



# Weekly Market Update

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**Hosted by:**

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FHLB  Chicago  
Federal Home Loan Bank of Chicago

# Contacts



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# Discussion Topics

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- Weekly Interest Rate Comparisons
- Economic Data Releases
- COVID-19 Outbreak Updates
- Employment Report
- Preview of the Coming Week
- Q and A

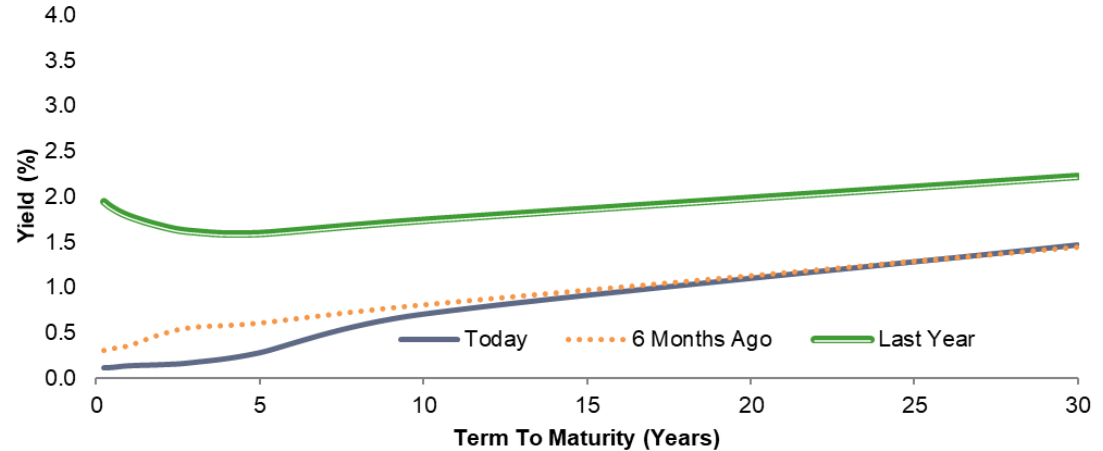
# Weekly Interest Rate Movements

## For the Week Ending 09/10/2020

### U.S. Treasury Yields

	9/10/20	9/03/20
<b>3mo</b>	0.11%	0.10%
<b>2yr</b>	0.15%	0.13%
<b>5yr</b>	0.28%	0.24%
<b>10yr</b>	0.71%	0.64%

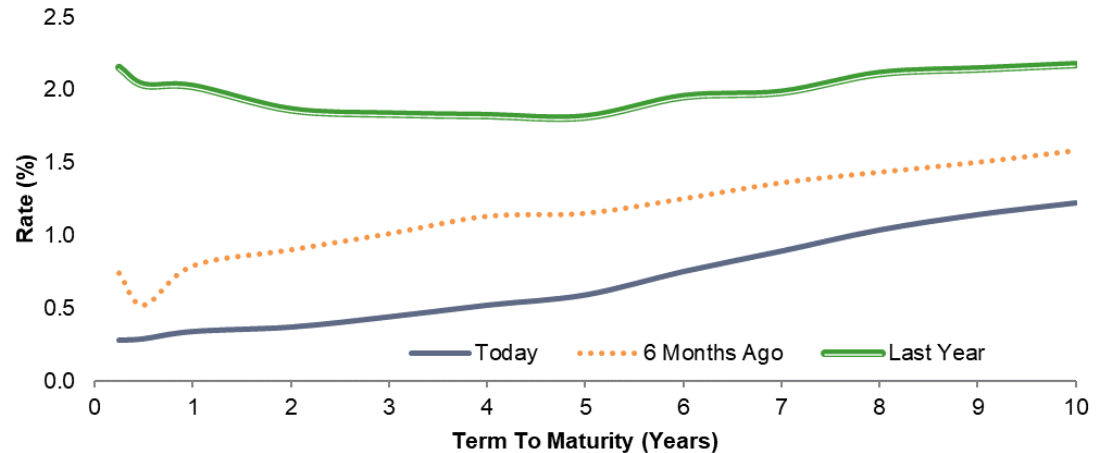
### U.S. Treasury Yield Curve



### FHLBank Chicago Advance Rates

	9/10/20	9/03/20
<b>3mo</b>	0.28%	0.27%
<b>2yr</b>	0.37%	0.35%
<b>5yr</b>	0.59%	0.58%
<b>10yr</b>	1.22%	1.18%

### FHLBank Chicago Advance Rates



Source: U.S. Treasury, FHLBank Chicago

# U.S. Economic Data Releases

## For the Week Ending 09/10/2020

### Producer Price Index (PPI) Final Demand

August: 0.3% vs. July: 0.6%

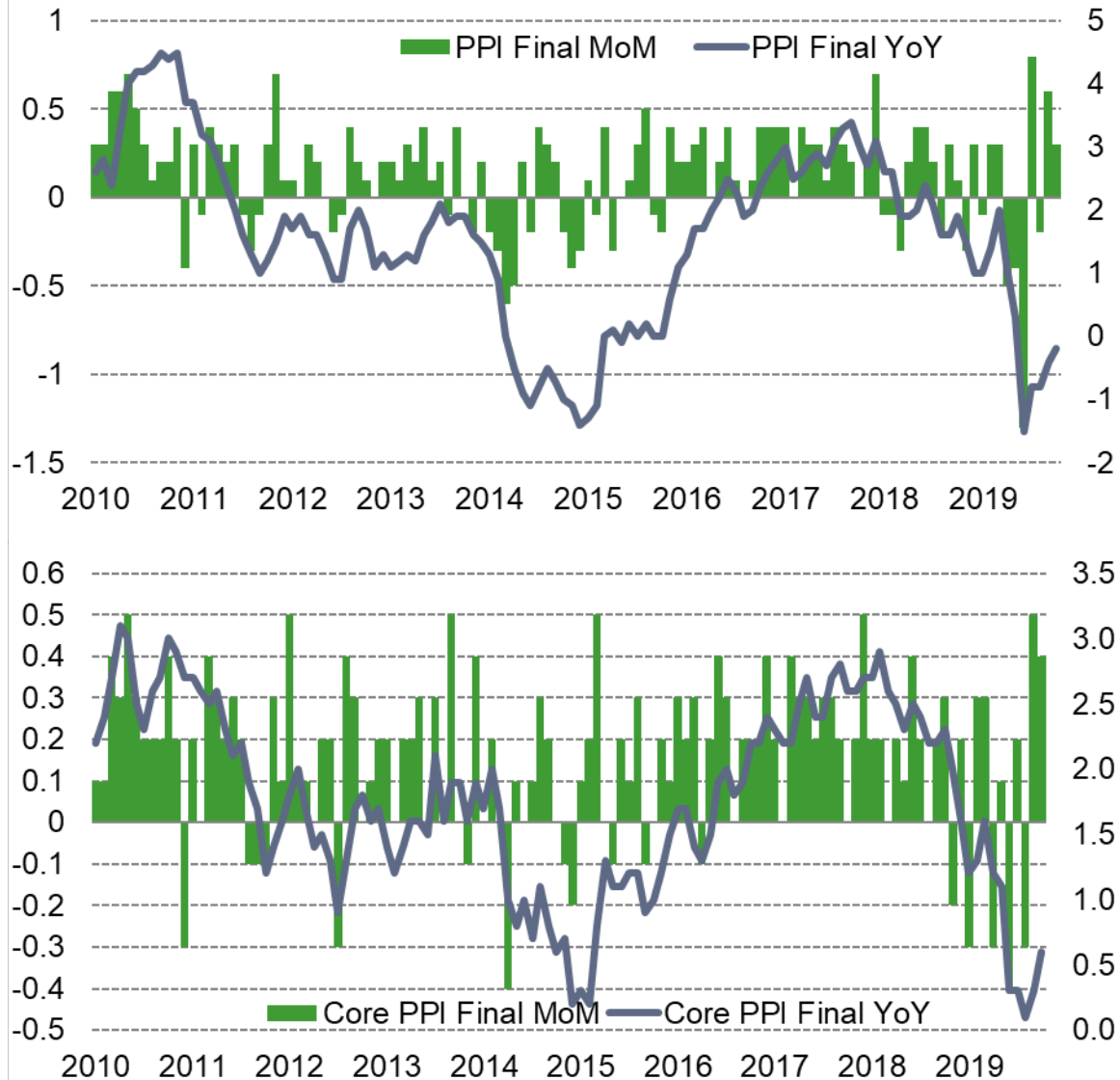
- Rose 0.3% in August, slightly higher than expectations of a 0.2% increase. The increase is attributable to 0.5% rise in the index for final demand services while the prices for final demand goods only increased 0.1%. Overall, the final demand index has fallen 0.2% over the last 12 months.

