

## OBSERVATIONS

- COVID-19: Eli Lilly and Regeneron both seeking expanded FDA authorization for emergency use for their respective antibody treatments (i.e. make available to certain people outside of ongoing clinical trials).
- The Institute for Supply Management's non-manufacturing index rose in September, the 4<sup>th</sup> consecutive month of expansion for service-oriented businesses.<sup>1</sup>
- The Job Openings and Labor Turnover Survey (aka JOLTS and 1-month lagged) showed job openings declined in August by 204k to 6.49 million– the first monthly decline since April. Higher frequency job data from websites Glassdoor and Indeed showed job openings continued to decline in September.<sup>2</sup>
- Total billionaire wealth reaches a new all-time high; 2,189 billionaires have a collective net worth of \$10.2 trillion. Nearly 210 billionaires have committed \$7.2 billion in donations in response to the pandemic.<sup>3</sup>
- The National Multifamily Housing Council monthly survey of 11.4 million units of professionally managed apartment units across the country found 79.4% of apartment households made a full or partial rent payment for their October rent compared to 76.4% for the previous month.
- Boeing recently updated forecasts for long-term commercial airplane demand by cutting expectations to an estimated 18,350 planes needed worldwide over the course of the next 10 years, an -11% decline from the prior year.<sup>1</sup> While air cargo and defense is expected to partially offset travel, global travel demand is not expected to recover to pre-crisis levels until 2024.<sup>4</sup>
- This time last year, NYC hotel occupancy rates stood at 92%, with an average daily rate of \$336. As of last week, the average rate was \$135, while occupancy rates were reported to be 40%. Given the number of hotels not reporting data, and those that are still closed, "the true occupancy rate is less than 10%".<sup>5</sup>

## EXPECTATIONS

- House Democrats issue antitrust report on Big Tech (i.e. Amazon, Apple, Facebook, Google) detailing monopolistic powers. While bipartisan support for some reform exists, several legislative and political hurdles remain under the current regime.
- President Trump pulled out of this week's debate as it was set to go virtual due to his earlier positive Covid-19 test. This leaves one final Presidential debate on Thursday, October 22nd, 12 days before the election on Tuesday November 3rd.
- On the day that talks over a new fiscal stimulus broke down, Federal Reserve Chair Powell once again called for additional fiscal stimulus during a speech to the National Association for Business Economics. Meeting minutes from the mid-September Federal Reserve meeting showed broad uncertainty over the pace of the recovery absent further fiscal support.

## ONE MORE THOUGHT – *The "She-Cession"*

In stark contrast to the recession that followed the Great Financial Crisis, the COVID-19 recession has hit females much harder than males. In 2009, the male unemployment rate was nearly 2.5 percentage points higher for men than woman as the U.S. housing bust decimated male-dominated sectors like construction, manufacturing, and mining. However, in April-2020 female unemployment was over 2.7 percentage points higher for women than for men. Traditionally women dominated sectors such as retail, hospitality, education, and many in-person services have been especially hard hit during this recession. The challenging economic landscape has led to large declines in the female labor force participation rate and may impact the long-run earnings of many in the female cohort - perpetuating the gender pay-gap in years to come. Most recently, last week's employment report highlighted the

<sup>1</sup> Bloomberg LP

<sup>2</sup> Reuters, WSJ

<sup>3</sup> Billionaire Insights 2020, UBS & PWC

<sup>4</sup> International Air Transport Association - <https://www.iata.org/en/pressroom/pr/2020-07-28-02/>

<sup>5</sup> Bloomberg LP, STR, Hotel Association of New York, CEO Vijay Dandapani

