

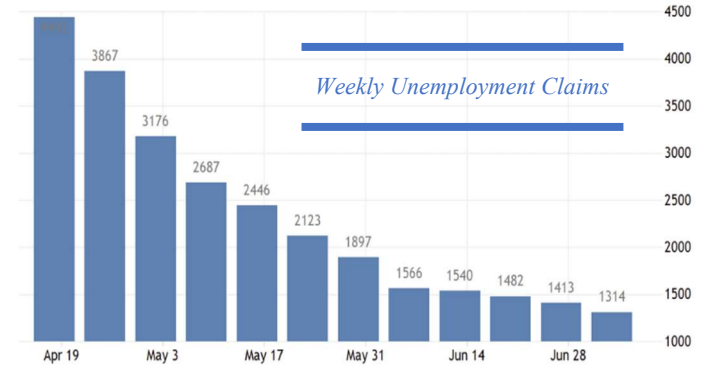
Labor Market Grinds
July 9, 2020



The stock market was mostly lower on Thursday with only the Nasdaq breaking through for a positive return. The S&P 500 fell 18 points, or -0.56% to close at 3,152 while the Dow Jones Industrial Average slid 361 points, or -1.39% to close at 25,706. The Nasdaq Composite jumped 55 points, or 0.53%, closing at 10,547, (another record) and the Russell 2000 dropped 28 points, or -2.00% to close at 1,399.

The Department of Labor announced today that the number of Americans filling for unemployment benefits came in at 1.31 million in the week ended July 4th, down from a revised 1.41 million claims in the prior week and below market expectations of 1.38 million. The latest number lifted the total reported since March 21st to 50.0 million. The 4-week moving average, which removes week-to-week volatility, eased to 1.44 million from 1.50 million. This marks the 14th week of continually decreasing weekly filings for unemployment. We like the trend but would rather it be more brisk.

Continuing jobless claims decreased to 18.06 million in the week ended June 27th, also below market forecasts of 18.95 million. Again, it is the continuing claims that tell a more reliable story because it takes into consideration the new jobs that were created rather than just the jobs that were lost. Clearly the trend is down, again much slower than what we'd like to see.



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There was a third jobs report announced this week by the Bureau of Labor Statistics that didn't get enough attention -- the jobs openings report. BLS reported that the number of job openings in the United States **increased** by 401,000 to 5.397 million in May compared to a consensus expectation of 4.85 million -- a significant beat! The industries that showed the most job openings gains are food services (196,000) retail trade (147,000) and construction (118,000).

The CARES act that was passed by Congress increased the weekly unemployment compensation by \$600 per week over and above the standard payout. This provision sunsets on July 31st and many workers will be very motivated to find jobs and replace that income. A growing "jobs openings" number means that many of those unemployed workers may transition smoothly to re-engage with the labor market.