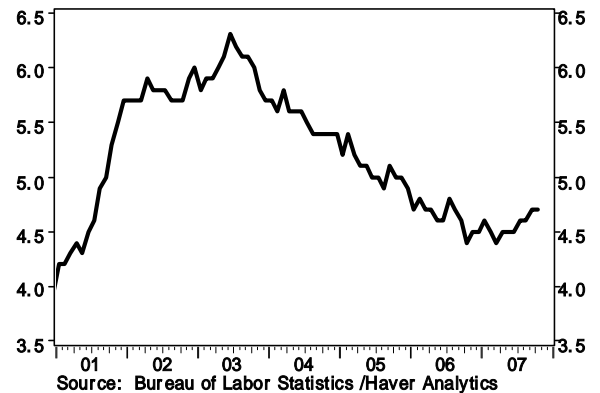


OCTOBER EMPLOYMENT REPORT

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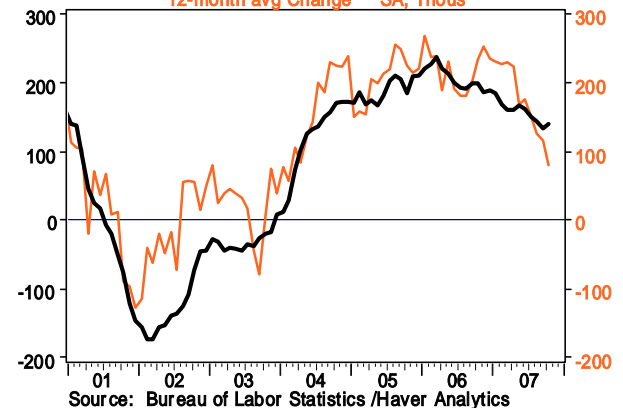
- Non-farm payrolls increased 166,000 in October while revisions to August and September subtracted 10,000. The consensus expected a gain of 85,000.
- Private sector payrolls increased 130,000 in October and only accounted for 2,000 of the downward revisions to previous months. Professional and business services added an unusually large 65,000 jobs in October, including 34,000 to employment services. Construction payrolls fell 5,000 in October, all due to home building. Outside home building, construction jobs rose 17,000.
- The unemployment rate remained at 4.7% (4.727% un-rounded).
- Average hourly earnings increased 0.2% and are up 3.8% versus a year ago.

Civilian Unemployment Rate: 16 yr +
SA, %



Implications: Today's employment report reflects the re-acceleration of GDP growth that started this Spring. Payrolls increased 166,000 and previous months were revised down only 10,000, bringing the net gain to 156,000. The slowdown in payroll growth from late 2006 through this summer was due to the temporary slowdown in real GDP growth in the year ending in the first quarter of 2007. Now, in reaction to the nearly 4% real GDP growth rates in Q2 and Q3, payroll growth is turning the corner and moving up too. Factoring-in likely annual revisions, payrolls are up at a monthly rate of about 130,000 in the past year (now measured at 140,000). Meanwhile, civilian employment (adjusted for population revisions and the payroll concept) is up at a monthly rate of about 80,000 versus last year. As the chart to the right shows, civilian employment growth was generally stronger than payroll growth from 2002 through 2006, probably due to independent contractors in the home building sector. Now that housing is in a major correction, the trend has reversed. In the months ahead we expect job gains to remain solid as real GDP growth maintains its resilience.

All Employees: Total Nonfarm
12-month avg Change SA, Thous
 Civ. Employment (Pop. Smoothed and Payroll Compatible)
12-month avg Change SA, Thous



Employment Report <i>All Data Seasonally Adjusted</i>	Oct-07	Sep-07	Aug-07	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	4.7	4.7	4.6	4.7	4.6	4.6
Civilian Employment (monthly change in thousands)	-55	289	117	117	74	79
Nonfarm Payrolls (monthly change in thousands)	166	96	93	118	118	140
Construction	-5	-14	-29	-16	-12	-9
Manufacturing	-21	-17	-45	-28	-18	-17
Retail Trade	-22	-12	-4	-13	-4	5
Finance, Insurance and Real Estate	2	-13	-13	-8	1	3
Professional and Business Services	65	23	31	40	29	31
Education and Health Services	43	29	62	45	52	48
Leisure and Hospitality	56	50	23	43	36	37
Government	36	23	63	41	17	19
Avg. Hourly Earnings: Total Private*	0.2%	0.3%	0.3%	3.0%	3.9%	3.8%
Avg. Weekly Hours: Total Private	33.8	33.8	33.8	33.8	33.8	33.8
Index of Aggregate Weekly Hours: Total Private*	0.1	0.1	0.1	1.1	1.5	1.5

*3, 6 and 12 month figures are % change annualized

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