

Economic highlights from the week ending on August 7, 2020

Shelly Henbest, CFA
Senior Credit Analyst

U.S. nonfarm payrolls were again better than expected, increasing by 1,763,000 in July versus expectations of 1,480,000. Private payrolls increased by 1,462,000 and government payrolls increased by 301,000. The unemployment rate declined to 10.2% in July (versus expectations of 10.6%) from 11.1% in June. However, the participation rate edged down to 61.4% from 61.5%. Furthermore, workers who classified themselves as employed but absent from work in the July survey understated the unemployment rate by about 1%. 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 16.5% in July from 18.0% in June. Although today's employment report was better than expected, unemployment remains elevated and above the peak rate during the financial crisis in 2009. Notably, enhanced unemployment benefits (e.g. an extra \$600 per week in unemployment benefits) and the temporary federal eviction moratorium for renters expired at the end of July. While Congress continues to negotiate another round of fiscal relief, lawmakers remain divided on the details. Nevertheless, we believe a deal is forthcoming.



Next Week

PPI, CPI, Retail Sales, Productivity & Costs, Industrial Production, Consumer Sentiment

Chandler Asset Management | info@chandlerasset.com | 800.317.4747 | chandlerasset.com

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