### Core PPI Final Demand

August: 0.4% vs. July: 0.5%

- Excluding food and energy, prices rose 0.4% in August. The core index edged higher at 0.6% over the last 12 months.

Source: Bureau of Labor Statistics



# U.S. Economic Data Releases

## For the Week Ending 09/10/2020

### Initial Jobless Claims

September 5: 884K vs. August 29: 884K

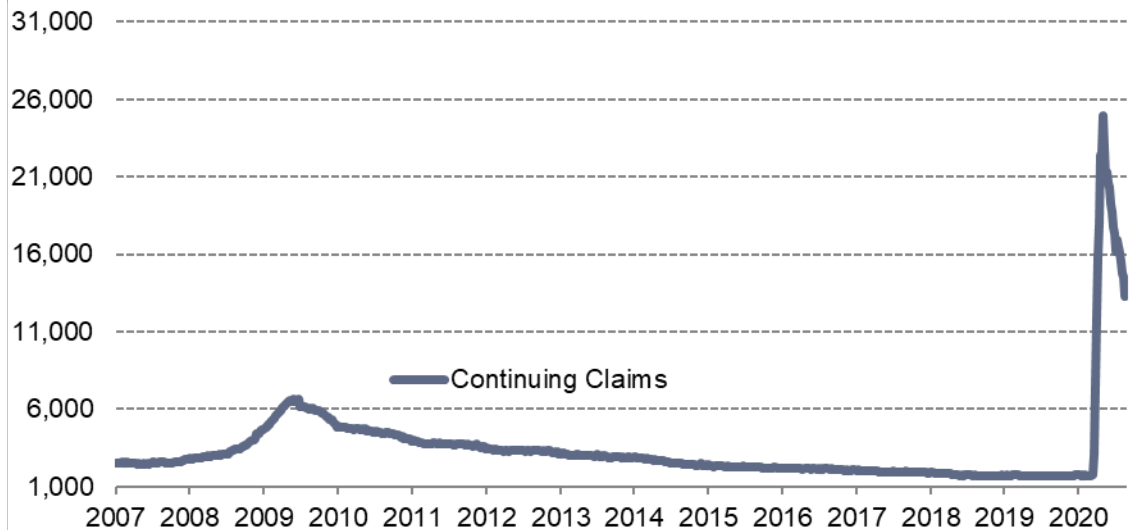
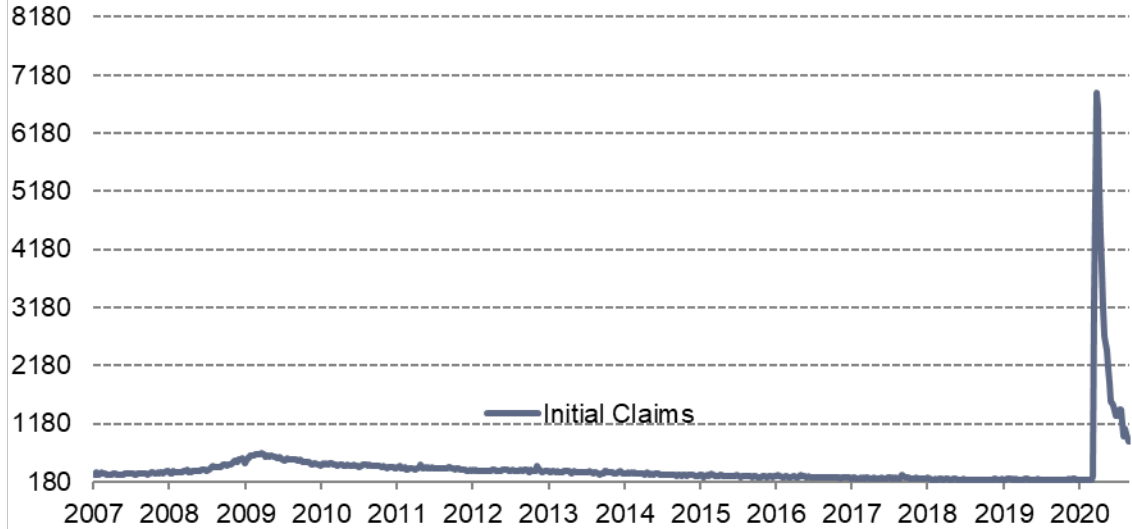
- Remained unchanged in the week ending September 5. The previous week was upwardly revised by 3K to 884K. As a result, the 4-week moving average decreased by 21.75K to 970.75K.

### Continuing Claims

August 29: 13,385K vs. August 22: 13,292K

- Increased by 93K to 13,385K in the week ending August 29. The prior week was upwardly revised by 38K to 13,292K. As a result, the 4-week moving average decreased by 523.75K to 13,982K. The insured unemployment rate increased by 0.1% to 9.2%.

Source: Department of Labor



# COVID-19 Update

## Global Cases and Deaths

### Coronavirus Outbreak (COVID-19)

Created by Jessica Nick



**214**  
Countries  
Affected



**28,060,737**  
Confirmed  
Cases



**908,700**  
Deaths

#### OUTBREAK BY COUNTRY



Source: WHO; CDC as of September 2, 2020



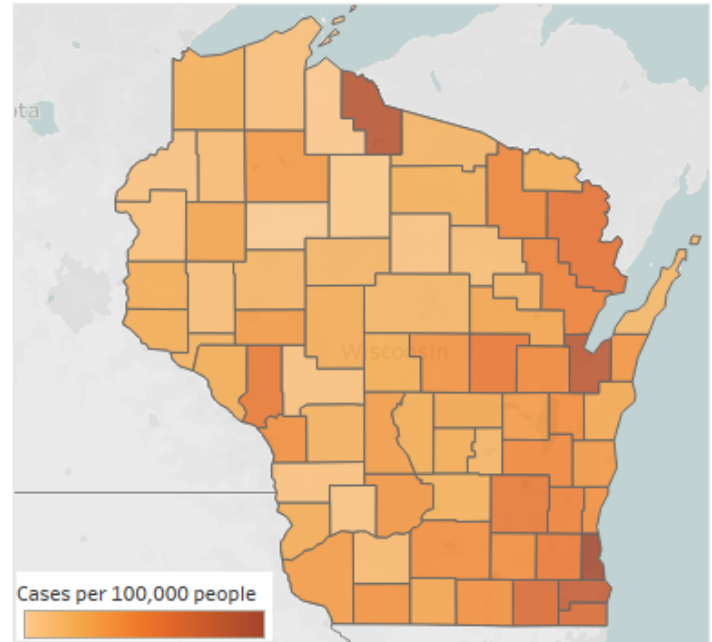
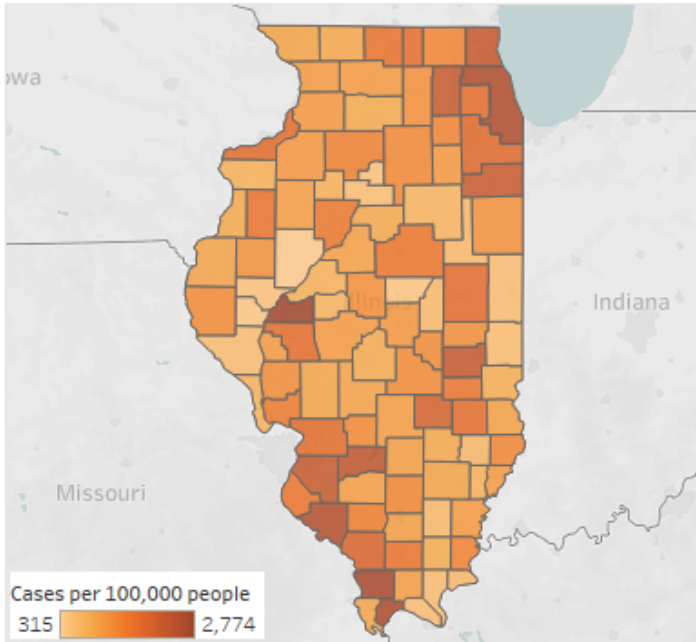
# COVID-19 Update