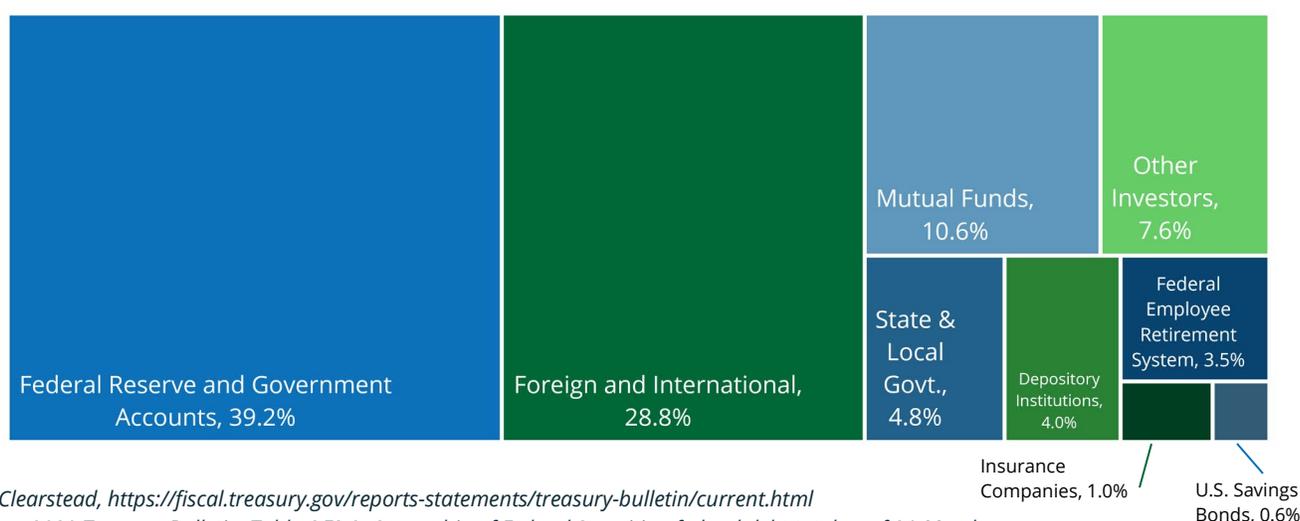
declines in labor force participation of women and the stresses of childcare needs that have arisen with the pandemic, particularly on dual-income households. A few key observations:

- 865k women left the labor force, while only 216k men exited.<sup>6</sup>
- 76% of mothers with children under 10 years of age cite childcare among top concerns, compared to 54% of fathers.<sup>6</sup>
- Pre-pandemic, women held 28% and 21% of SVP or C-Suite roles, respectively – now 1 in 4 are considering leaving their jobs (compared to 1 in 6 for men).<sup>6</sup>

Long run, for the previously mentioned retail, hospitality, and education sectors, the large surplus of potential workers in these sectors may keep a lid on wage-pressure and could act as a disincentive for these industries to experiment with automation or explore the viability of outsourcing these jobs, all else being equal.

## CHART OF THE WEEK

### \$23.7 trillion of Total Public Debt – Who Owns it?



Source: Clearstead, <https://fiscal.treasury.gov/reports-statements/treasury-bulletin/current.html>  
September 2020 Treasury Bulletin, Table OFS-2, Ownership of Federal Securities, federal debt total as of 31-March

In spite of a growing debt burden, the average interest rate paid on the federal debt stands at 1.77%, down from 2.49% this time last year.<sup>7</sup> The Congressional Budget Office estimates that interest outlays will continue to remain low for the next 4 years.<sup>8</sup> Meanwhile, the Federal Reserve has purchased nearly \$1.8 trillion in Treasuries as part of its quantitative easing efforts – the Fed currently owns \$4.4 trillion in treasuries.<sup>9</sup>

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<sup>6</sup> Axios, McKinsey, Lean In, Womenintheworkplace.com

<sup>7</sup> <https://fiscaldata.treasury.gov/>, as of 30-Sept

<sup>8</sup> <https://www.cbo.gov/publication/56542>

<sup>9</sup> Federal Reserve Bank of St. Louis, as of 30-Sept