
WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

June 3, 2022

EMPLOYMENT

Nonfarm payrolls increased by 390,000 jobs in May. The unemployment rate was unchanged at 3.6% as the labor force participation rate rose to 62.3% from 62.2%. Average hourly earnings rose 0.3%, one tenth less than expected. Year-over-year, earnings have risen 5.2%.

Our Take: Job growth has slowed slightly but remains strong. Labor markets are tight, with job openings far outstripping available candidates. The Fed is aware that rate hikes to slow the economy will likely be accompanied by higher unemployment. Their hope is to be able to tame inflation while not crushing the economy. For now, the strong job market is solid, even as rate hikes loom.

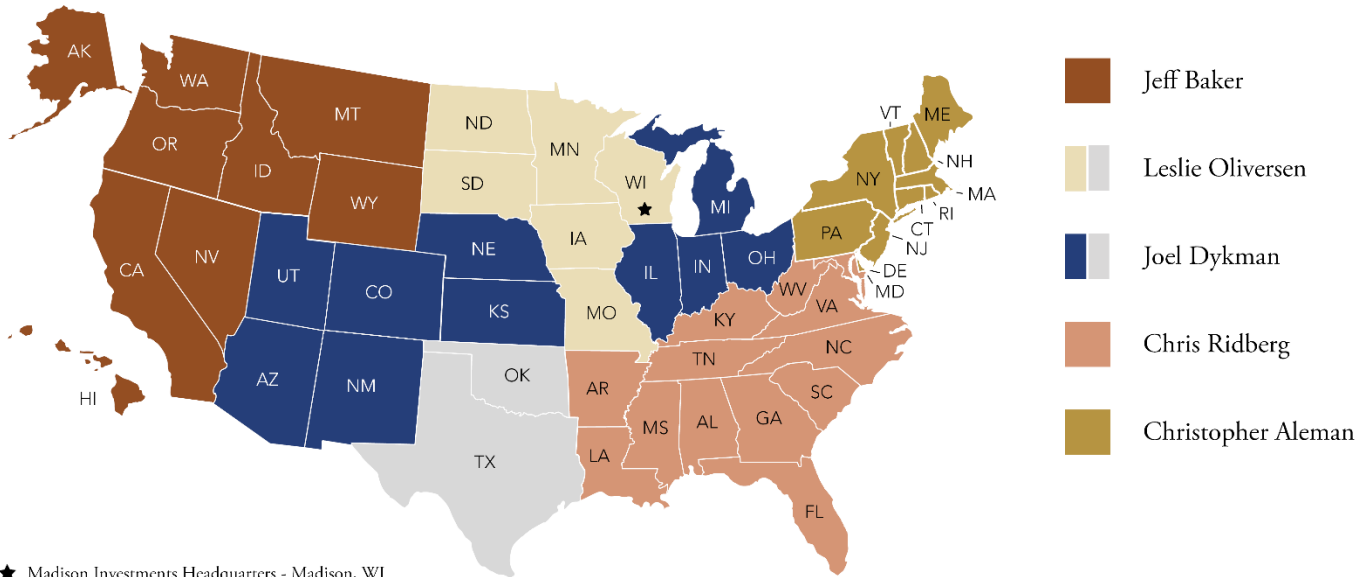
MUNICIPALS

The Chicago City Council passed a resolution to allow Bally's Corporation to build a casino in the city's River West area. The Bally's proposal includes a 500-room hotel, a theater, restaurants, an outdoor music venue, 3400 slots and 170 tables. City leaders estimate that the casino could generate \$200 million of tax revenue each year by 2027, which will be used to help fund the city's underfunded pensions. Opponents claim that the \$200 million figure is unrealistic.

Our Take: Bally's has committed to a \$40 million upfront payment, which is expected to be a part of the city's 2023 fiscal year budget. Time will tell if the city's future tax projections are realistic. Estimates show that the expected tax revenue collected from the casino for the pensions is only 9% of the money Chicago needs to meet its pension obligations, which means the city still has a lot of work to do to fund its pensions.



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