## Illinois and Wisconsin

### COVID-19 Confirmed Cases By County

	Positive Cases	Cases/100k pop.
<b>Illinois</b>		
Cook	132,401	2,571
St. Clair	5,779	2,225
Kane	11,826	2,221
Lake	15,379	2,208
Will	12,505	1,810
Champaign	3,728	1,778
Madison	4,631	1,761
DuPage	15,592	1,689
Winnebago	4,609	1,631
McHenry	4,161	1,352
<b>253,681</b>		
<b>Cases</b>		
<b>8,214</b>		
<b>Deaths</b>		

	Positive Cases	Cases/100k pop.
<b>Wisconsin</b>		
Milwaukee	25,014	2,645
Iron	131	2,303
Brown	6,067	2,293
Racine	4,193	2,136
Kenosha	3,074	1,813
Walworth	1,880	1,810
Marinette	647	1,603
Waupaca	783	1,536
Dodge	1,326	1,510
Trempeale..	445	1,501
<b>83,334</b>		
<b>Cases</b>		
<b>1,183</b>		
<b>Deaths</b>		



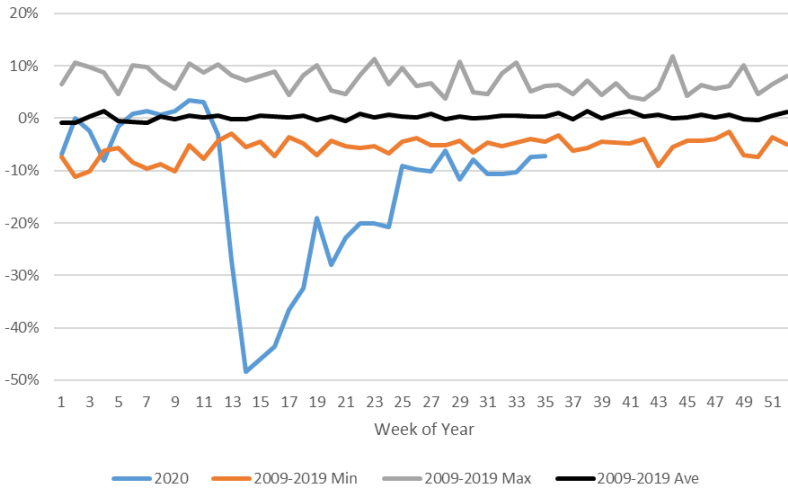
Source: Illinois DPH; Wisconsin DHS as of September 12, 2020



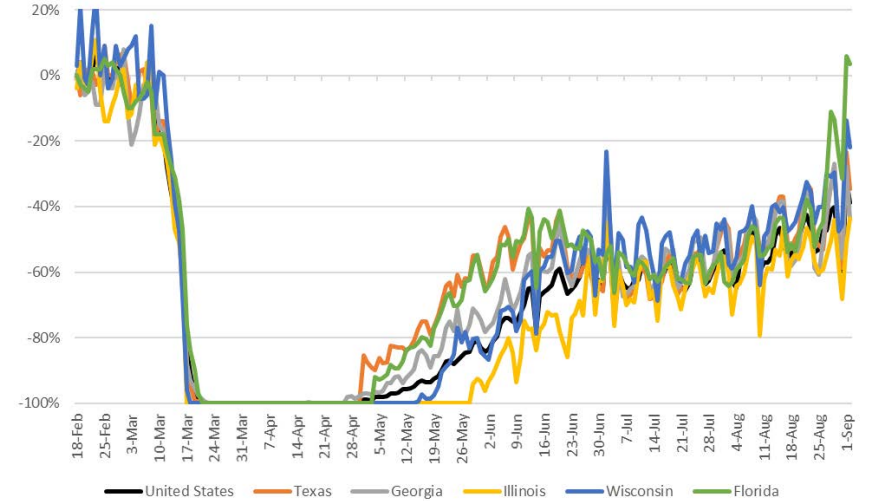
# COVID-19 Update

## Green Shoots as States Open Up

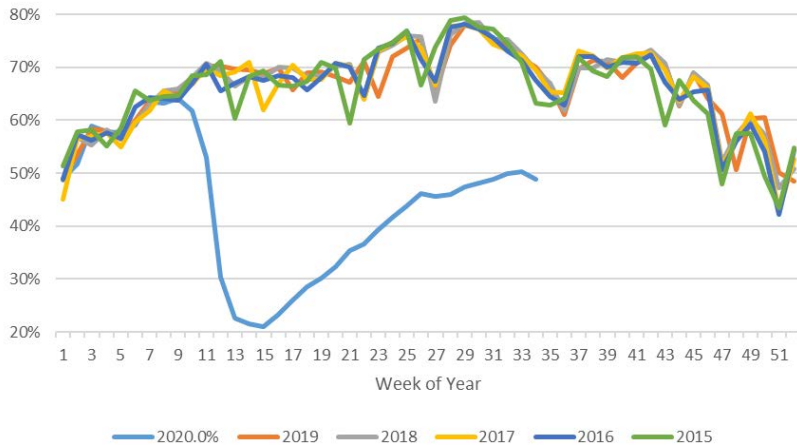
U.S. Weekly Gasoline Demand: Year-over-Year Percentage Change



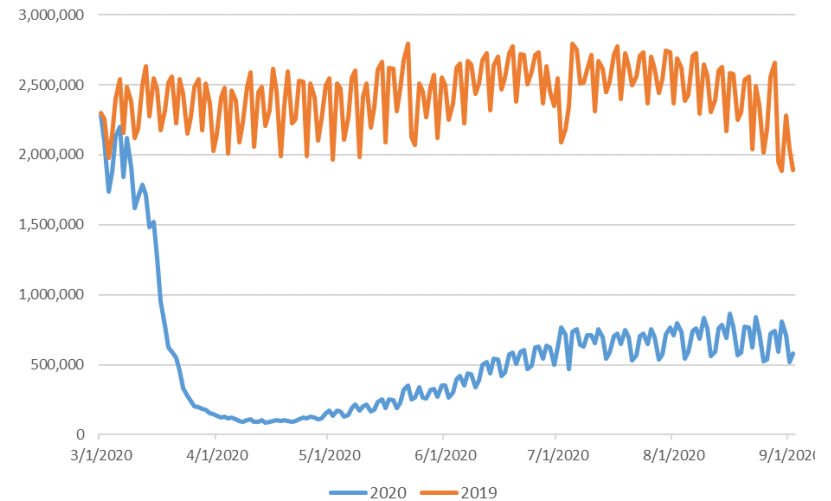
Change in Restaurant Dine-Ins: Year-over-Year



