MERITAS ADVISORS

FINANCIAL
Insights

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Jobs Recovery

There's good news and bad news in the U.S. employment statistics, depending on your perspective. The U.S. Bureau of Labor Statistics announced that total confirmed payroll employment rose by 1.4 million in August, and the unemployment rate fell to 8.4%—a drop of 1.8 percentage points. The number of unemployed persons fell to "just" 13.6 million.

That sounds like good news, and to some extent it definitely is. But as you can see from the chart (on page 2), the jobless rate has declined to just about the level it had peaked at during the Great Recession, which sounds a bit more discouraging. The unemployment rate today is 4.9 percentage points higher than it was in February, and there are indications that as many as 50% of the lost jobs may never come back. It may be an indicator that about one-fourth of the job gains in August came from people who found part-time (rather than full-time) work. And the job gains reflected the hiring of 238,000 2020 Census workers, who will no longer have a job when the Census is completed. Employment in manufacturing is 720,000 below February's level.

Some persons who count as employed are not actually working currently. The August BLS report notes that 24.2 million persons reported that they had been unable to work because their employer temporarily closed or lost business due to the pandemic.

Demographically, some are more affected than others by the shortage of jobs. Adult men and adult women are experiencing an 8% and 8.4% overall unemployment rate, respectively, while 16.1% of teenagers are unemployed. Roughly 7.3% of white men and women are currently out of work, compared with 13% of African-Americans and 10.5% of Hispanics. Surprisingly, the unemployment rate for Asians (10.7%) is higher than Hispanics.

Overall, the chart shows a positive employment trend in an awful job market. But it's not easy to predict when the economy will bring the unemployment rate down to more normal levels.

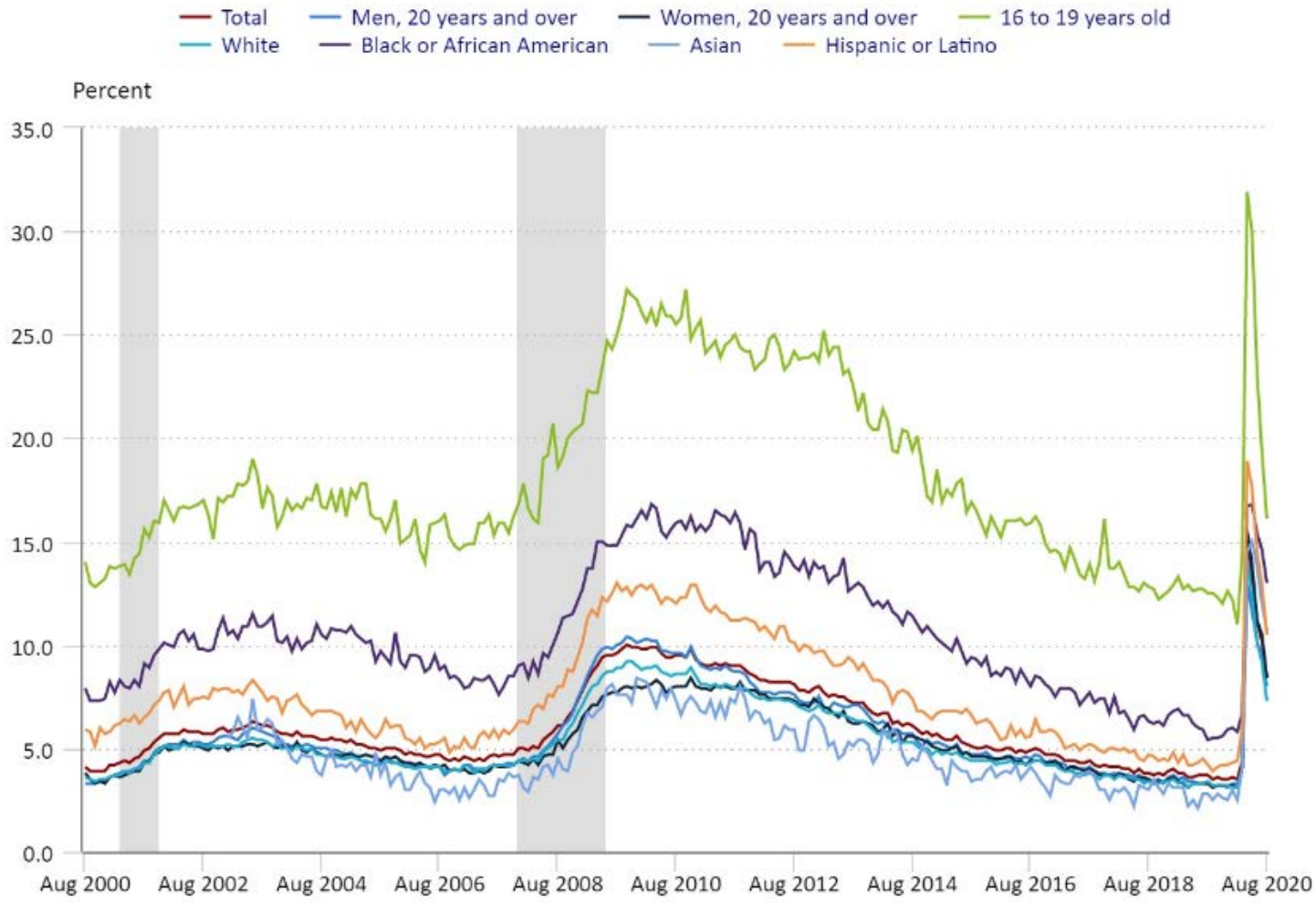
Sources:

