

U.S. Data Review

- Housing starts: further improvement
- Unemployment claims: pandemic-related slippage, but only moderate thus far

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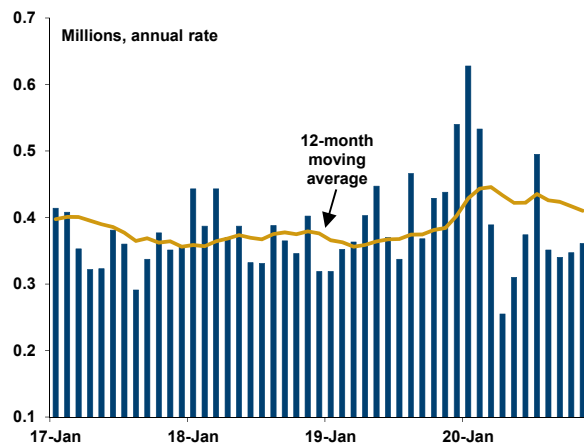
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Housing Starts

Housing starts rose 1.2 percent in November, firmer than the expected increase of 0.3 percent. The change occurred from downward revised levels in the prior two months (September and October combined were 0.8 percent lighter than previously believed), but the new level of starts was still a touch better than expected (1.547 million units, annual rate, versus an expectation of 1.535 million). Total starts trailed the weather-aided results around the turn of the year (average of 1.590 million units from December through February), but otherwise they were above all other readings in the prior expansion and comfortably within the range from the expansion in the 1990s).

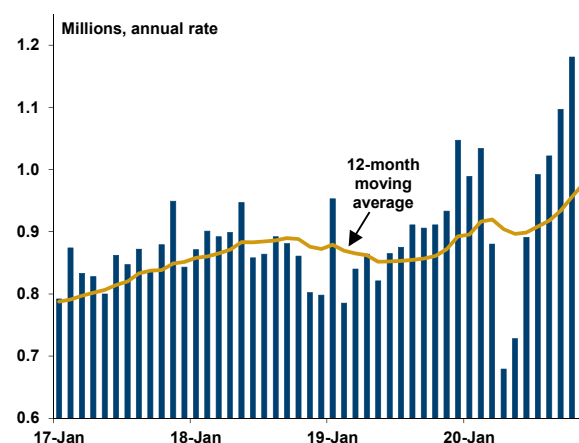
Most of the expansion in November occurred in the multi-family sector (up 4.0 percent). The change occurred from a mediocre level, and thus the new reading remained a bit below the averages in the prior two years (chart, left). Multi-family activity was not especially impressive in November, but single-family starts were brisk. The change in November totaled only 0.4%, but the shift occurred from an elevated reading in October. The new level remained above all readings in the previous expansion, including the weather-aided totals around the turn of the year (chart, right). Single-family starts are performing well in all four geographic regions, but the West and South standout with elevated readings. Starts in the Northeast and Midwest, while firm, are still within ranges seen in the past few years. Despite the less-than-stellar results in in the Northeast and Midwest, the housing market is best described as strong.

Multi-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

Single-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

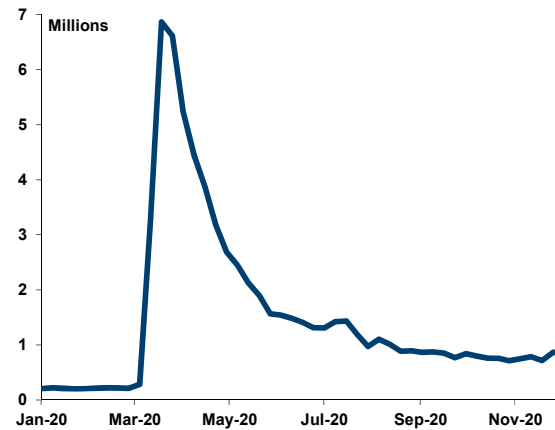
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Unemployment Claims

Initial claims for unemployment insurance under regular state programs rose for the second consecutive week and for the fourth time in the past five weeks (chart). The slippage suggests that the surge in the number of Covid cases is starting to soften the labor market. At the same time, the shift in trend has not been pronounced. Given the surge in the number of new Covid cases, a more pronounced pickup might have been envisioned. The modest upward tilt suggests that individuals and businesses are coping more readily than they were in the spring.

Recent results on continuing claims have painted a similar picture. The number of benefit recipients under regular state programs has been little changed on balance in the past two weeks, ending the downward trend that had been in place (chart, below left). The end of the downward trend is disappointing, but considering the potential effect of the surge in the virus, the change seems muted. The steady reading might partly be the result of individuals exhausting benefits, and this view receives some support from a jump in the latest week (November 28) in the number of individuals receiving benefits under Pandemic Emergency Unemployment Compensation (PEUC, a program for individuals that have exhausted benefits under other programs). Here too, the news, while certainly not favorable, is less than alarming. Total recipients under the new federal programs (PEUC plus Pandemic Unemployment Assistance (PUA), a program primarily for self-employed individuals) has been largely unchanged in recent weeks (chart, below right). We would hope for a downward trend, but considering the spread of the virus, steady might be viewed as tolerable.

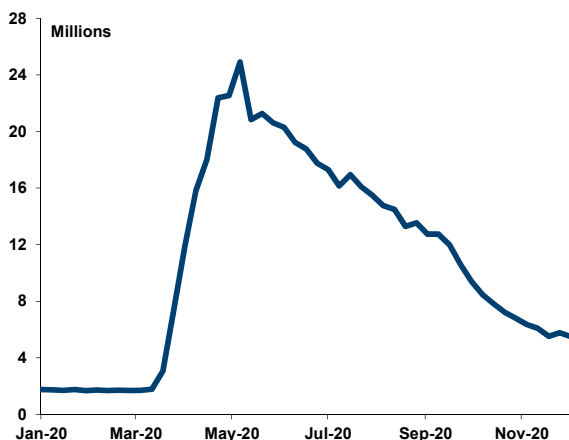
Initial Claims for Unemployment Insurance*



* Initial claims filed under regular state programs. The last observation is for the week ended December 12, 2020.

Source: U.S. Department of Labor, Employment and Training Administration via Haver Analytics

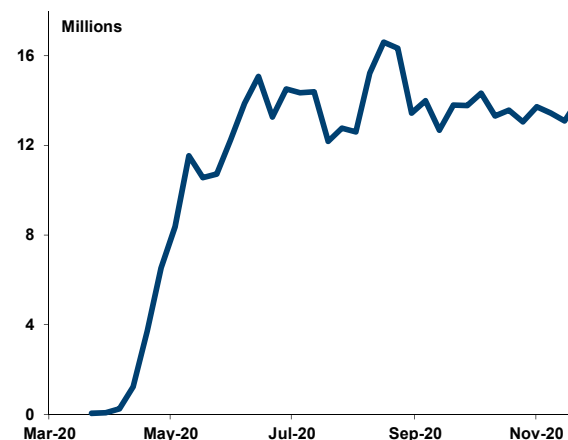
Continuing Claims for Unemployment Insurance*



* Continuing claims filed under regular state programs. The last observation is for the week ended December 5, 2020.

Source: U.S. Department of Labor, Employment and Training Administration via Haver Analytics

Continuing Claims for Unemployment Insurance*



* Continuing claims filed under the Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) programs. The last observation for these data is for the week ended November 28, 2020.

Source: U.S. Department of Labor, Employment and Training Administration via Haver Analytics; Daiwa Capital Markets America