

U.S. Elections

U.S. elections on Tuesday have yet to produce a winner in the presidential race, nor have they determined which party will control the Senate. The Democrats will continue to control the House of Representatives, though with a smaller majority.

Our Take: Given the current vote count and projected trajectory of the elections, another large economic stimulus package is unlikely. Whoever wins control of the White House will immediately have to navigate a tricky path to continue recovering from the pandemic in the face of a surge in COVID-19 cases.

Employment

Nonfarm payrolls rose by 638,000 in October. The unemployment rate fell dramatically, from 7.9% to 6.9%. Average hourly earnings rose 0.1% while the labor force participation rate increased from 61.4% to 61.7%.

Our Take: The employment report was better than expected and continues to point toward a recovering economy. Currently, just over half of the jobs lost in March and April have been recovered. Unfortunately, it would take over a year at this month's pace to replace all of the jobs lost and the country is in the midst of a rapidly spreading virus. For now, though, the employment trend is positive.

The Fed

As expected, the Federal Reserve Open Market Committee (FOMC) left its federal funds rate unchanged at the current range of 0.0%-0.25%. In its statement, the Fed recognized that economic activity and employment continued to recover following the sharp declines experienced earlier this year, but noted both measures remain well below their levels at the beginning of the year. The path of the economy is dependent on the course of the virus and the committee noted the health crisis continues to pose considerable risks over the medium term.

Our Take: The Fed remains committed to its support of the U.S. economy. Given the current economic weakness and inflation well below target levels, the Fed is unlikely to raise rates for an extended period of time.

Municipals

A relatively low amount of bond measures appeared on ballots this week. Voters approved \$26.7 billion of borrowing according to Bloomberg. In addition, results for \$15.7 billion of bond measures have not been determined and are still pending.

Our Take: Many municipalities did not want to propose bond deals for voters to approve during the pandemic. Like the presidential race, results for the outstanding bond measures should be finalized soon.

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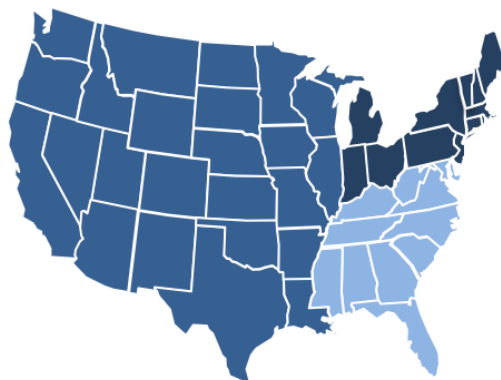
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