

## Economic highlights from the shortened holiday week ending on July 2, 2020

Shelly Henbest, CFA  
Senior Credit Analyst

U.S. nonfarm payrolls were better than expected in June increasing by 4,800,000 versus expectations of 3,230,000. The unemployment rate declined to 11.1% in June (versus expectations of 12.5%) from 13.3% in May. If the workers who classified themselves as employed but absent from work in the June survey had instead been classified as unemployed on temporary layoff, the total unemployment rate would have been about 1% higher. Job growth was broad-based in June, with particularly strong gains in leisure and hospitality and retail trade, but the improvement was still a long way from recovering the number of jobs lost in those sectors in April. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons, remained very high but eased to 18.0% in June from 21.2% in May. The labor participation rate increased to 61.5% in June from 60.8% in May. The survey data for today's labor market report was collected by mid-June, which predates the recent surge in new US virus cases and the slowdown and/or reversal in reopening plans in certain hotspots. In the most recent week of June 27<sup>th</sup>, more than 1.4 million people filed an initial claim for unemployment. The level of continuing unemployment claims (where the data is lagged by one week) remained very high in the week of June 20<sup>th</sup> at 19,290,000, up slightly from the prior week level of 19,231,000. Although today's employment report was better than expected, unemployment remains elevated. Notably, some temporary unemployment benefits are currently set to expire at the end of July. Though economic data continues to improve, unemployment remains elevated and economic output remains well below pre-pandemic levels and we believe there will be growing pressure to pass legislation to expand fiscal relief under the Coronavirus Aid, Relief, and Economic Security (CARES) Act by the end of this month.



### Next Week

*ISM Non-Manufacturing, Consumer Credit, PPI*

Chandler Asset Management | [info@chandlerasset.com](mailto:info@chandlerasset.com) | 800.317.4747 | [chandlerasset.com](http://chandlerasset.com)

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