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## WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

September 2, 2022

### EMPLOYMENT

Nonfarm payrolls increased by 315,000 jobs in August, continuing a string of solid employment growth. Slightly tempering the report were revisions to the previous two months' reports. These revisions subtracted 107,000 jobs. The unemployment rate increased from 3.5% to 3.7%, primarily due to the jump in labor force participation to 62.4% from 62.1%. On the wage front, average hourly earnings increased a less-than-expected 0.3% in August and have risen 5.2% over the past twelve months.

**Our Take:** These days, all economic data is viewed through the lens of its expected impact on Fed thinking. They will likely be encouraged by today's employment report, as jobs continue to grow despite recent tightening. This provides them cover to continue to aggressively raise rates. In addition, an increase in labor force participation is a positive development on the inflation front, as it should help dampen wage growth. In the end, nothing in this report should dramatically alter the Fed's current path.

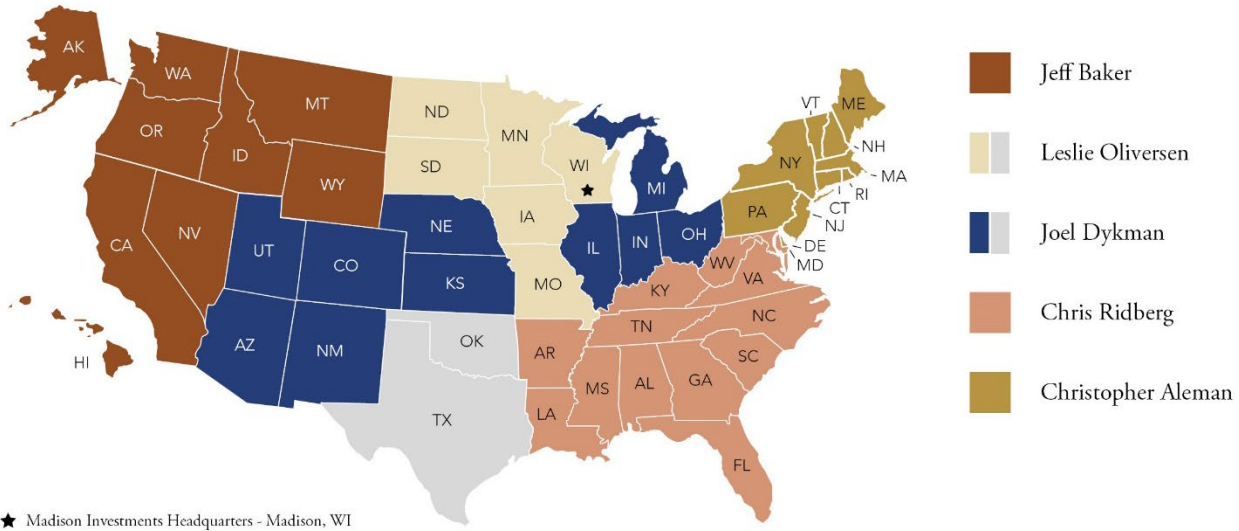
### MUNICIPALS

As the nation's students prepare to return to the classroom, recent estimates show that only \$15.4 billion of the \$122 billion of the American Rescue Plan's COVID-19 stimulus money earmarked for education has been spent by states and school districts. The funds, which according to the Department of Education are intended to "help schools safely reopen" and "address the impact of the coronavirus pandemic on the nation's students," must be spent by the end of September 2024.

**Our Take:** Some observers believe that school districts are not spending the federal relief funds fast enough. However, it is difficult to pinpoint exactly how much has been spent, as some school district budget data is not available and some districts operate on different fiscal calendars. Many school districts are experiencing higher expenses and funding declines and will likely work to spend their allotted money before the "use-it-or-lose-it" 2024 deadline.



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