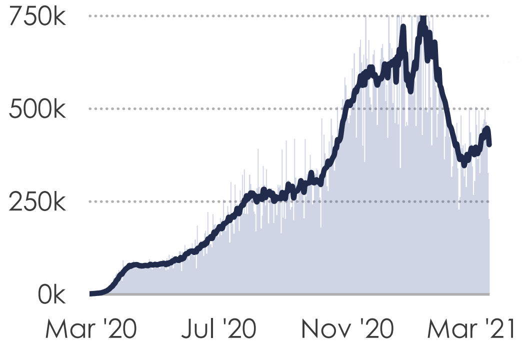
22%
given at least 1 vaccine dose

*Johns Hopkins/COVID Tracking Project

Global COVID Statistics

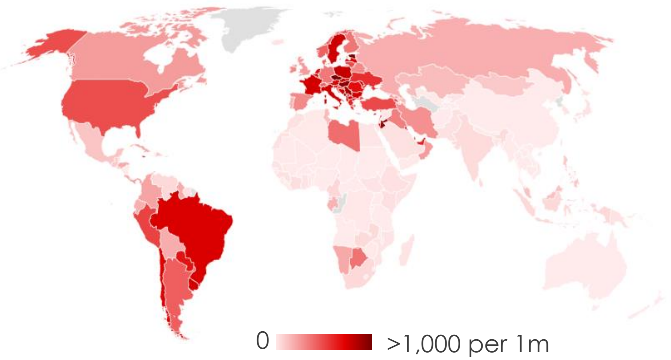
Daily New COVID Cases

ECDC



Daily New Cases Per 1 Million People

ECDC / Our World in Data



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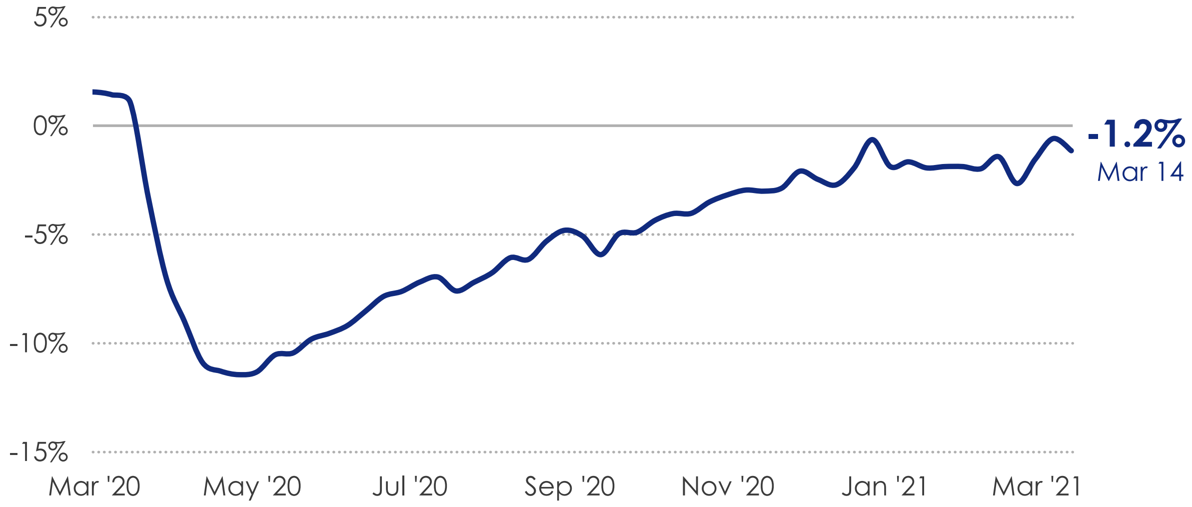
Overall Economic Activity | The overall pace of US economic activity was little changed last week according to the Weekly Economic Index (WEI), which edged down to -1.2% from the previous week's revised -0.6% figure (up from -1.6% two weeks ago). The latest reading implies that the level of US GDP would be 1.2% lower in Q1 2021 compared to Q1 2020 if the WEI were at the current level for the entire quarter – and if GDP had been at mid-March 2020 levels for all of 2020 Q1.

