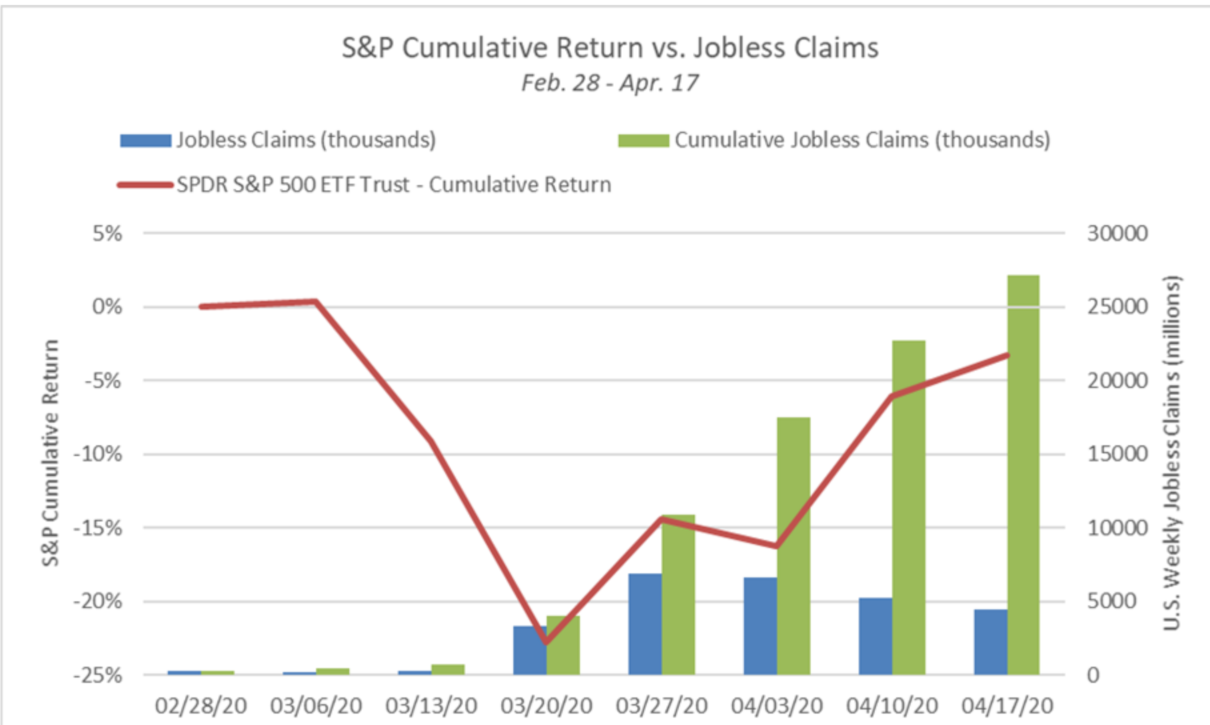
# Market Structure Minute:
## The Icarus Rally

Icarus, as a reminder, ignored his dad's advice, flew too close to the sun – and died. This myth is often invoked to warn against both complacency and hubris – and while we doubt any readers of this Market Structure Minute wrestle with either of these evils, this week we did some digging on the recent rally against the broader economic backdrop.

