

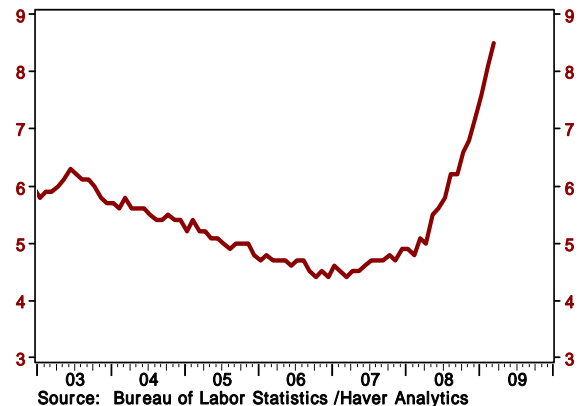
MARCH EMPLOYMENT REPORT

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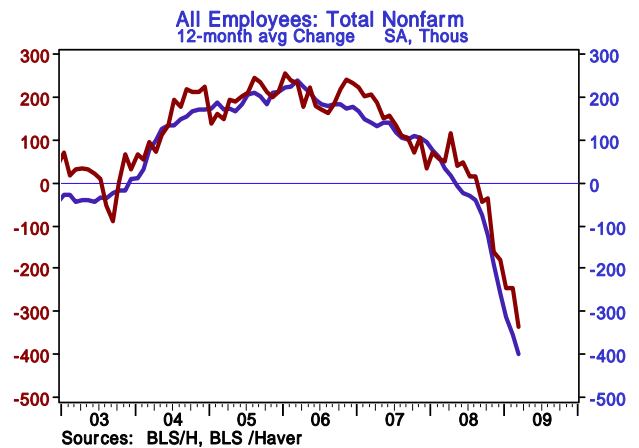
- Non-farm payrolls declined 663,000 in March, matching consensus expectations, while revisions to January and February subtracted an extra 86,000 jobs.
- Private (non-gov't) payrolls dropped 658,000, with declines in almost all major sectors. The weakest job categories were manufacturing (down 161,000), professional and business services – including temps, architects, and engineers – (down 133,000), and construction (down 126,000). The strongest sector was health care (up 14,000).
- The jobless rate increased to 8.5% (8.543% unrounded) from 8.1% in February, exactly as the consensus expected.
- Average hourly earnings rose 0.2% in March, as the consensus expected, and are up 3.4% over the last year.

Implications: The economy as a whole is not nearly as weak as it was late last year. However, the labor market, a lagging indicator, is still very weak, and is likely to show similar downward intensity for a couple more months. Although consumption has risen in the first three months of 2009, companies are feverishly cutting inventories and that means substantial layoffs. Payrolls fell 663,000 in March and average weekly hours declined to 33.2, a new record low. The share of workers working part-time who say they want full-time hours has increased rapidly since late last year. However, we still expect inventories to be cut more than enough to hit targeted levels by mid-year, leading to higher production, fewer job losses, and potential job gains by year end. When coming out of a recession caused by a sudden slowdown in monetary velocity, the key indicator to watch is consumption, not the labor market.

Civilian Unemployment Rate: 16 yr +
SA, %



Civ. Employment (Pop. Smoothed and Payroll Compatible)
12-month avg Change SA, Thous



Employment Report <i>All Data Seasonally Adjusted</i>	Mar-09	Feb-09	Jan-09	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	8.5	8.1	7.6	8.1	7.5	6.6
Civilian Employment (monthly change in thousands)	-994	-175	-437	-535	-517	-334
Nonfarm Payrolls (monthly change in thousands)	-663	-651	-741	-685	-619	-400
Construction	-126	-107	-135	-123	-110	-77
Manufacturing	-161	-169	-262	-197	-169	-111
Retail Trade	-48	-51	-46	-48	-64	-51
Finance, Insurance and Real Estate	-43	-44	-56	-48	-41	-28
Professional and Business Services	-133	-178	-151	-154	-130	-88
Education and Health Services	8	22	39	23	32	38
Leisure and Hospitality	-40	-28	-36	-35	-38	-27
Government	-5	3	8	2	1	8
Avg. Hourly Earnings: Total Private*	0.2%	0.2%	0.2%	2.2%	3.2%	3.4%
Avg. Weekly Hours: Total Private	33.2	33.3	33.3	33.3	33.3	33.5
Index of Aggregate Weekly Hours: Total Private*	-1.0	-0.6	-0.7	-8.6	-9.0	-6.1

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