Per the latest release notes, the lack of improvement in WEI last week comes despite improvement across several key underlying components – including retail sales, steel production, and railroad traffic. Higher-than-expected initial unemployment claims, coupled with little change in the (elevated) number of continuing claims, suggests the ongoing rebound in economic activity may have moderated in the second week of March despite continued regional reopenings.

Weekly Economic Index (WEI)

Week ended Mar 14



WEI Indicator Highlights

Latest available data

Indicator	Current	Prior	Description
Redbook Research Total Retail Sales	**8.5% Y/Y**	8.0% Y/Y	*Year-over-year same-store sales growth for general merchandise stores*
Initial Unemployment Claims	**770 thousand**	725 thousand	*New unemployment claims filed with state unemployment offices*
Continuing Unemployment Claims	**4.12 million**	4.14 million	*Number of unemployment claims filed after an initial filing*
Raw Steel Production	**-7.8% Y/Y**	-9.0% Y/Y	*Domestic raw steel production reported by the American Iron and Steel Institute*
Railroad Traffic	**2.1% Y/Y**	1.2% 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 US 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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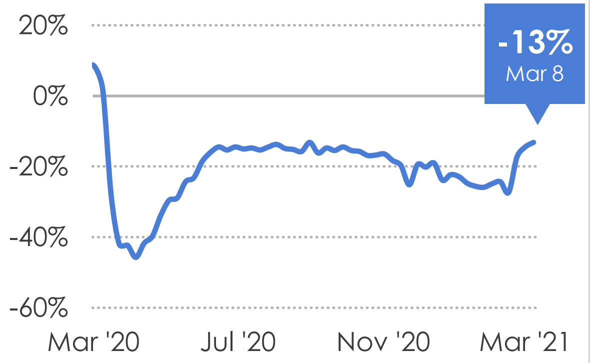
Consumer Activity | A combination of vaccine optimism, loosened restrictions, and improving weather prompted a surge in consumer mobility in early March. The Dallas Fed MEI shows overall mobility leapt from -60% to just -31% of pre-pandemic levels between mid-February and mid-March, with many states in the South and Midwest rapidly approaching a return to pre-COVID mobility. Visits to stores and recreation sites jumped alongside overall mobility while physical dining continued trending positively, suggesting Americans are growing increasingly comfortable with certain aspects of pre-pandemic life.

Consumer spending, meanwhile, eased in the final days of last month as the boost from January's $600 stimulus payments faded away and winter weather brought life to a standstill for many Americans. Past trends suggest another surge is on the way as the current round of $1,400 payments reach consumers' bank accounts.

