

Improving Economics Amid the Chaos

June 1, 2020



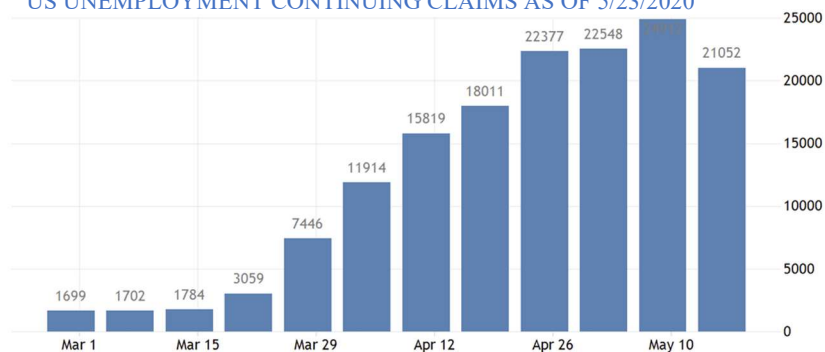
The stock market increased on Monday even amid the chaos and violence in streets across the United States. The S&P 500 added 11 points, or 0.38% to close at 3056, and the Dow Jones Industrial Average increased 92 points, or 0.36% to close at 25,475. The Nasdaq Composite closed 55 points higher, or 0.58%, closing at 9545 and finally the Russell 2000 jumped 21 points or 1.50% to close at 1415.

Pain and suffering of the family, friends, peaceful protestors and all Americans who value liberty has been expressed passionately throughout the country due to the horrific act of a white police officer, Derek Chauvin kneeling on the neck of African American George Floyd for nearly nine minutes as he pleaded to breathe. However, the passionate, but peaceful protests are being drowned out by violent rioting, arson, looting and lawlessness in more than 30 cities across the country causing tremendous chaos and forcing governors and mayors to take dramatic actions to restore order in their city’s streets. The devastation to the cities also comes just as governors, and mayors are lifting economic restrictions imposed to fight the coronavirus.

In the midst of the chaos, positive economic numbers have been reported. The number of American’s filing for unemployment benefits eased to 2.123 million (still a staggering number) for the week ended May 23rd which is

the lowest level since the coronavirus crisis began

US UNEMPLOYMENT CONTINUING CLAIMS AS OF 5/23/2020



SOURCE: TRADINGECONOMICS.COM | U.S. DEPARTMENT OF LABOR

more than two months ago. It is apparent that we are experiencing massive job losses, but in the last unemployment continuing claims report we saw evidence that the massive job losses are being overshadowed by the even more massive number of Americans going back to work. As of the week ending May 23rd continuing jobless claims decreased by 3.86 million to end the week at 21 million. This large decrease of continuing claims was the first since the coronavirus pandemic started in March.

Obviously, more Americans going back to is an important touchtone into the trend of the economy’s underlying health.

On the back of economic data showing the labor market beginning to mend, the Institute of Supply

Management reported that the Purchasing Manager’s Index (PMI) came in at 43.1 for May – the first increase since January. With the PMI at 43.1 (still a weak level), the nation’s supply executives are suggesting that “the current PMI level shows economic activity in the manufacturing sector contracted in May, and the overall economy returned to expansion after one month of contraction.” No one has been using that kind of language since the coronavirus pandemic hit the economy.

PURCHASING MANAGERS INDEX – MAY 2020

