Uncertainty + Deficiency in Demand = Cautious Spending

Every so often PULSE will stop to see where we are both anecdotally and by reviewing trending data. The above formula is a good summary of the economy. Do people have a job? Is it secure? Are employers in good shape? How many have lost a high percentage of their customer base? How many cannot source materials due to supply chain issues? The questions are many. The common theme right now... uncertainty.

Enormity of the Cost of Unemployment. New York State Commissioner of Labor Roberta Reardon said to a State legislative committee this week, “We have paid over 18 years of (unemployment) benefits in just over five months. That is staggering.” This amounted to roughly $40 billion in payouts.

Sales Tax. In several conversations with municipal leaders about how the collection of sales tax revenue was doing, many were concerned but some offered that they were surprised, that it could have been worse. While many businesses are completely or partially closed, there have been more people residing here for a longer period of time than usual. A major source of sales tax revenue is the purchase of gasoline. Both the price and the consumption have helped to generate sales tax revenue.

The WEI. One of the trend sources we have been reporting upon is the Weekly Economic Index (WEI) supplied by the US Federal Reserve. This week it again trended in a positive direction. The WEI cited the national decrease in the number of new unemployment claims and an increase in rail traffic and fuel sales (think gasoline).

WEEKLY ECONOMIC INDEX (WEI)
Over Recent Months | Percent (GDP Growth Units)

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.

Jobless Claims. The US Department of Labor reported the number of national new weekly jobless claims dipped below one million for the first time since March. This was echoed here in New York, where the 52,000 new jobless claims were down 30% since last week.

INITIAL JOBLESS CLAIMS
Weekly, 2020

The Senate has recessed until September. No stimulus bill The stock market keeps humming along, climbing again this week. Especially good for your 401k and 403b accounts.

Finally, while PULSE looks for trend data on the region’s economy, many Hudson Valley and Catskill residents remain focused on just four items: maintaining shelter, access to healthcare, food security and either a job or some form of monetary subsidy. This is the human side of what has happened to the economy.

Till next week.