Google Mobility Index: Retail & Recreation Visits

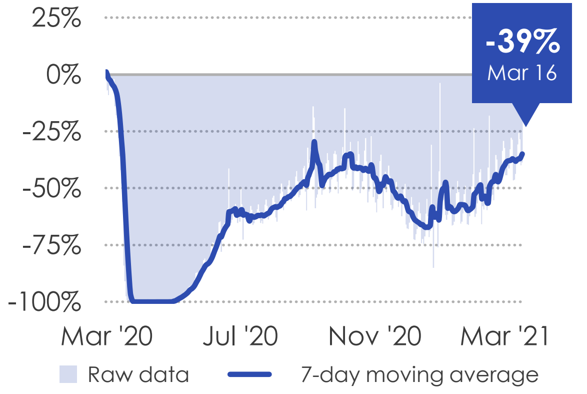
% change from baseline*, daily



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

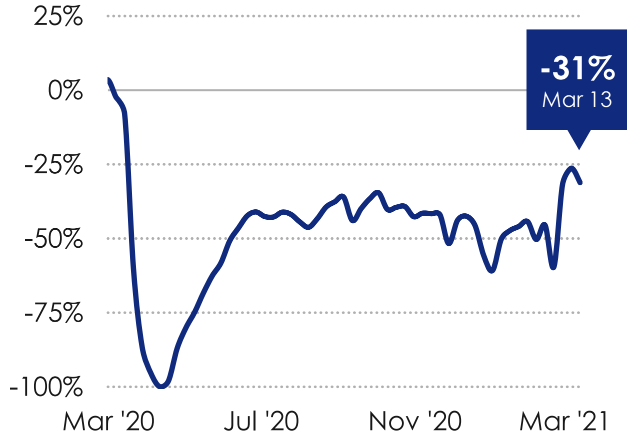
OpenTable: US Seated Restaurant Diners

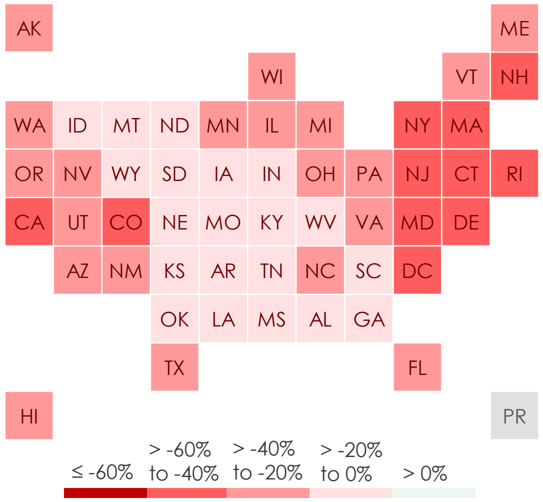
Y/Y % change in diners, daily



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 faltering in December and January, the US labor market added more jobs than anticipated in February – though rising initial unemployment claims in mid-March suggest the pace of improvement may be moderating. Job postings tracked by Burning Glass, an indicator of future hiring activity, rose to 4.4% above pre-pandemic levels last week as a month-long growth streak continued. Household income expectations also showed continued improvement, with just over 1-in-5 households anticipating a loss in employment income over the month of March (down from nearly 1-in-4 in mid-February).

Meanwhile, 6.1% of small businesses reported increasing employment in the first week of March, up from 5.5% at the end of February. The share of small firms increasing their payrolls, however, continues to be outpaced by the share reporting decreasing employment – a worrying trend.

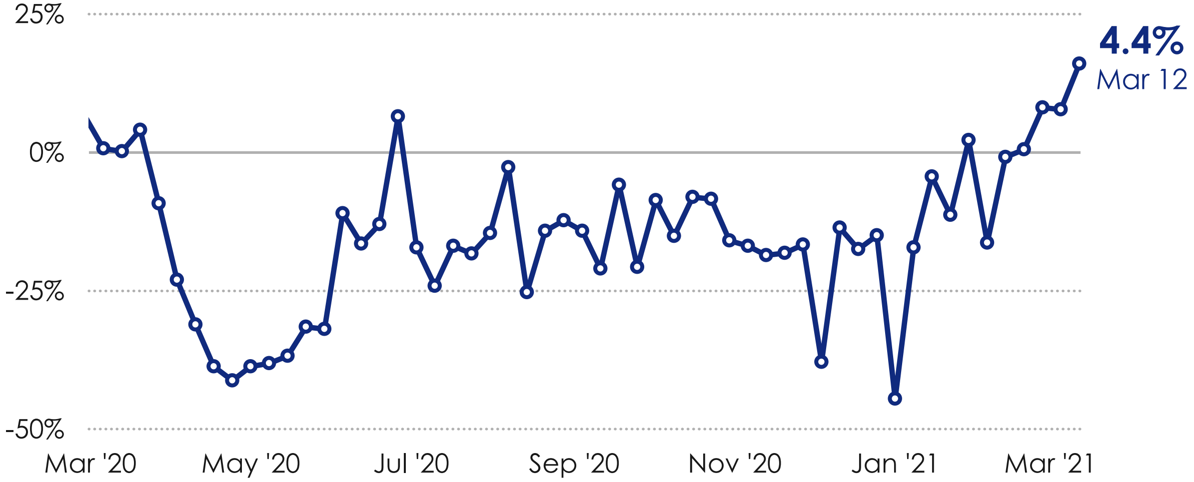
Census Small Business Pulse Survey: Employment Changes