U.S. Hotel Occupancy Rate: 2015-2020



U.S. Total TSA Checkpoint Travellers



Source: EIA, OpenTable, STR, TSA

# August Non-Farm Payroll Report

- The Bureau of Labor Statistics released August's Non-Farm Payroll Report. Payrolls increased by 1.4M, better than consensus expectations of an increase of 1.35M. The improvements in the labor market reflected the continuous resumption of economic activity that had been curtailed due to COVID-19.
- The unemployment rate declined by 1.8% to 8.4% in August.
  - Employment rose sharply in the Government sector, largely reflecting temporary hiring for the 2020 Census. Notable job gains also occurred in retail trade, professional and business services, leisure and hospitality, and in education and health services.
  - Average hourly wages rose 0.4% month-over-month and are 4.7% higher from one year ago.
  - The labor force participation increased by 0.3% to 61.7%.
- Payrolls in June were downwardly revised by 10K to 4,781K. Payrolls in July were also downwardly revised from 29K to 1,734K. As a result, employment gains in June and July were 39K lower than previously reported.

Source: Bureau of Labor Statistics

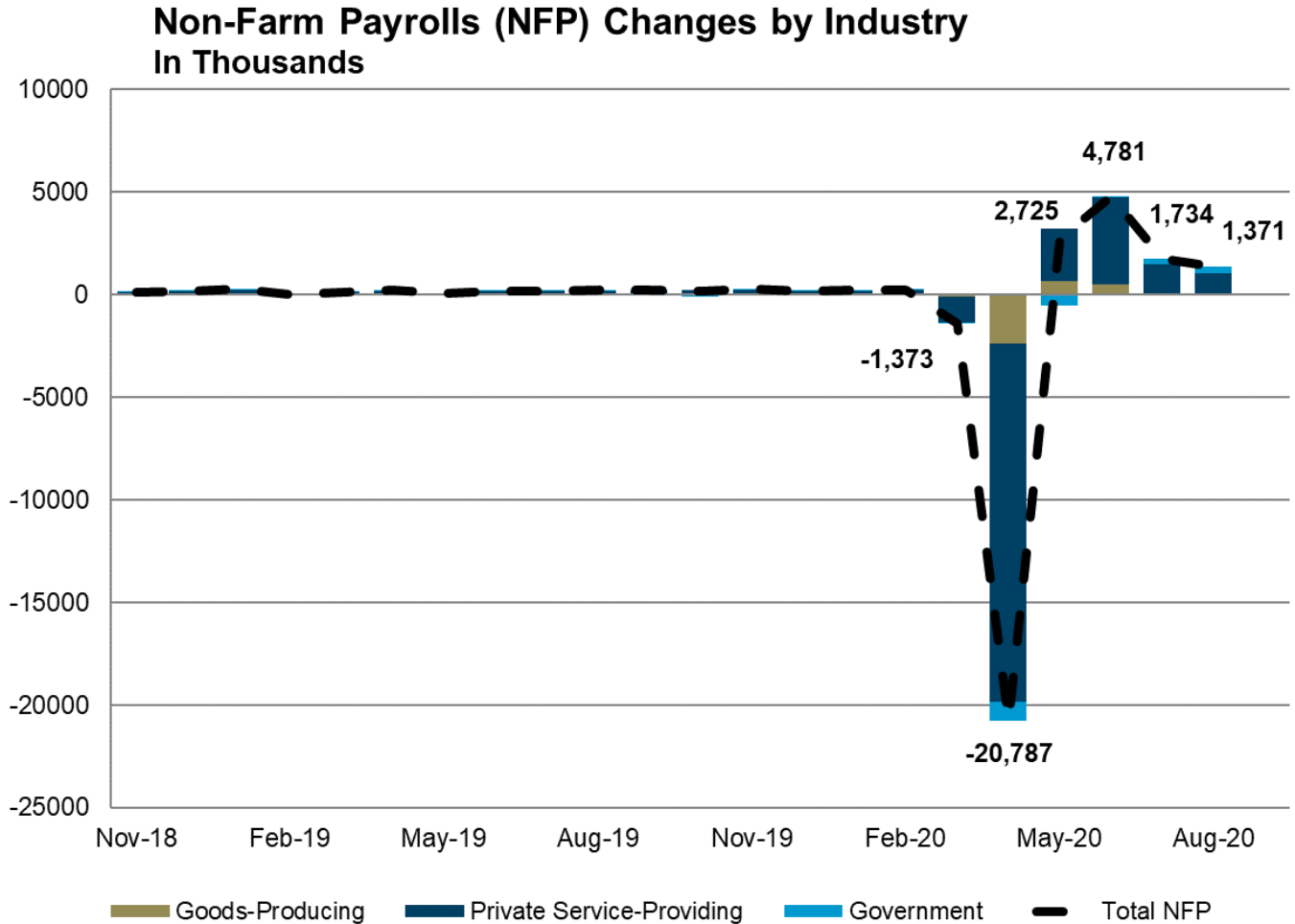
# August Non-Farm Payroll Report

## Service and Goods-Producing Payrolls Rise

The private service-providing sector grew in August, increasing 984K compared to an increase of 1,420K jobs in July.

The goods-producing sector also increased, rising by 43K this month after rising 61K last month.

Employment in the government sector jumped by 344K following an increase of 253K in July.



