

5 Million Jobless Claims was Better than Expected?

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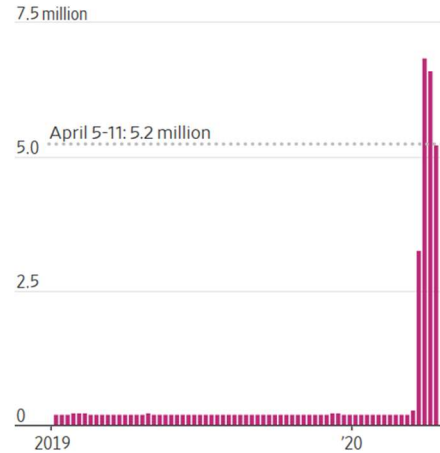


Stocks eked out a surprising gain after a sobering labor report was announced this morning. The Dow Jones Industrial Average edges higher 33 points to 23,538 while the S&P 500 rose 16 points to close at 2,799. The Nasdaq Composite was the clear leader on the day as it surged 139 points to close at 8,532.

The day began with the labor department announcing that another 5.2 million Americans filed for unemployment benefits last week – a total of 22 million people in a four-week stretch. Since Mid-March about 13% of the labor force has sought unemployment assistance. Before this economic crisis, the largest number of Americans to seek unemployment benefits in a four-week week was 2.7 million or 2.4% of the labor force in 1982, according to the Wall Street Journal.

The only positive news -- if there is anything positive about 5.2 million people seeking unemployment benefits – is that it wasn't the nearly 7 million people who filed the prior week. Here is hoping that not only new cases of the virus has peaked, but also the new cases of people filing unemployment claims.

Initial jobless claims



Note: Seasonally adjusted, latest figure is preliminary
Source: Labor Department

After the market closed the Trump administration announced guidelines for an 'opening up America again' plan. The guidelines would be "data-driven, not date-driven" with a "layered reopening" that would be governor-led using "medically based metrics and not a one-size fits all approach". Reopening would be contingent on the rate of new Covid-19 infections, testing capabilities, health care capacity and social distancing protocols. The plan encouraged states to work together to harmonize their regional efforts in safely reopening.

After the bell Boeing announced that they would restart commercial aircraft production at their Seattle facilities as early as next week. Additionally, and quite dramatically, Gilead Sciences jumped in after hours trading as 'STAT news' reported that Covid-19 patients at the University of Chicago hospital who were treated with Gilead's drug Remdesivir were recovering rapidly in fever and respiratory symptoms. Doctors are using the drug in a compassionate use trial alongside the FDA so that if proven effective and safe, the FDA could approve its use against the coronavirus. Gilead originally developed the drug compound to fight Ebola. According to Stat news, Gilead's severe Covid-19 study includes 2,400 participants from 152 different clinical trial sites all over the world. Its moderate Covid-19 study included 1,600 patients in 169 different centers, also all over the world.

With the promise of a vaccine a year away, if there are anti-viral therapies, like Remdesivir, that can effectively fight the disease, then the dual objectives of opening the economy while protecting people seems doable. The reporting is early, and there is not a control arm, so we should treat the news with plenty of caution. However, we have maintained that science will ultimately win this battle with Covid-19, so here's hoping that this report is the first of many showing us beginning to play offense in this battle.

