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Market Comment:

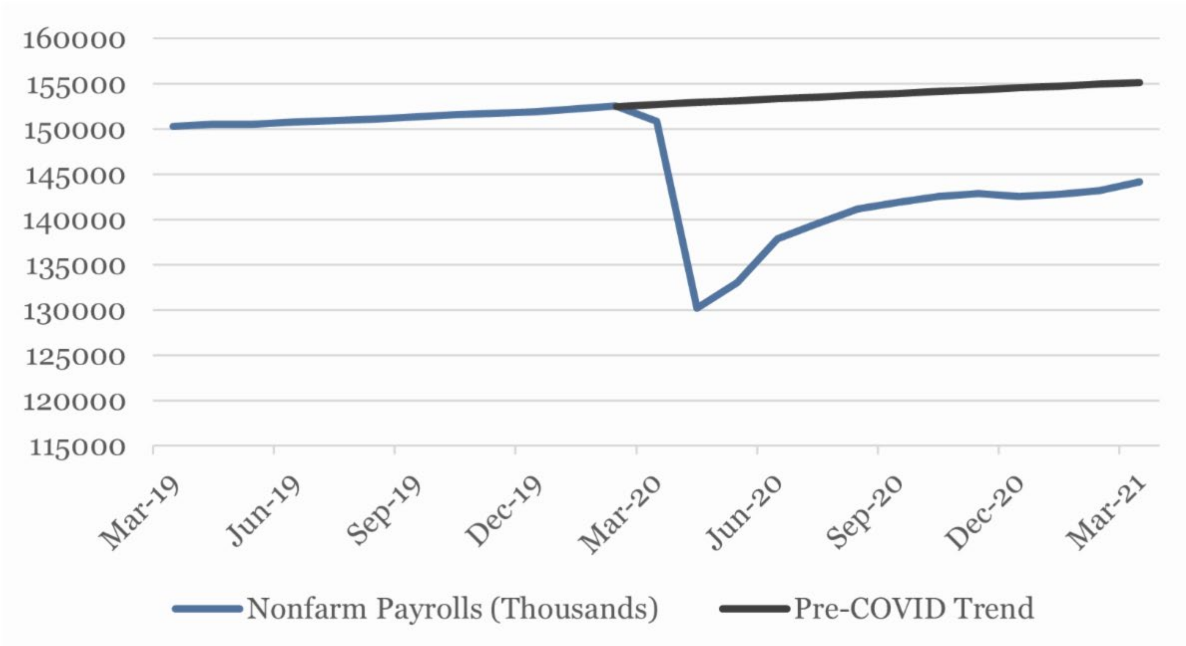
We've recently received encouraging news about the state of the US labor market. The March employment report indicated that we added 916,000 new jobs over the month. January and February numbers were also up by 156,000. Importantly, hiring was robust across sectors as slightly more than half of employment gains were in areas other than leisure and hospitality.

In addition to the employment report, the most recent Job Openings and Labor Turnover Survey (JOLTS), released on April 6, indicated that there were 7.4M job openings in the US as of the end of February. Service-related industries, like retail, professional services, health care, and leisure and hospitality, all have hundreds of thousands of job openings nationwide.

These reports give hope for a rapid labor market recovery, but the path to full recovery will not be a short one. We need to add roughly 11 million jobs for the economy to return to our pre-COVID employment trend. Adding one million jobs per month would get us back to trend in 2022, but if the pace slows and we only average 500-750,000 jobs per month we will not return to the pre-COVID trend until 2023 or 2024.

There are, as always, reasons to temper our optimism and we're already seeing stories about employers struggling to fill positions. Why? In addition to COVID health concerns and childcare considerations due to school closings, the Fed has pointed to expanded unemployment benefits that run through September. The unemployment rate for workers not eligible for unemployment benefits (job leavers, new entrants, re-entrants, and temp workers) has already fallen below 3%, indicating that it might be hard to coax some unemployed workers receiving benefits back into jobs before the fall.

Fig. 1: Nonfarm payrolls remain well below the pre-COVID trend



Source: Bloomberg, Mill Creek

Updated Benchmark Performance:

	One Week	1 Year	3 Years	5 Years	10 Years
Global Equities	1.1%	50.2%	12.8%	14.0%	9.5%
US Equities	1.2%	56.0%	18.2%	17.5%	14.3%
International Equities	1.2%	43.5%	6.3%	9.6%	5.7%
Emerging Market Equities	-0.6%	52.9%	6.7%	12.5%	3.7%
US Taxable Bond Market	0.3%	0.4%	4.9%	3.2%	3.5%
US Municipal Bond Market	0.2%	4.5%	4.1%	2.6%	3.2%
Hedge Fund Index	0.8%	16.4%	3.6%	4.2%	1.4%
Diversified Commodities	0.7%	31.9%	-0.8%	1.8%	-6.2%
Gold	0.2%	2.1%	9.1%	6.6%	1.8%

Key Rates	One Week	1 Year	3 Years	5 Years	10 Years
US 10-Year Treasury	1.7%	0.7%	2.8%	1.8%	3.5%
Barclays Aggregate Bond Index	1.6%	1.5%	3.2%	2.2%	3.1%
BBarc Muni 1-10Yr Blend (1-12) Index	0.7%	1.6%	2.3%	1.3%	2.6%

All returns for periods longer than one year are annualized.

This week's contributor: Michael Crook, CAIA

Indices Used: U.S. Large Cap equities: Russell 1000 Index, U.S. Small Cap Equities: Russell 2000 Index, International Developed Equities: MSCI EAFE Index, Emerging Market Equities: MSCI Emerging Markets Index, U.S. Bonds: Barclays Aggregate Bond Index, U.S. 10 Year Treasury Note: Bloomberg 10 Yr. Treasury Note, Municipal Bonds: Barclays Intermediate Municipal Bond Total Return Index, High Yield Bonds: Barclays U.S. High Yield Total Return Index, Oil: Bloomberg WTI Crude Sub-Index Total Return Index, Gold: Bloomberg Gold Sub-Index Total Return Index

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