Source: Bureau of Labor Statistics

# August Non-Farm Payroll Report

## Payrolls by Sector

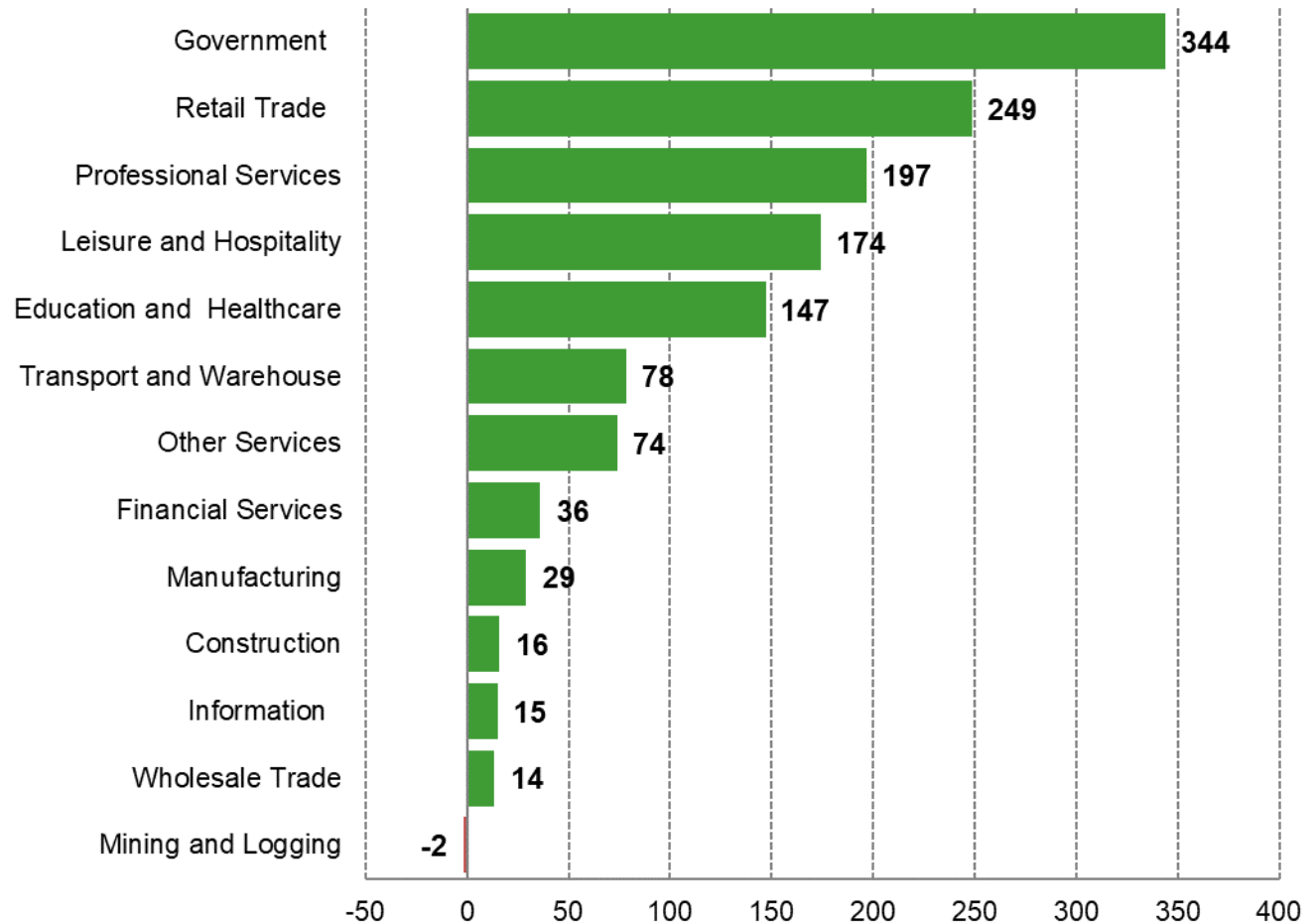
Payroll sectors were almost all increased in June. Government rebounded the most, gaining 344K jobs.

Retail Trade, Professional Services, and Leisure and Hospitality all increased by 249K, 197K, and 147K, respectively.

Mining and Logging was the only sector to decline, slightly falling 2K.

### Non-Farm Payroll Change By Sector: August 2020

Thousands of Jobs



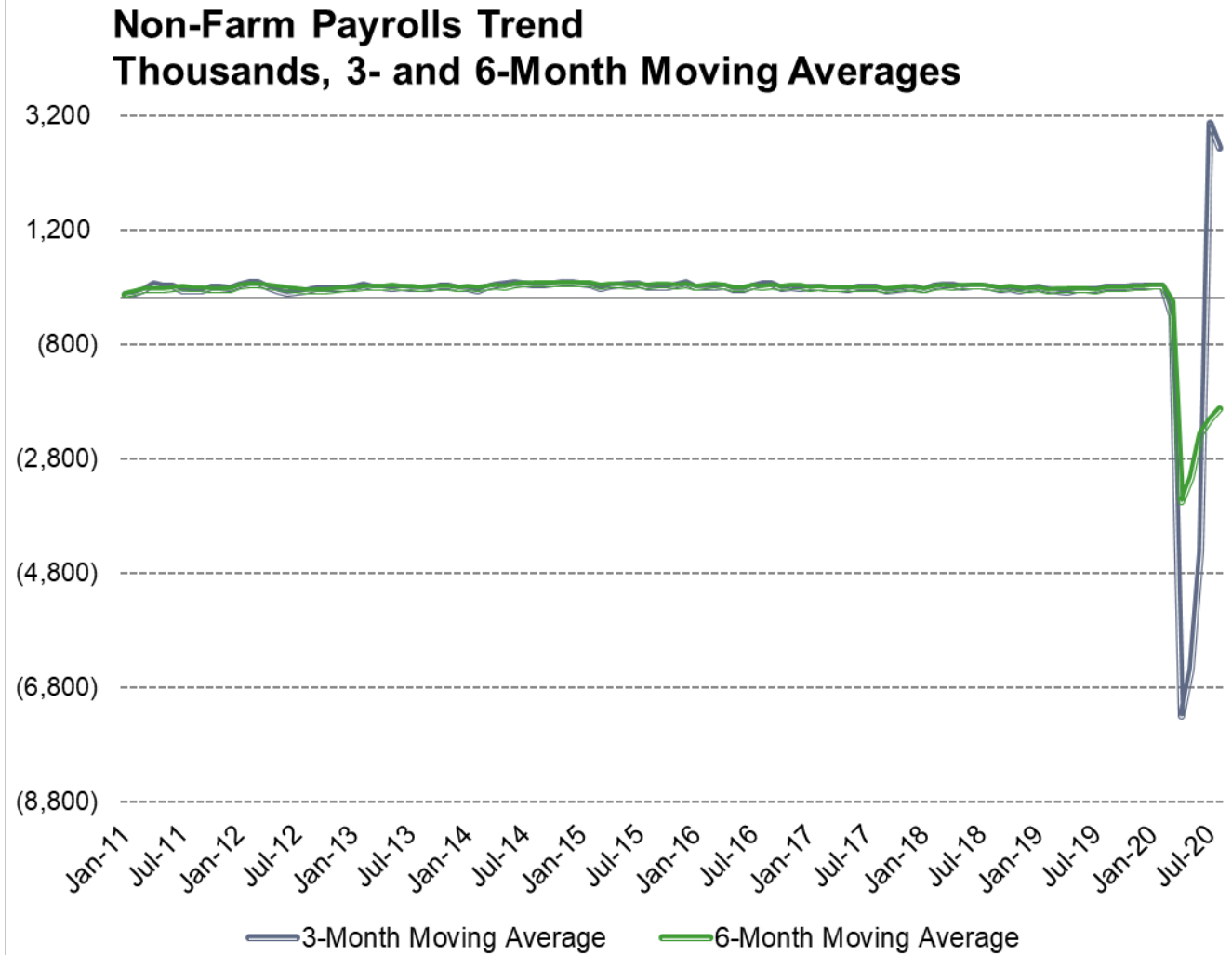
Source: Bureau of Labor Statistics

# August Non-Farm Payroll Report

## 3-Month Moving Average Edges Lower

The 3-month moving average decreased this month while the 6-month moving average increased.

The 3-month moving average fell by 451K to 2,629K, while the 6-month moving average increased by 187K to -1,925M.



