

OCTOBER 2, 2020



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Positive Signs

With yet another twist in the presidential election race coming with the news President Trump and others in his inner circle tested positive for Covid-19, it is more important than ever to focus on the fundamentals as best we can.

While many indicators remain suspect due to the severity of the shutdown, the labor market report is a reliable source. Among other things, not the least of which is the financial stability of Americans, is that it indicates what household income is available to support consumer purchasing. For instance, that the retail and leisure & hospitality sectors saw a sharp increase (more than 300,000) in hiring in September is a good sign for our service-oriented economy. Perhaps this has something to do with the increase in consumer confidence last month.

On the surface, the September labor report seems lukewarm, as payrolls missed consensus expectations (661,000 jobs versus around 800,000). But the unemployment rate declined to 7.9% from 8.4% in August, the labor impairment rate fell to 12.8% from 14.2% and average hourly earnings rose. While employment figures still are awful (just compare this “improved” unemployment rate to last September’s 3.5%) because of the coronavirus, we have to acknowledge any positive signs