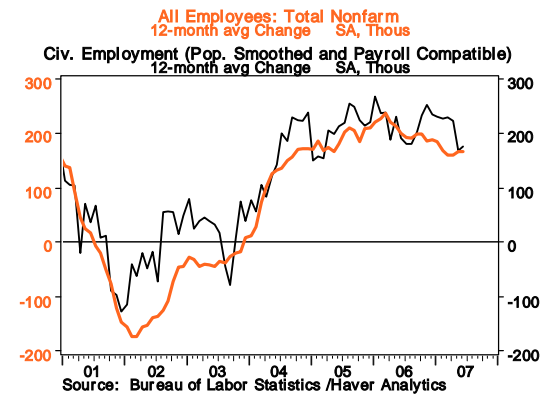
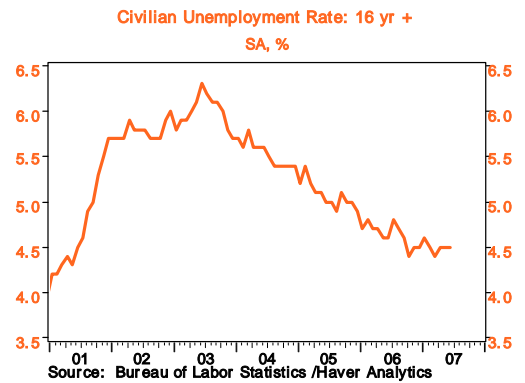


JUNE EMPLOYMENT REPORT

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- Non-farm payrolls increased 132,000 in June while revisions to April and May added a total of 75,000 to payroll growth. The consensus expected a gain of 125,000.
- Sectors performing well in June included education and health (+59,000), restaurants and bars (+35,000), and state and local government (+41,000). Upward revisions to April and May were centered in financial services, manufacturing, leisure and hospitality, and retail trade.
- Non-residential construction payrolls increased 12,000 in June, while residential construction jobs were unchanged.
- The unemployment rate remained at 4.5%. Average hourly earnings increased 0.3% (0.35% un-rounded) and are up 3.9% versus a year ago, consistent with nominal wage gains in the late 1990s.



Implications: Today's jobs report was bullish on the economy. Payrolls were 207,000 higher than estimated last month (132,000 for June plus 75,000 in revisions to prior months), wages are growing at a strong pace, and hours per worker are up. Payrolls have expanded by an average of 167,000 per month in the past year, while civilian employment (adjusted for the payroll concept) is up 177,000 per month. After a lull, the very consistent pattern of upward revisions has reappeared. We now have two revisions for all jobs reports through April and in the prior twelve months the average revision between the original release and final number has been +41,000. Also note that in the past three months the number of unemployed workers who *voluntarily* left their prior job is up 55,000, a sign that workers are getting more confident in finding new jobs. When combined with the strong ISM reports for both manufacturing and services (released earlier this week), the strong employment report for June suggests that the economy has emerged from its slow-growth-patch, and has regained its strong forward momentum.

Employment Report <i>All Data Seasonally Adjusted</i>	Jun-07	May-07	Apr-07	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	4.5	4.5	4.5	4.5	4.5	4.5
Civilian Employment (monthly change in thousands)	52	66	-70	16	45	177
Nonfarm Payrolls (monthly change in thousands)	132	190	122	148	145	167
Construction	12	-2	-21	-4	-1	-1
Manufacturing	-18	-7	-18	-14	-14	-16
Retail Trade	-24	13	-27	-13	7	5
Finance, Insurance and Real Estate	1	16	3	7	5	10
Professional and Business Services	-9	22	25	13	13	28
Education and Health Services	59	49	58	55	49	47
Liesure and Hospitality	39	47	32	39	32	40
Government (Federal, State, and Local)	40	27	32	33	30	27
Avg. Hourly Earnings: Total Private*	0.3%	0.4%	0.2%	4.0%	3.7%	3.9%
Avg. Weekly Hours: Total Private	33.9	33.8	33.8	33.8	33.8	33.8
Index of Aggregate Weekly Hours: Total Private*	0.5	0.2	-0.2	1.9	1.7	1.9

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