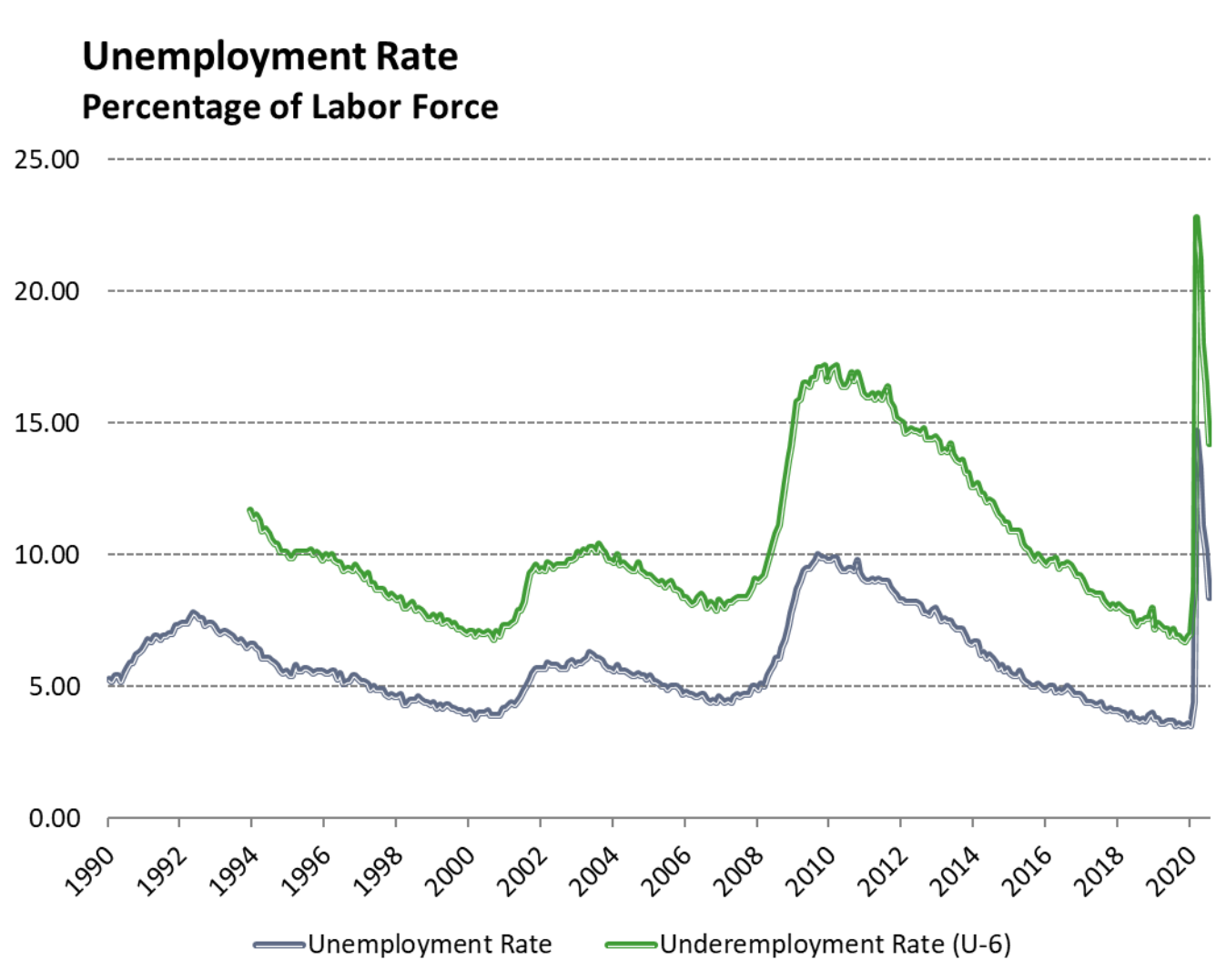
Source: Bureau of Labor Statistics

# August Non-Farm Payroll Report

## Unemployment Rate and Labor Force Participation Rate

The unemployment rate decreased by 1.8% to 8.4% in August.

The labor force participation rate, which includes underemployed and discouraged workers, similarly improved and increased slightly to 61.7% in August.



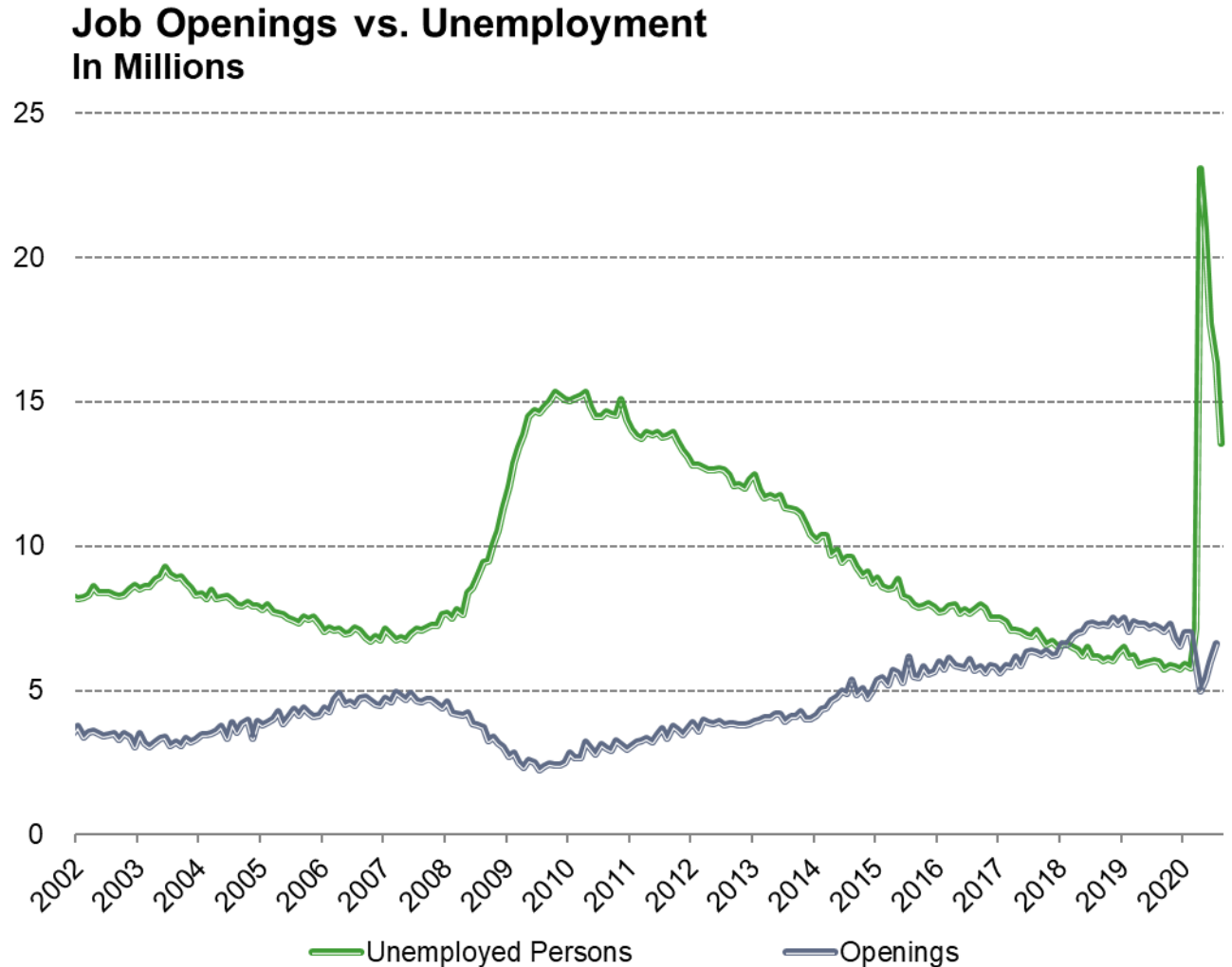
Source: Bureau of Labor Statistics

# August Non-Farm Payroll Report

## Job Openings Increase in July

Job openings data, which is lagged by an additional month, reflected an increase in the number of job openings in July. Openings rose to 6.62M from 5.9M in June.

Meanwhile, the number of unemployed persons declined, falling to 13.55M.



