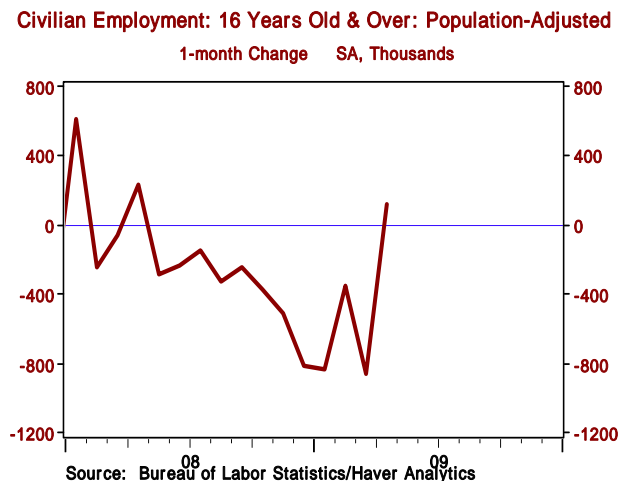
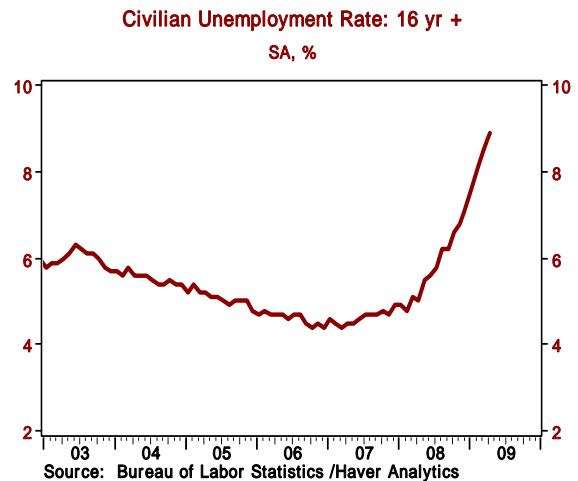


APRIL EMPLOYMENT REPORT

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- Once again, economic data beat the consensus. While a 539,000 drop in non-farm payrolls during April is still a huge job loss, it beat the consensus estimate of a 620,000 loss. But, the biggest news of the day was that civilian jobs increased, yes increased, by 120,000 in April – the first positive number since April 2008.
- Payroll jobs fell in almost all major sectors. The weakest job categories were manufacturing (down 149,000), professional and business services – including temps, architects, and engineers – (down 122,000), and construction (down 110,000). Government payrolls increased by 72,000, while health care was up 17,000.
- The jobless rate increased to 8.9% (8.87% unrounded) from 8.5% in March, exactly as the consensus expected.
- Average hourly earnings increased 0.1% in April and are up 3.2% over the last year.

Implications: The V-shaped recovery got another shot in the arm today with a report that civilian employment jumped by 120,000 jobs in April, the first increase in twelve months. Civilian (or household) employment is estimated by a government survey of roughly 60,000 households. Every month, a phone call or actual home visit is used to find out if people are working or not. The payroll survey gathers information from roughly 400,000 businesses or government entities, and estimates the number of employees in payrolls. Because the civilian survey asks people directly it captures small business start-ups and is more sensitive to economic turning points – at least it has been in previous business cycles. As a result, we view the April rebound in civilian employment as a very good indicator that the economy is turning the corner. When the dust settles, we expect the recession to officially end in May 2009. This does not mean that employment reports from this point onward will be positive; they probably won't be because employment is a lagging indicator. It does mean that many signs of recovery are beginning to line up. Initial claims have turned down, while retail sales, commodity prices and the stock market have turned up. Moreover, because this recession was caused by a drop in velocity, it is likely to rebound more quickly than recessions in the past.



| Employment Report <i>All Data Seasonally Adjusted</i> | Apr-09 | Mar-09 | Feb-09 | 3-month moving avg | 6-month moving avg | 12-month moving avg |
|--|-------------|--------|--------|-----------------------|-----------------------|------------------------|
| Unemployment Rate | 8.9 | 8.5 | 8.1 | 8.5 | 7.9 | 6.9 |
| Civilian Employment (monthly change in thousands) | 120 | -861 | -351 | -364 | -541 | -406 |
| Nonfarm Payrolls (monthly change in thousands) | -539 | -699 | -681 | -640 | -656 | -437 |
| Construction | -110 | -135 | -113 | -119 | -120 | -82 |
| Manufacturing | -149 | -167 | -172 | -163 | -175 | -120 |
| Retail Trade | -47 | -64 | -57 | -56 | -66 | -53 |
| Finance, Insurance and Real Estate | -40 | -43 | -56 | -46 | -46 | -31 |
| Professional and Business Services | -122 | -130 | -176 | -143 | -139 | -98 |
| Education and Health Services | 15 | 10 | 19 | 15 | 30 | 34 |
| Liesure and Hospitality | -44 | -42 | -32 | -39 | -41 | -30 |
| Government | 72 | -6 | 7 | 24 | 12 | 14 |
| Avg. Hourly Earnings: Total Private* | 0.1% | 0.2% | 0.2% | 1.7% | 2.5% | 3.2% |
| Avg. Weekly Hours: Total Private | 33.2 | 33.2 | 33.3 | 33.2 | 33.3 | 33.5 |
| Index of Aggregate Weekly Hours: Total Private* | -0.6 | -1.0 | -0.6 | -8.3 | -8.8 | -6.6 |

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