% of businesses that increased, did not change, or decreased employment in the past week

	Increase Employment	No Change in Employment	Decrease Employment
Latest 03/01 – 03/07	**6.1%**	**86.2%**	**7.7%**
Prior 02/22 – 02/28	5.5%	85.9%	8.6%

Burning Glass Job Postings

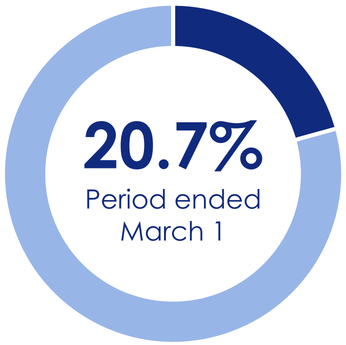
*% change compared to January 2020, weekly, seasonally adjusted**

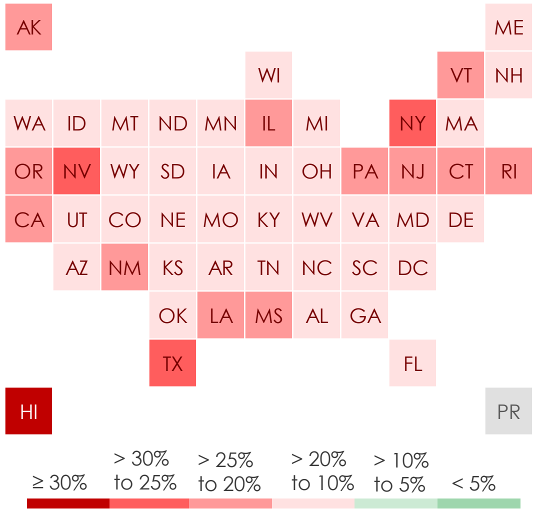


*Seasonally adjusted and published by Opportunity Insights

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 23.4% two weeks* prior

*Survey data collected biweekly

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Small Business Spotlight | A cross-section of indicators show small businesses were heavily impacted by severe weather events in mid-February. Revenue and operating levels recovered quickly from winter storm impacts by early March but remain weak compared to before the virus. Small business revenues are still down by nearly one-third compared to January 2020, while at least 25% of small business locations were still closed in mid-February. The rate of weekly permanent closures was unchanged from late February to early March, and nearly half of small firms are still operating at reduced capacity.

The current phase of the Paycheck Protection Program (PPP) is set to expire at the end of the month, limiting the impact of expanded eligibility criteria under the recent American Rescue Plan. Without additional legislative action, many small business owners only recently made eligible may still be shut out of the program.

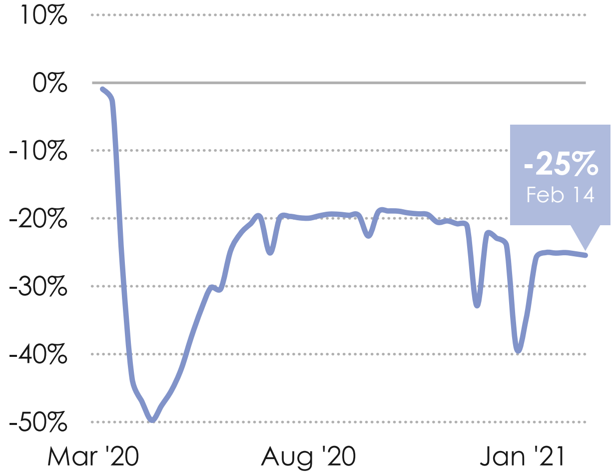
Womply: Change in Total Small Business Revenue

