

High-Frequency Indicators: Where to Look for Signs of Recovery

Since the pandemic began, disruptions in business activity have varied greatly from region to region, and often from one week to the next, according to the severity of local COVID-19 outbreaks. Unfortunately, many of the official government statistics used to gauge the health of the U.S. economy are backward looking and somewhat delayed.

TECHNOLOGY COMPANIES ROLLED OUT TOOLS TO HELP PUBLIC HEALTH OFFICIALS AND POLICYMAKERS AROUND THE WORLD MONITOR MOBILITY TRENDS WITH DATA COLLECTED FROM SMARTPHONE APPS.

Changes in the nation's gross domestic product (GDP) indicate the rate at which the economy is growing or shrinking, but the first GDP estimate is not published by the Bureau of Economic Analysis until about one month after each quarter ends. GDP increased at a 4.3% rate in the fourth quarter of 2020 but posted the worst annual decline (-3.5%) since 1946.¹

Rapid changes in virus conditions — for better or worse — can make many of the monthly reports that gauge

employment, consumer spending, and production seem outdated and irrelevant by the time they are released. Consequently, economists and investors have been focusing on more timely data sources to monitor the economic impact of the pandemic throughout the nation. This information is reported every week, and in some cases every day, by government agencies or private companies with access to key business insights.

Here are some of the high-frequency indicators that may be helpful in evaluating the progress of the economic recovery.

¹ U.S. Bureau of Economic Analysis, 2021

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Employment picture

A weekly report from the Department of Labor includes the number of new claims for unemployment insurance benefits under state programs filed by workers who recently lost their jobs, as well as the number of continuing claims filed by those who remain unemployed. This provides an early look at whether the labor market is improving or worsening on a state-by-state and national basis. For the week ending March 20, 2021, first-time claims for unemployment benefits fell to 684,000, the lowest level since before economic lockdowns began in mid-March of 2020.²

The ASA Staffing Index from the American Staffing Association tracks weekly changes in temporary and contract employment. Many employers rely on temporary help before hiring additional permanent employees, so staffing agency trends tend to lead nonfarm employment by three to six months. As of March 8-14, 2021, there were 11.2% more staffing jobs than there were one year earlier.³

Consumer behavior

The proprietary Johnson Redbook Index captures consumer spending trends based on weekly data from a representative sample of thousands of large general merchandise and apparel retailers. In an encouraging sign, this key index improved 9.4% year-over-year on March 23, 2021.⁴

The reservation app [OpenTable](#) has been monitoring the impact of COVID-19 on the hard-hit restaurant industry, providing data that doubles as an indicator of the "openness" of local economies around the world. Daily data shows changes in the number of people dining at restaurants compared with the same day of the same week in 2019. As of March 28, 2021, the weekly average number of U.S. seated diners was still down 29% from 2019, but had bounced back considerably from the last week in February, when the average was 40% below 2019.⁵

Mobility and travel

Other technology companies rolled out tools designed to help public health officials and policymakers around the world monitor day-to-day mobility trends with data collected from smartphone apps. [Google's Community Mobility Reports](#) show changes in visits to places like grocery stores, retail shops, and parks. [Apple's Mobility](#)

² U.S. Department of Labor, 2021

³ American Staffing Association, 2021

⁴ Investing.com, 2021

⁵ OpenTable, 2021

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[Trends Reports](#) show changes in routing requests (since January 2019) for walking, driving, and public transportation trips, the latter of which have been slower to recover.⁶

The number of people who pass through U.S. airport checkpoints is posted daily by the [Transportation Security Administration](#). On March 21, 2021, a spring-break surge caused the number of air travelers to rise above 1.5 million for the first time in about a year. Still, this total was far below the 2.2 million air travelers on the same Sunday in 2019.⁷

The hotel occupancy rate (released weekly by STR) is another good indicator of the willingness of consumers and businesses to spend money on travel. U.S. hotel occupancy hit 58.9% in the week ending March 20, 2021, the highest level in a year. More importantly, the industry had recovered nearly 85% of comparable 2019 occupancy.⁸

Real-time tracker

In May 2020, Harvard-based nonprofit Opportunity Insights, in partnership with several private-sector providers of high-frequency data, launched a real-time [Economic Tracker](#) as a free public service. Interactive charts show day-to-day changes in U.S. debit- and credit-card spending, small-business revenue, employment, online job postings, and time spent outside the home. In addition to nationwide statistics, disparities in progress can be broken down by income and industry, as well as by state or metro area.

Fed indexes

The Weekly Economic Index (WEI), which is published by the Federal Reserve Bank of New York, signals the state of the U.S. economy based on 10 different indicators of consumer behavior, the labor market, and production that are available daily or weekly. The WEI is scaled to the four-quarter GDP growth rate, which means the weekly result is the economic growth that could be expected if current activity continued for a year. For the week ending March 20, 2021, the WEI jumped to 4.14% from -0.33% the previous week.⁹

In addition, the Federal Reserve Bank of Atlanta keeps a running estimate of GDP changes — GDPNow — that is updated based on a model that incorporates incoming economic data. On March 26, 2021, the growth estimate for the first quarter of 2021 was 4.7%.⁹

⁶Apple Mobility Trends, 2021

⁷Transportation Security Administration, 2021

⁸STR, 2021

⁹Federal Reserve, 2021

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These estimates are based on current conditions, are subject to change, and may not come to pass. Neither is an official forecast of the Federal Reserve. When investing, it's generally wise to maintain a long-term approach based on your personal goals, time frame, and risk tolerance, rather than react too quickly to shifting economic dynamics.

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