



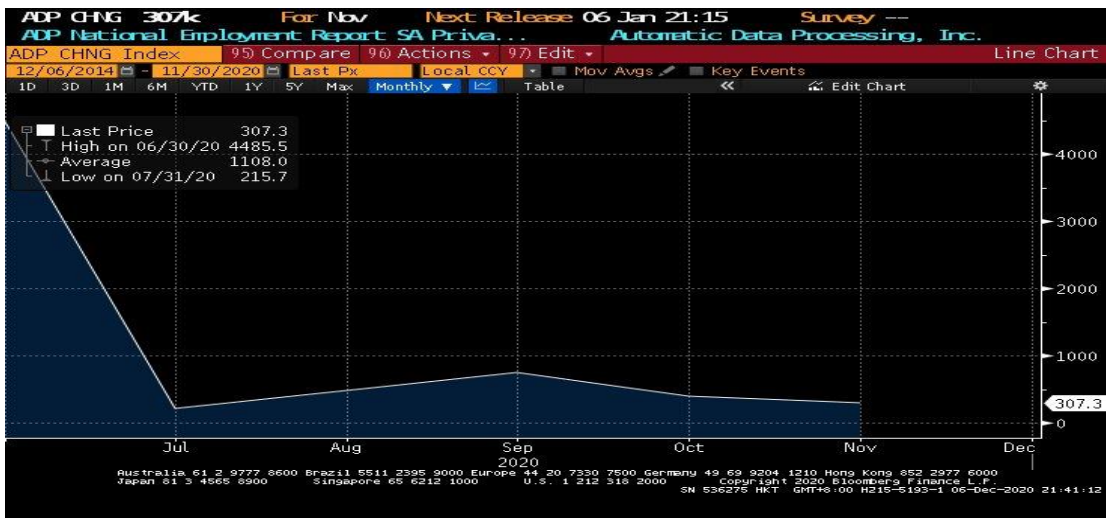
7 December, 2020

The recent data has shown that the growth in U.S. jobs market had been slow down, is there a downside in the jobs market?

Last week, a series of US labor market data were released, some of which were worse than market expectations.

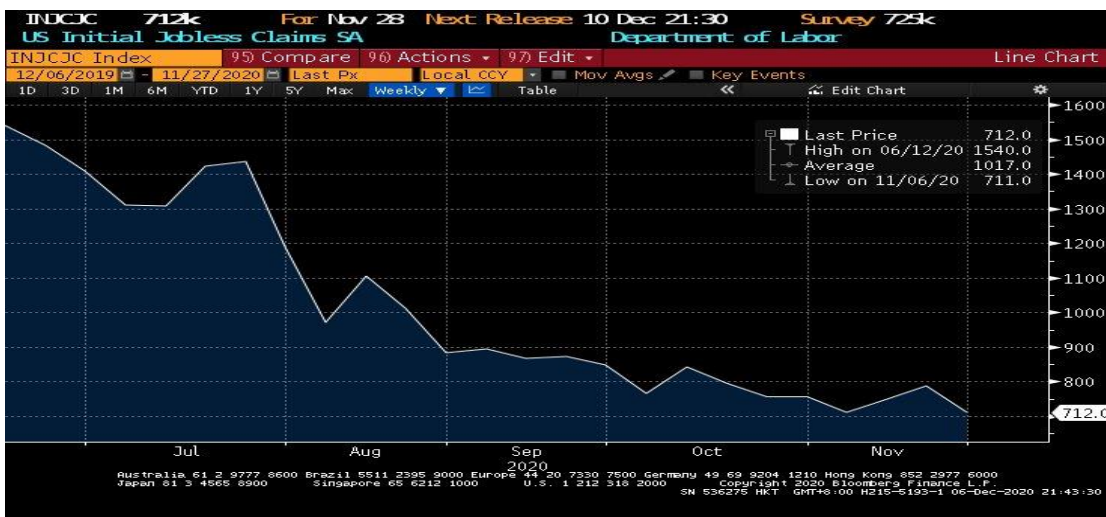
- Last Wednesday - According to ADP National Employment Report, private sector employment increased by 307,000 jobs in November, which is lower than 440,000 as expected, and lower than 404,000 recorded in October.
- Last Thursday – Initial Jobless Claims: 712,000 filed initial claims for state unemployment insurance, was significantly lower than the market expected 775,000, and 787,000 from previous week (However, please remind that the Thanksgiving holiday is likely to have delayed the filing of claims).
- Last Friday - Nonfarm Payrolls: increased by 245,000 in November, significantly less than market expected 460,000, significantly down from 610,000 in October,

ADP National Employment Report: Employment growth had a sharp drop in November, estimate as the resurgence of coronavirus in the U.S. coincided with a considerable slowdown in hiring



Source: Bloomberg

Initial Jobless Claims: Despite the decline in last week, the Thanksgiving holiday is likely to have delayed the filling of claims. Besides, the decline in November has significantly slowed down from earlier



Source: Bloomberg

Nonfarm Payrolls: A disappointing 245,000 in November, showing that the labour market is likely to be affected by the recent rising COVID cases among the U.S.



Source: Bloomberg

The uncertainties still remain in the U.S. jobs market

- The growths are slowing down (for example in the ADP National Employment Report, the Initial Jobless Claims, the Nonfarm Payrolls, etc.).
- The figures from the U.S. Labor Department on last Friday showed that the number of people receiving emergency unemployment benefits during pandemic has a continuous increase. Despite the improvement in the jobs market, it is likely that some improvement may be just due to the shift from the Continuing Claims (being reported every week) to Pandemic Emergency Unemployment Compensation (not being reported).
- According to the data from the U.S. government, despite the situation is improved, the number of people receiving different unemployment benefits is still remaining at a high level about 20 million.
- Moreover, a nascent recovery is under threat from a resurgence of coronavirus, the new cases in the U.S. set daily record with more than 200,000 cases, highlighting that the pandemic has been shattered and brought upon unprecedented challenges to the jobs market, most states have re-implemented restrictions on economic activities led major disruptions for business and economy.

Is there a divergence between the labour market situation and the current stock market?

The Dow Jones Industrial Average: Despite exciting progress toward a COVID-19 vaccine, the pandemic is currently spreading exponentially across the United States and will continue to hamper the economic recovery and also the labour market. The U.S. stock market has increased by 15% since early November, so is there a divergence between the labour market situation and the current stock market?



Source: Bloomberg

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