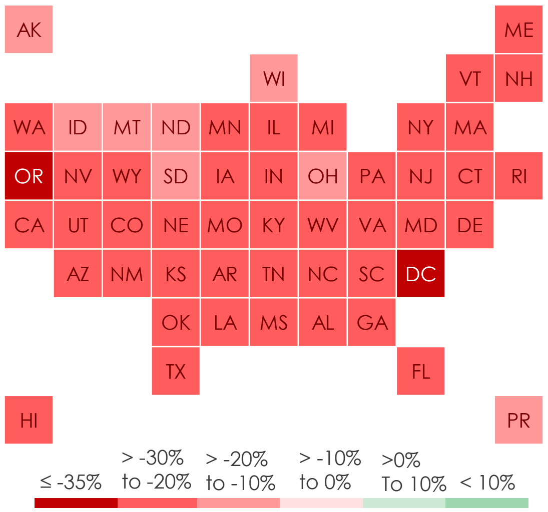
% change compared to January 2020, daily, seasonally adjusted*

*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 *before the pandemic**

	Reopened Closed Location	**Temporarily** Closed Location	**Permanently** Closed Location	**Increased** Operating Capacity	**Decreased** Operating Capacity
Latest 03/01 – 03/07	**0.5%**	**1.3%**	**1.2%**	**6.3%**	**46.4%**
Prior* 02/22 – 02/28	0.5%	2.7%	1.2%	6.6%	47.5%

*Updated definition (survey previously asked about change from "one year ago")

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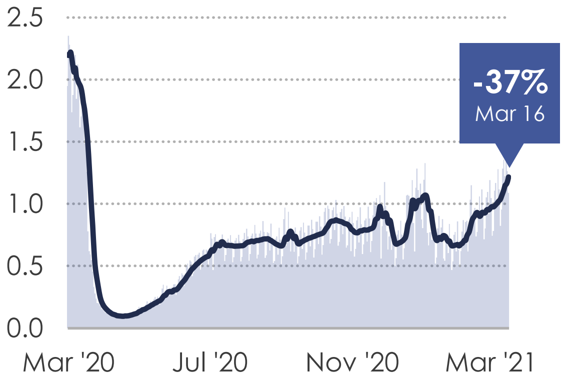
Transportation & Energy | TSA passenger checkpoint volume surged in recent weeks to its highest point since March 2020 – likely driven by a combination of rising vaccinations and demand for spring break trips to warmer destinations. Global flights have not seen the same surge, but have nonetheless inched up in recent weeks. Both indicators are still running roughly one-third below year-ago levels.

Meanwhile, demand for gasoline continues to hover around 15% below pre-pandemic levels. Crude oil prices are up to $65 per barrel and have maintained steady growth since November on persistent optimism for a rapid rebound in global demand. Experts expect this growth trend to continue as global production remains curtailed through at least April. One notable recent forecast from the International Energy Agency estimates that global demand reached its peak before the pandemic – a headwind for US and foreign oil producers.

