

Employment

March nonfarm payrolls fell by 701,000 jobs. Jobless claims for last week grew to 6.648 million people, more than double the previous week. The March unemployment rate rose to 4.4%.

Our Take: Unemployment numbers are bad and are going to get worse. Over the previous two weeks, approximately 10 million people applied for unemployment insurance for the first time. Many more were likely prevented from doing so due to overwhelmed systems. A double-digit April unemployment number seems to be a foregone conclusion. The length of time that the labor force is kept from working, either by decree or by poor conditions when workers are allowed to return to work, will in large part determine the severity of the hit the economy will take.

Oil





Crude prices rose sharply on remarks from Putin, Trump, the Saudi Crown Prince, and OPEC officials that an agreement to remove 10 million barrels per day (bpd) of production is possible.

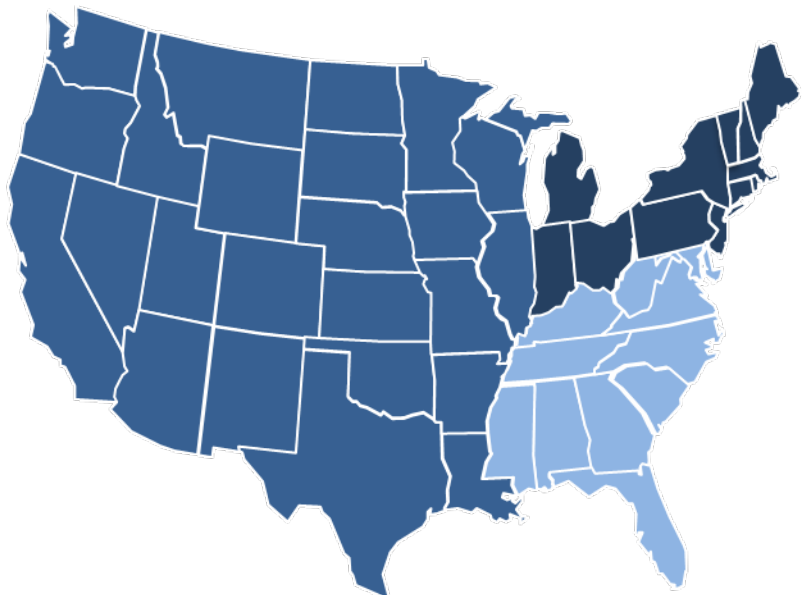
Our Take: Major crude producers will soon have no choice but to significantly curtail production as global storage capacity is close to full. A broad consensus that output reductions are needed is supportive of crude prices, but the difficult part is getting agreement on how to allocate the cuts in output. Also, with the decline in demand due to actions to contain the COVID-19 pandemic it is unlikely that a 10 million bpd cut would restore crude prices to their previous levels.

Municipals

New Jersey announced an extension of the 2020 fiscal year by three months. Governor Phil Murphy, along with state senate and assembly leaders made the announcement on Wednesday. The deadline for the 2021 budget and beginning of the new fiscal year moves to September 30 from June 30.

Our Take: New Jersey is the first state to announce a budget deadline extension. New Jersey has also moved its tax deadline to July 15. By extending the fiscal year, New Jersey is allowing for additional time to assess budget implications from the COVID-19 pandemic.

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