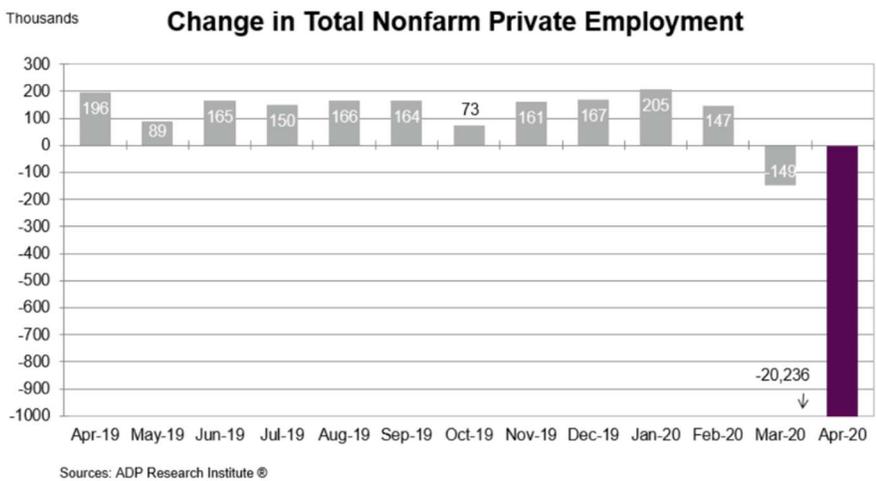


U.S. Non-Farm Payrolls
May 6, 2020



After spending most of the day in positive territory, stocks ended the session mixed with the Dow Jones Industrial Average and the S&P 500 ending lower and the Nasdaq Composite finishing higher. The Dow Jones Industrial Average finished 218 points lower, or -0.91% to close at 23,665. The S&P 500 fell, 20 points, or -0.70% to close at 2848. The Nasdaq Composite rose 45 points, or 0.51% to 8854.



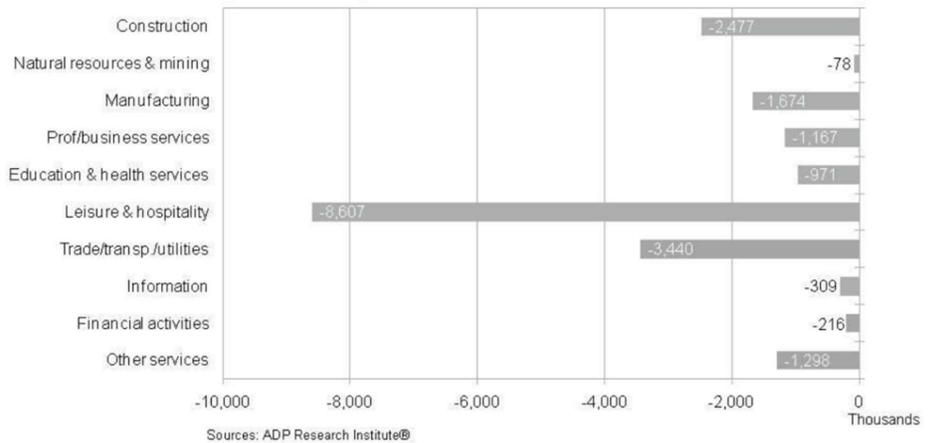
The US economy shed 20.2 million jobs in April, slightly above the estimated job loss of 20 million according to ADP National Employment Report. It was the biggest decline ever in employment as public health restrictions imposed to contain the coronavirus pandemic forced many companies to halt activities. ADP characterized the numbers as unprecedented – a word that has been used often the past two months. According to ADP, “The total number of job losses for the

month of April alone was more than double the total jobs lost during the Great Recession”.

As expected, job losses were most profound in the services industries. The leisure and hospitality sector saw the most job losses followed by trade/transportation/utilities and construction. Broadly speaking, service-related industries lost 16 million jobs while goods producing industries declined by 4.3 million jobs.

The ADP report is a prelude to the Bureau of Labor Statistics unemployment report which will come out on Friday. Expectations are that the unemployment rate will rise from 4.4% to 16%.

Change in Nonfarm Private Employment by Industry



With all the dismal economic numbers, the stock market has been more focused on the economy re-opening and the prospects of these economic numbers changing to a positive direction. As employers rehire, they will undoubtedly bring back the most productive workers first and then as bring back others as needed. Therefore, we expect to see an initial sharp rise in employment giving way to more gradual improvement.