

Employment

April nonfarm payrolls increased by 266,000 jobs. Revisions to the previous two months reduced payrolls by 66,000. The unemployment rate rose from 6.0% to 6.1%. Average hourly earnings increased 0.7% while aggregate hours worked rose 0.5%. The labor force participation rate climbed from 61.5% to 61.7%.

Our Take: April's report was very disappointing as economists had expected payrolls to increase by one million jobs. Generous unemployment benefits appear to be keeping some from looking for jobs as reports of unfilled available positions are plentiful. Many unemployed must claim to be actively seeking employment to continue to receive benefits which could explain the apparent disconnect between an increase in labor force participation, weak job growth, and multiple openings. The employment market clearly has a way to go before a return to full employment.

Municipals

Texas revised revenue estimates for the current budget cycle. The state is expected to end the budget cycle with a \$725 million surplus in August. This is a significant change from Comptroller Glenn Hegar's projected \$1 billion deficit in January.

Our Take: Texas has experienced economic growth this year. Comptroller Hegar also indicated that a successful vaccine rollout and declining COVID-19 cases have been a positive impact on the state's finances. In addition, Texas has received federal relief funds this year which has led to the state's better-than-expected fiscal position.

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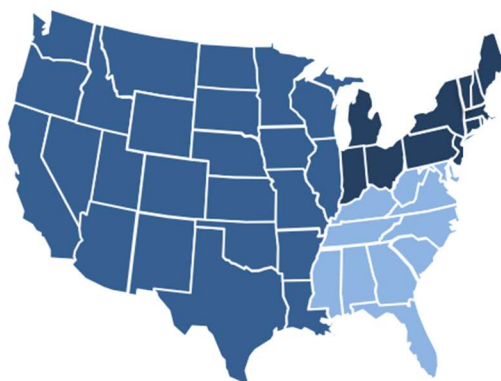
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