

# WEEK IN REVIEW

FRIDAY, APRIL 16TH 2021

## 1. US ECONOMY ACCELERATING

Multiple economic statistics released this week demonstrate the economic improvement in the US. Retail sales accelerated up 9.8% in March according to the Commerce Department, beating expectations of being up 6%. Total sales in the US have firmly moved past pre-pandemic highs.

Spending was driven by a reopening economy and another round of stimulus checks. Sporting goods, clothing and food and beverage led the gains in spending and contributed to the best month for retail sales since the May 2020. In other positive news, a Labor Department report showed first-time filings for unemployment insurance plunged to 576,000 for the week ended April 10. That was easily the lowest total since the early days of the Covid-19 pandemic and represented a sharp decline from the previous week's total of 769,000.

## 2. MARCH PRODUCER PRICES SURPRISED HIGHER

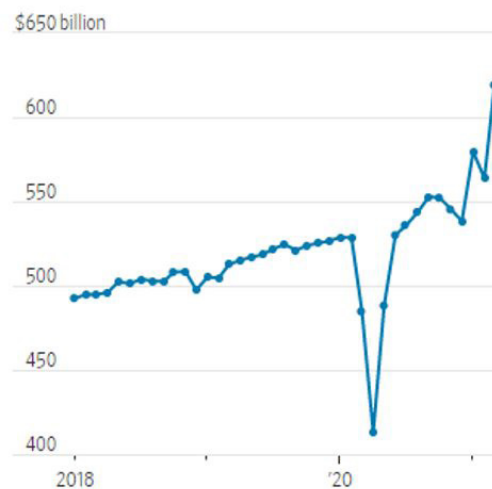
March producer prices rose by 1.0% month to month, beating the 0.5% consensus. The 4.2% year to year rate was the fastest since September 2011, led by gasoline. Core PPI (ex-food and energy) rose 0.7% vs consensus 0.2% on strength in chemicals, steel, some reopening sectors with the year to year rate 3.1% higher (2.7% expected). Near-term prices are expected to rise as the economy recovers from the pandemic and short-term supply shortages persist. Inflation pressures cause the market to look towards Federal Reserve guidance on interest rates. Chairman Powell spoke this week again about the Fed's targets of full employment and 2.0% sustained inflation as necessary factors before they would look to raise rates. He also noted his view that near-term inflation is temporary given the recovery.

## 3. COVID CASES AND VACCINATIONS RISE

Since vaccination efforts began in the US on December 14th, more than 198.3 million doses have been administered and more than 78.5 million people were fully vaccinated per the CDC. The US is currently administering around 3 million shots a day, up from 1 million at the beginning of January. Daily new coronavirus cases in the US are now averaging around 70,000 per day, up from recent lows.

### Shopping Surge

Total retail and food-service sales



Note: Seasonally adjusted.

Source: U.S. Census Bureau via St. Louis Fed

Total Vaccine Doses		People Vaccinated	At Least One Dose	Fully Vaccinated
Delivered	255,400,665	Total	125,822,868	78,498,290
Administered	198,317,040	% of Total Population	37.9%	23.6%
Learn more about the distribution of vaccines.		Population ≥ 18 Years of Age	124,789,950	78,267,353
		% of Population ≥ 18 Years of Age	48.3%	30.3%
		Population ≥ 65 Years of Age	43,754,754	34,844,584
		% of Population ≥ 65 Years of Age	80%	63.7%

About these data CDC | Data as of: April 15, 2021 6:00am ET. Posted: Thursday, April 15, 2021 7:18 PM ET

Source: <https://covid.cdc.gov/covid-data-tracker/#vaccinations>

#### 4. REGULATORS CALLING FOR A PAUSE IN JOHNSON & JOHNSON VACCINATIONS DUE TO BLOOD-CLOT CONCERNS

Per Factset, the CDC and FDA jointly called for an immediate pause in the use of the JNJ COVID-19 vaccine after six recipients developed a rare disorder involving blood clots within two weeks of administration, resulting in one death and one hospitalization. The pause may last a few days to a few weeks. CDC data show that around 7 million Americans have received the JNJ vaccine, with more than 16 million doses delivered to providers. Concerns mirror those in the EU regarding AstraZeneca’s vaccine, which has been linked to 222 cases of blood clots out of 34 million recipients. Concerns the JNJ pause could substantially complicate US vaccination efforts at a time when some states are seeing surges and vaccine hesitancy remains a hurdle. However, the White House stated that the development will not have a significant impact since the JNJ vaccine makes up less than 5% of US doses to date.

## THINKING AHEAD

The US economic recovery is accelerating as retail sales and unemployment improve better than consensus expectations. Producer prices are increasing at the fastest pace in a decade, sparking inflation concerns. The Federal Reserve struck a dovish tone until unemployment improves and inflation is sustained. US vaccinations steadily climb despite Johnson & Johnson concerns. Earnings season kicks off this week in the US revealing further information about the recovery. Pallas Capital Advisors will continue to monitor economic, political, and corporate data for implications to markets.

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