

Employment

Nonfarm payrolls rose by 2.509 million jobs in May despite expectations for a decline of 7.5 million. The unemployment rate fell from 14.7% to 13.3%.

Our Take: Jobs were added in construction, manufacturing, leisure, retail, and healthcare as the economy started to reopen and employees went back to work. This is great news only if this month's report is the start of a trend. Unemployment remains incredibly high and will have to come down dramatically to support a solid recovery.

ISM Indexes





The May ISM manufacturing index rose from 41.5 to 43.1, while the non-manufacturing index increased from 41.8 to 45.4.

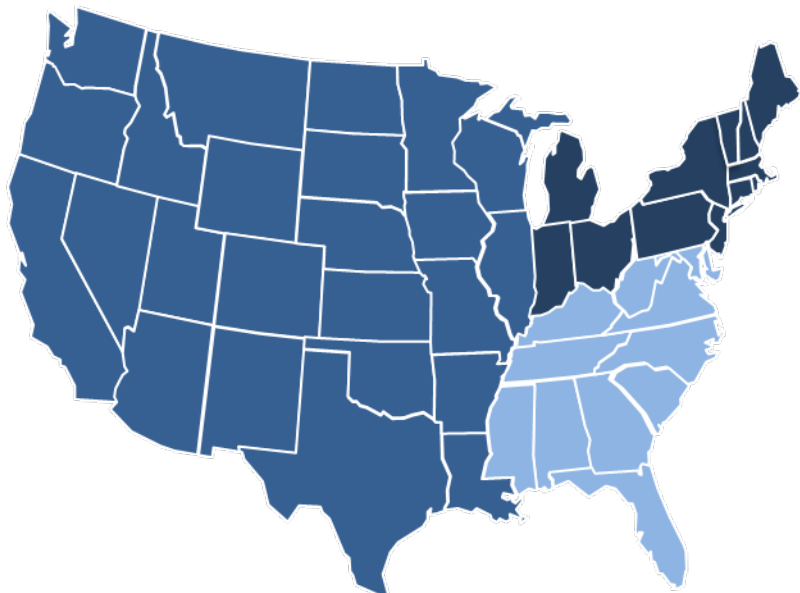
Our Take: While both indexes improved, they remain in contractionary territory, meaning the economy continued to shrink in May. A quick recovery appears unlikely.

Municipals

The Federal Reserve approved an expansion to the Municipal Liquidity Facility loan program. The new guidelines remove population limits. Prior to the change, the lending program was available to all states and the District of Columbia and cities of at least 250,000 residents and counties with at least 500,000 residents. In addition, governors of each state may designate two entities such as toll roads, airports, and mass transit to be eligible for the emergency loans.

Our Take: Many complained that the population limits had left out municipalities and entities in need. By making the changes this week, smaller communities and other entities will now be eligible to participate in the Federal Reserve's program. The spirit of the program is to assist financially struggling state and local governments and other municipal entities. Removing population limits makes sense.

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