Source: Bureau of Labor Statistics

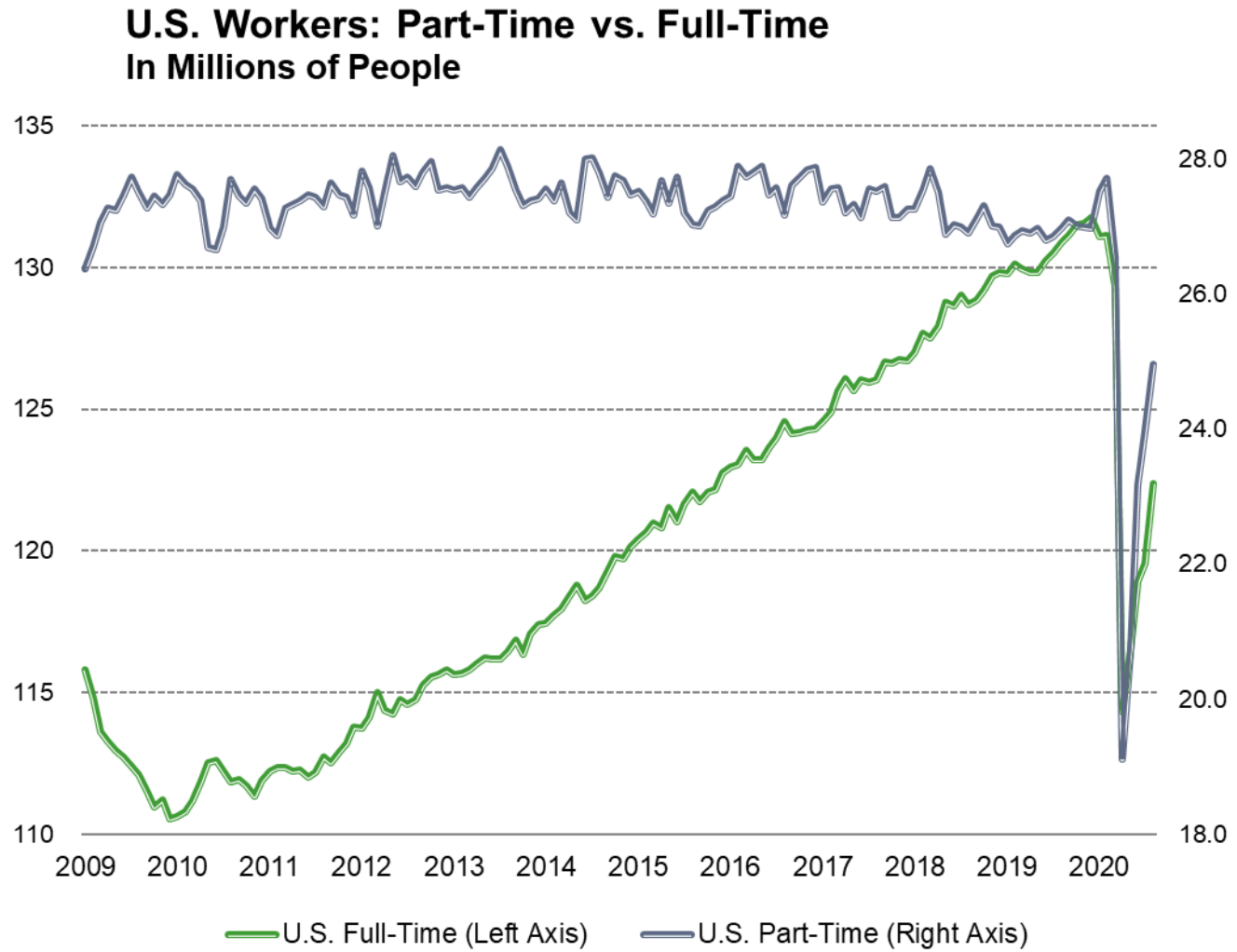


# August Non-Farm Payroll Report

## Full-Time Workers and Part-Time Workers Increase

The number of full-time workers increased to 122.4M from 119.6M in July.

Part-time workers increased more modestly, rising to 24.9M from 23.9M in July.



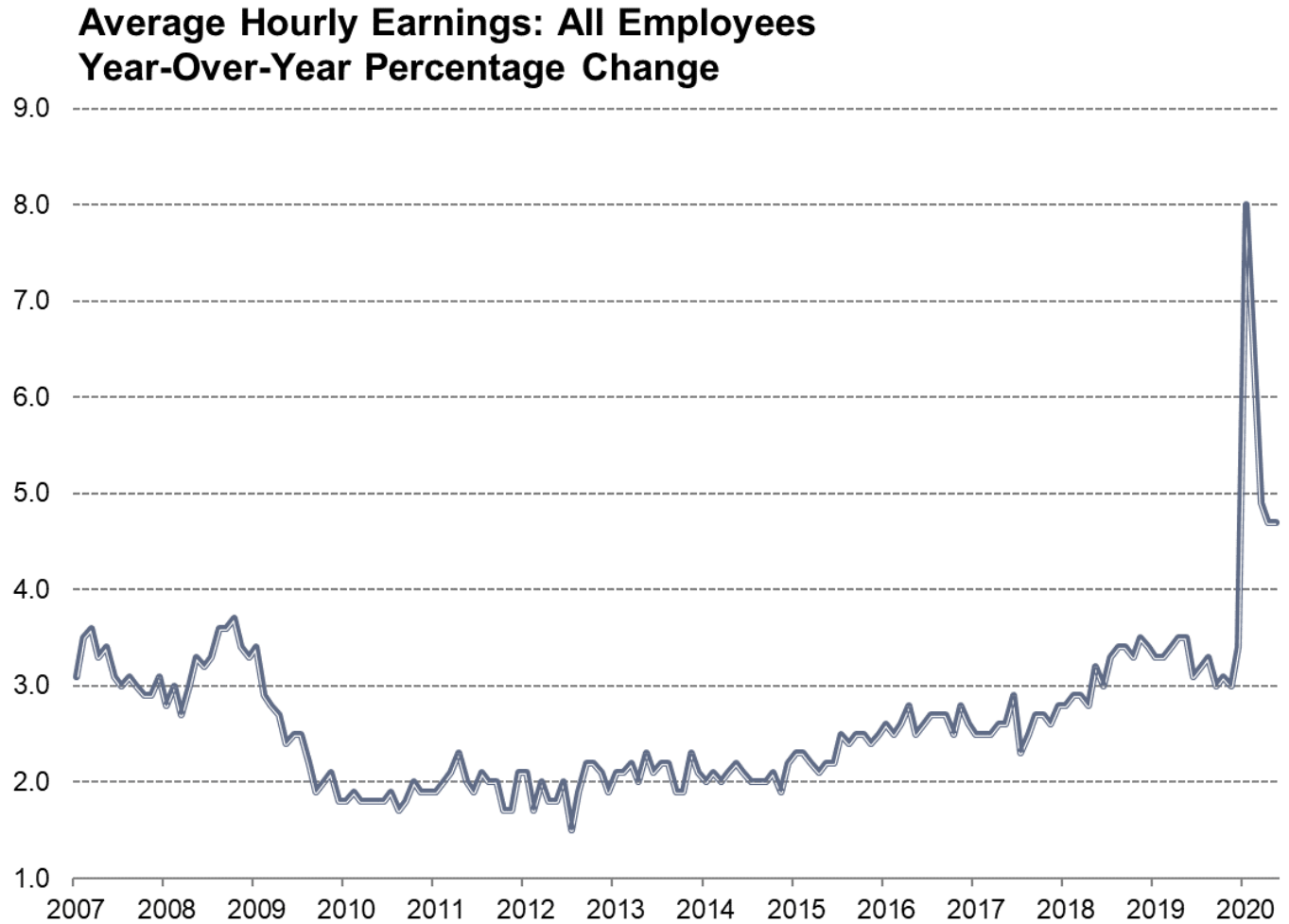
Source: Bureau of Labor Statistics

# August Non-Farm Payroll Report

## Average Hourly Earnings Beat Expectations

Average hourly earnings rose 0.4% month-over-month.

Year-over-year, wages have increased by 4.7%, unchanged from last month.



