

AUGUST 7, 2020



Paige Wilhelm
*Senior Vice President
 Senior Portfolio Manager
 Federated Investment Counseling*

Job market unpredictable

The labor market continues to be one of the more difficult economic metrics to predict or analyze. The main reason is that the number of unemployed is so vast compared to history that models simply are skewed. The latest example came this week when the federal government said that payrolls increased by 1,763,000 in July. That beat expectations and the unemployment rate fell to 10.2%. Good news, right? Not compared to the 4.8 million jobs added in June and the fact that the U.S. labor market is still around 13 million jobs below pre-pandemic levels.

While leisure and hospitality were among the leading sectors in regaining workers last month, manufacturing only added 26,000 jobs in July despite recent improvement in manufacturing data. Again, it is hard to get a read on things, and that is complicated by the surge in new Covid-19 cases that have forced some businesses—including restaurants and other leisure-sector entities—to close or reduce capacity.

The London interbank offered rate (LIBOR) was little changed this week from last, with 1-month rising 1 basis point to 0.16%, 3-month remaining at 0.25% and 6-month staying at 0.31%.