US & Global Flight Data

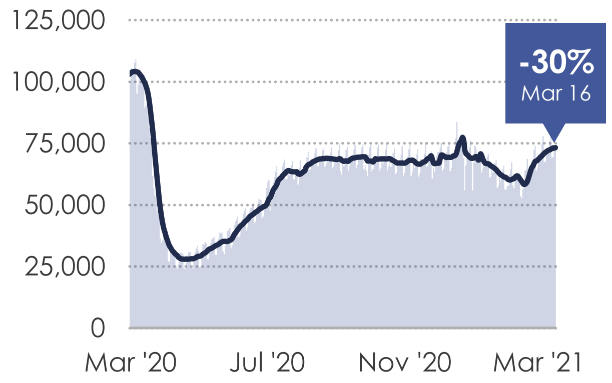
TSA Passenger Checkpoint Volume

Millions, daily



Flightradar24 Commercial Flights

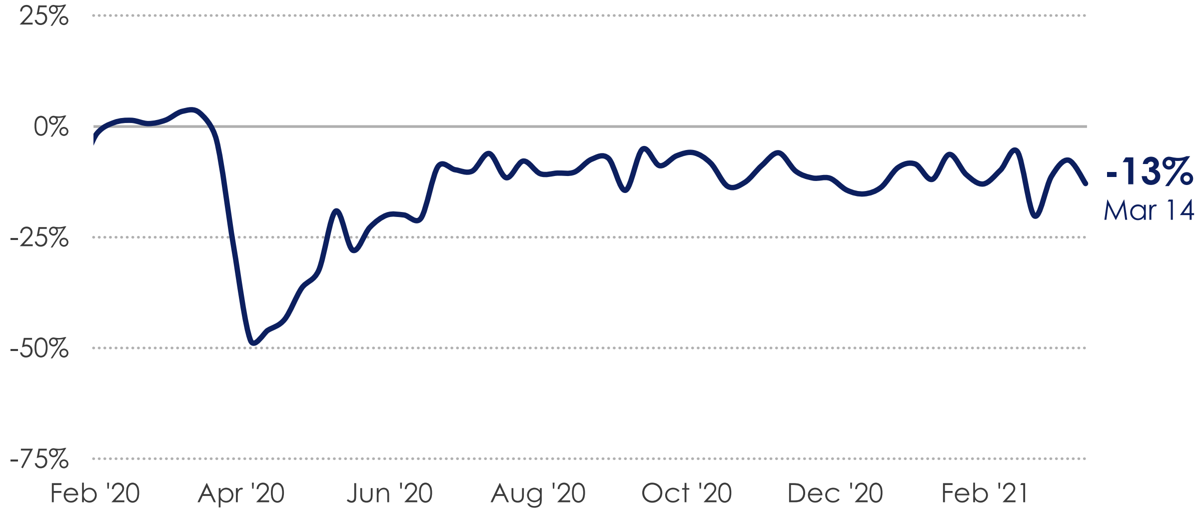
Global passenger/charter/cargo, daily



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

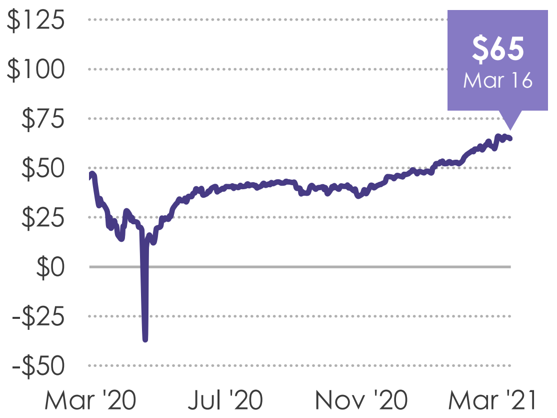
US EIA Finished Motor Gasoline Demand

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



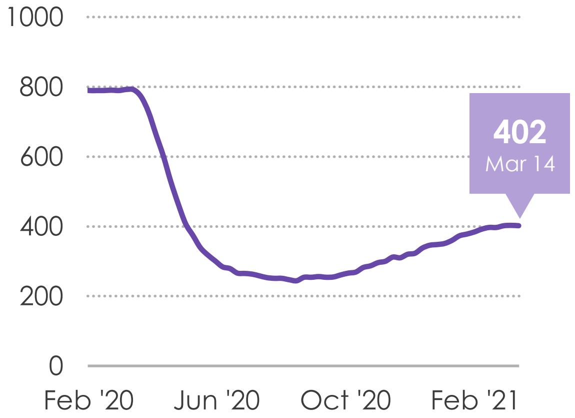
WTI Spot Price

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.