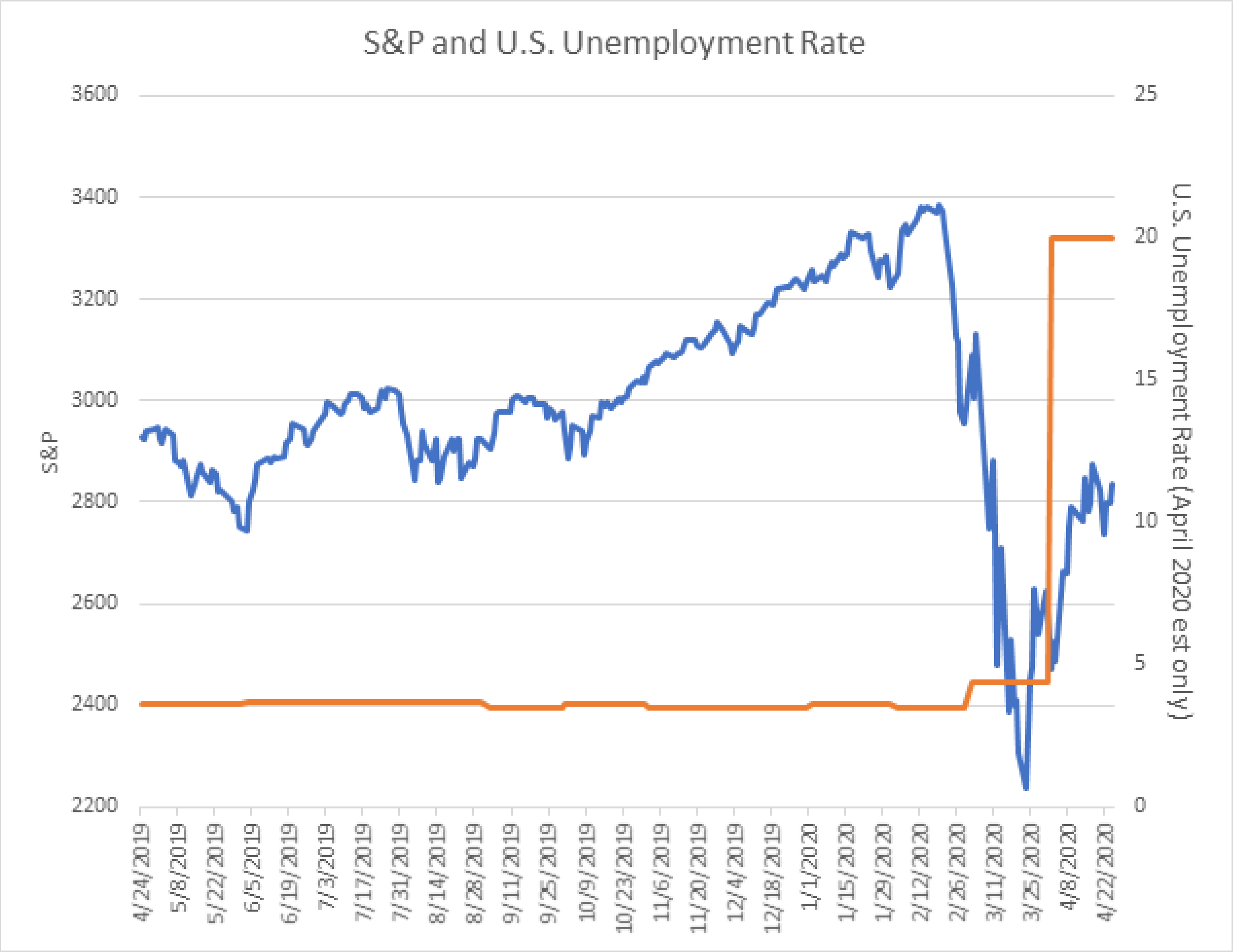
The S&P closed the week at 2836 – a level last hit in June 2019. It is up more than 20% off the March lows. But a few small things are different between June of last year and today. The decade long bull market that recently ended was often called "the most hated rally ever." If this rally isn't quite as disliked, it is certainly among the most puzzling. We explore some of the differences between today and the last time the S&P was at this level below.

**Thousands of jobless claims vs. Tens of millions of jobless claims**. The last month's rally happened as jobless numbers started rolling in and climbed to century long highs. Cumulative jobless claims in the U.S. now top 25 million.




*Source: FactSet, Jefferies*

**Put Another Way...Then vs. Now**. 3.7% unemployment rate vs. expected range of 17 – 20%+ unemployment rate. Some argue this is pricing in a V-shaped recovery with the expectation of rapid *re-employment*. But unlike other economies opening back up, the U.S. is a services-driven economy, with services making up about 80% of our economy, rather than manufacturing. And 80% of the U.S. population live in metro areas – those with higher density and thus a potentially higher rate of Covid-19 transmission.




*Source: FactSet, Department of Labor, Jefferies*

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