No Progress as the Shutdown Continues

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The federal government shutdown entered its third week yesterday, with no end in sight. Assuming there's no surprise resolution, Friday will mark the second longest shutdown in history, and although there's been little disruption in the daily lives of most Americans so far, discomfort will increase with each passing week.

It appears little progress has been made, as much of the debate is playing out on social media. Both parties seem to believe the American people will blame their opponents, and with early pain mostly limited to federal workers and air passengers, there's been little urgency to seek compromise. The eighth attempt by the U.S. Senate to pass a continuing resolution to fund the government through November 21 fell 11 votes short of the required 60.

The main point of contention is healthcare. Democrats want the Affordable Care Act (ACA) tax credits, set to expire at the end of the year, to be extended. Republicans have refused to discuss an extension until the government reopens, despite the fact that the subsidies disproportionately benefit red-leaning states.

A record 21 million Americans signed up for health insurance through the ACA network in 2024, with over five million enrolling for the first time, according to the Department of Health and Human Services. The Centers for Medicare and Medicaid Services reported the largest year-over-year additions were concentrated in West Virginia (80.2%), Louisiana (75.9%), Ohio (62.2%), Indiana (59.6%) and Tennessee (59.5%).

Funds were reallocated to pay active military personnel, but other essential government employees will miss their first paycheck this week. TSA agents and air traffic controllers have continued to work without pay. This is already having an effect on air travel with a sharp increase in flight delays and cancellations. Transportation Secretary Sean Duffy told Fox Business that air traffic controller shortages are responsible for about 53% of current flight delays, up from the typical 5%. This problem promises to get much uglier as the holiday travel season approaches.

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The Government Employee Fair Treatment Act, passed into law in 2019, guarantees non-essential federal workers will receive back pay for the days they were furloughed. Despite the fact that the Act was signed during Trump's first term, the Administration has already begun firing furloughed workers. In addition to stressed airport workers, and the threat of termination hanging over 750,000 government employees, the Department of Agriculture reported there is not enough funding to pay Supplemental Nutrition Assistance Program (SNAP) benefits through the entirety of November.

Economic growth is not expected to be impacted, as history has shown that consumer spending will simply be delayed. That being said, there's little indication that either party is willing to budge. If the government is shuttered for another three weeks, we'll be in uncharted territory and a much larger portion of the population will feel the impact, increasing anger and urgency.

Market Indications as of 11:27 A.M. Central Time

DOW	Down -151 to 46,102 (HIGH: 46,758)
NASDAQ	Down -56 to 22,614 (HIGH: 23,043)
S&P 500	Down -2 to 6,669 (HIGH: 6,754)
1-Yr T-bill	current yield 3.58%; opening yield 3.60%
2-Yr T-note	current yield 3.44%; opening yield 3.50%
3-Yr T-note	current yield 3.45%; opening yield 3.50%
5-Yr T-note	current yield 3.58%; opening yield 3.62%
10-Yr T-note	current yield 4.01%; opening yield 4.03%
30-Yr T-bond	current yield 4.61%; opening yield 4.63%

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