Source: Bureau of Labor Statistics

# August Non-Farm Payroll Report

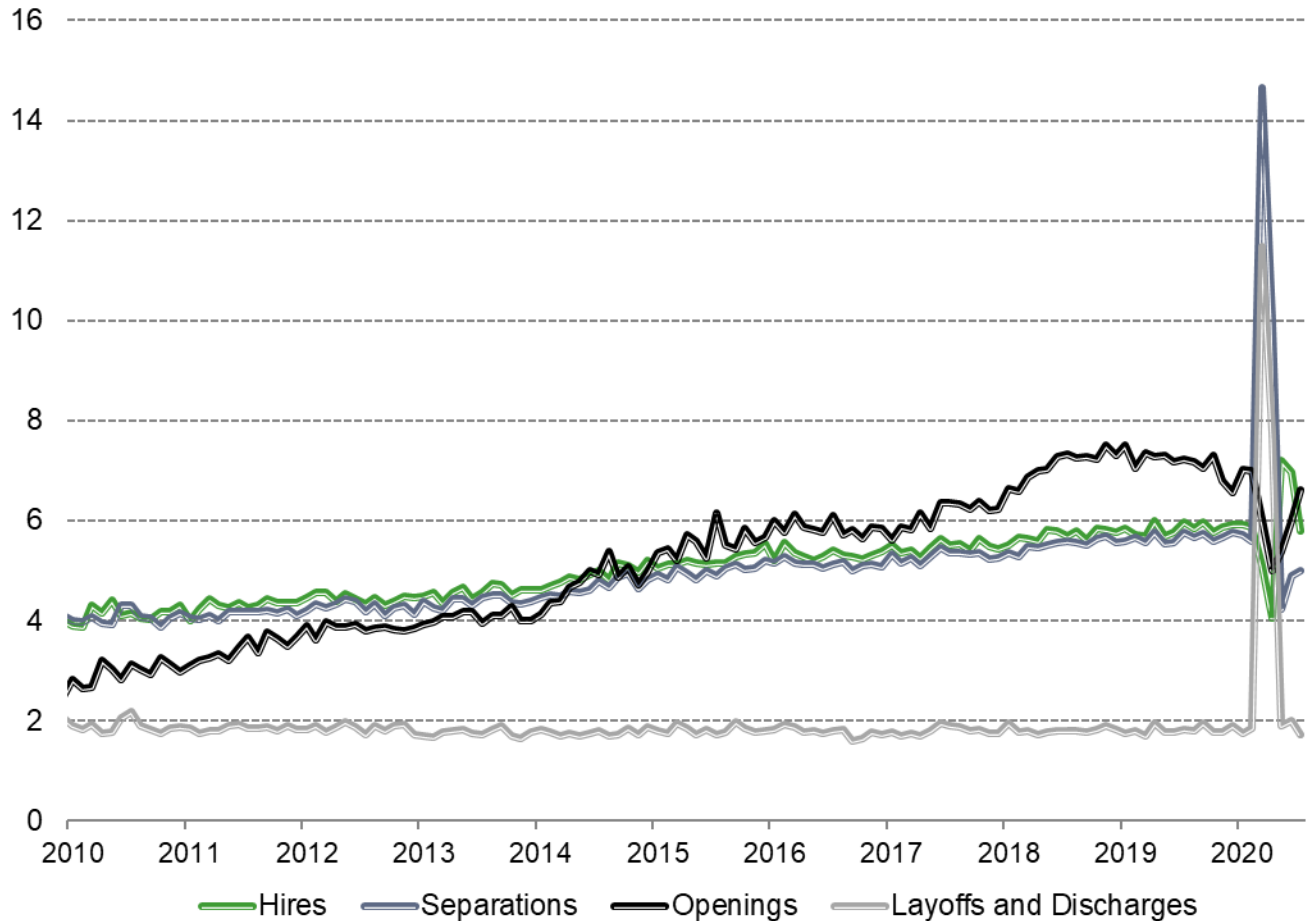
## Job Openings Components Mixed

Components of the Job Openings and Labor Turnover Survey (JOLTS) were mixed in July.

Job Openings increased 617K to 6.62M, while Hires fell 1.18M to 5.79M.

Layoffs fell 274K to 1.72M while Separations increased by 108K to 5.00M.

**Job Openings, Hires, and Separations**  
Millions of Jobs



Source: Bureau of Labor Statistics

# August Non-Farm Payroll Report

## Summary:

- Payrolls increased by 1.4M in August, following net revisions to June and July payrolls, resulting in a 29K net decrease.
- The 3-month moving average decreased while the 6-month moving average increased.
- The unemployment rate fell modestly to 8.4% from 10.2% in the prior month.
- Hourly wages rose 0.4% month-over-month and are 4.7% higher from one year ago.

Source: Bureau of Labor Statistics

# This and That

According to an article published by *The Wall Street Journal*, Ford Motor Company has recently sought the help of a four-legged robot dog to streamline plant operations. According to the article, Ford often maps the layouts of its plants so that staff can redesign and repurpose the facilities to manufacture different parts for new cars. It can be time-consuming and costly, involving engineers who could be focused on other tasks.

The robot, nicknamed “Fluffy,” sits atop another rectangular-shaped robotic device on wheels, nicknamed “Scouter,” and is equipped with five cameras that give it 360-degree vision, letting it observe what’s in front of it and avoid obstacles. It can climb stairs and stabilize itself on slippery surfaces and metal grates using optimization algorithms. It can also access hard-to-reach areas within the plant, as long as they are at least 2 feet wide. “They’ll go through and navigate the facility, and when Scouter encounters a tight area, it deploys the ‘hound,’” said Mark Goderis, a Ford digital engineer.

The robot-enabled scans are eventually meant to replace an existing process in which a Ford employee stands in different areas of the manufacturing plant holding a tripod with a laser attached to it, waiting about five minutes for the laser to capture between 60 and 80 scans an hour. Scanning a 2-million-square-foot plant that way would normally take about three to four weeks at a cost of \$300,000, Mr. Goderis said.

Source: The Wall Street Journal

# Economic Data Release Calendar

## September 2020

This week ends with economic data to be released on the Consumer Price Index.

Throughout the week economic indicators will be released for Industrial Production, Retail Sales, the NAHB Housing Market, and Housing Starts.

All eyes will be focused on Wednesday's FOMC Rate Decision.

September 2020				
Monday	Tuesday	Wednesday	Thursday	Friday
<b>31</b> Dallas Fed Outlook	<b>1</b> ISM Manufacturing Index Construction Spending	<b>2</b> MBA Mortgage Applications ADP Employment Report Factory Orders Beige Book	<b>3</b> Jobless Claims ISM Nonmanufacturing	<b>4</b> Employment
<b>7</b> Labor Day Federal Holiday FHLBC Closed	<b>8</b> Small Business Optimism	<b>9</b> MBA Mortgage Applications JOLTS	<b>10</b> Jobless Claims Producer Price Index Wholesale Trade	<b>11</b> Consumer Price Index
<b>14</b>	<b>15</b> Industrial Production	<b>16</b> MBA Mortgage Applications Retail Sales Business Inventories NAHB Housing Market FOMC Rate Decision	<b>17</b> Jobless Claims Philadelphia Fed Outlook Housing Starts	<b>18</b> Consumer Sentiment
<b>21</b> Chicago Fed Nat'l Activity	<b>22</b> Richmond Fed Outlook Existing Home Sales	<b>23</b> MBA Mortgage Applications FHFA House Price Index	<b>24</b> Jobless Claims Kansas City Fed Outlook New Home Sales	<b>25</b> Durable Goods
<b>28</b> Dallas Fed Outlook	<b>29</b> S&P Case-Shiller HPI Consumer Confidence	<b>30</b> MBA Mortgage Applications ADP Employment Report GDP Pending Home Sales	Notes:	

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