

Lost Service Sector Jobs on Verge of Return as Vaccination Pace Accelerates

Yesterday, the Department of Labor reported initial jobless claims fell from 781k to 684k for the week ending March 20th. Although these first-time filings for state unemployment benefits are still more than three-times the pre-pandemic level, last week represented the first time since the pandemic began that new claims were below 700k. Continuing claims for *all* benefit programs, including federal programs initiated through the CARES Act, totaled 18.9 million for the week ending March 6th.

The vast majority of unemployed workers lost jobs in the service sector. These jobs are poised to return very quickly as the virus tide recedes. According to CDC data, 85.5 million Americans have already received at least one covid vaccine dose, including 70% of the most vulnerable 65 and older crowd. The current average of 2.5 million daily shots indicates 75 million monthly doses, implying a majority of Americans will have received at least one shot by Memorial Day. Texas will open up vaccines to everyone 16 and older next week, while Florida will allow 18 and older to line up on April 5th.

Several early estimates for nonfarm payroll growth in the second and third quarters approach a million a month. With the exception of the May-August 2020 reopening period, the expected 2021 payroll surge would be unprecedented in history. Fed officials are focused on the labor market, and have indicated monetary policy will be determined by *actual data* rather than forecasts. At this point, it appears the actual data is likely to show up much quicker...and much stronger, than expected.

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Market Indications as of 11:57 A.M. Central Time

DOW	Up 53 to 32,473 (HIGH: 33,015)
NASDAQ	Up 1 to 12,963 (HIGH: 14,095)
S&P 500	Up 5 to 3,894 (HIGH: 3,974)
1-Yr T-bill	current yield 0.07%; opening yield 0.06%
2-Yr T-note	current yield 0.14%; opening yield 0.15%
5-Yr T-note	current yield 0.82%; opening yield 0.83%
10-Yr T-note	current yield 1.61%; opening yield 1.61%
30-Yr T-bond	current yield 2.33%; opening yield 2.31%

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