https://www.bls.gov/news.release/empsit.nr0.htm

https://www.bls.gov/charts/employment-situation/civilian-unemployment-rate.htm

Civilian unemployment rate, seasonally adjusted

Click and drag within the chart to zoom in on time periods



Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.
Persons whose ethnicity is identified as Hispanic or Latino may be of any race.
Source: U.S. Bureau of Labor Statistics.

COVID Update

Many people are wondering why we still don't have a vaccine for the COVID-19 virus yet, and when we'll finally get one. But amid the hopeful headlines, we aren't hearing much from the deep experts who are in the trenches trying to find an effective way to prevent the virus from lodging in our bodies. What are they saying these days?

Dr. Peter Hotez, at the Center for Vaccine Development at Texas Children's Hospital, notes that the current pandemic is actually our third major encounter with a coronavirus. There was Severe Acute Respiratory Syndrome (SARS) in 2003, and the Middle Eastern Respiratory Syndrome (MERS) in 2012. Like those other viruses, COVID-19 replicates in the upper airways of the human body and is being transmitted whenever people cough, sneeze or even speak—whenever we aerosolize the virus into the air. Inside the body, scientists have found that the virus makes us sick when it attaches to something called the ACE-2 receptor that is found in the heart and lung tissue (and also in parts of the nervous system).

Developing an effective preventative is, therefore, not as complicated as you might imagine; an effective vaccine has to trigger an immune response that will prevent the coronavirus from docking to the very specific ACE-2 receptors in the body. But how do you do that in a way that is safe and effective? Hotez notes that 90% of all vaccines, for all diseases, never make it to the end of the clinical trial, often because safety concerns have emerged. Testing the safety of a virus vaccine has always, in the past, required years of human trials—in fact, decades-long timelines are more normal. The fastest vaccine ever developed in history was the mumps vaccine—which took four years.

Will we break that record? One coronavirus vaccine has already received government approval: something called Sputnik V, developed by the Gamaleya Research Institute in Moscow. But many health experts are concerned about the vaccine's safety and efficacy, since it was rushed to approval before it had entered Phase 3 clinical trials.

The Healthline website, which is tracking treatments and vaccine efforts around the world, notes that there are now more than 100 vaccine projects related to the COVID-19 virus, but most experts think the most likely timeline for a vaccine to come to market is summer or fall 2021. That timeline could be accelerated due to a "human challenge trial." Some 30,000 people in more than 140 countries have signed up to get various experimental vaccines and then voluntarily expose themselves to the coronavirus—rather than the usual trial, where people are vaccinated and then the researchers wait to see if they have contracted the virus by participating in normal life (whatever that means these days).

Several public/private partnerships are working on the problem. Operation Warp Speed is a collaboration of the U.S. Health and Human Services, the National Institute of Health and 18 biopharmaceutical companies. The COVID-19 Prevention Trials Network combines clinical trial networks funded by the National Institute of Allergy and Infectious Diseases, the HIV Vaccine Trials Network and the Infectious Diseases Clinical Research Consortium. The World Health Organization has organized a Coalition for Epidemic Preparedness Innovations working with vaccine manufacturers Inovio, Moderna, CureVac, Institut Pasteur/Merck/Themis, AstraZenica, Novavax, the University of Hong Kong, Clover Biopharmaceuticals and the University of Queensland, Australia.

The President appears to have promised that a breakthrough vaccine will be available before the November election. But people who are banking on that promise should know that the U.S. Food and Drug Administration has scheduled a public meeting of the Vaccines and Related Biological Products Advisory Agency to discuss what would seem to be an early stage of the process: the general development of COVID-19 vaccines. This meeting will review the data that would be needed to facilitate the authorization or licensure of any vaccine that might be developed in the future; in other words, what the clinical trials should cover and what their results should be.

When will this overview meeting be held? October 22, 12 days before the general election.

Of course, even if somebody does manage to develop a promising vaccine, it has to be supported by the largest drug companies or the government—who sometimes have their own agendas. Hotez recalls how a vaccine that would have prevented the SARS epidemic in 2003 sat untouched in a lab freezer, because his team couldn't secure enough funding to begin clinical trials.

-Bob Veres

Sources:

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https://www.healthline.com/health-news/heres-exactly-where-were-at-with-vaccines-and-treatments-for-covid-19#Speeding-up-vaccine-development

https://www.fda.gov/news-events/press-announcements/coronavirus-covid-19-update-fda-announces-advisory-committee-meeting-discuss-covid-19-vaccines

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