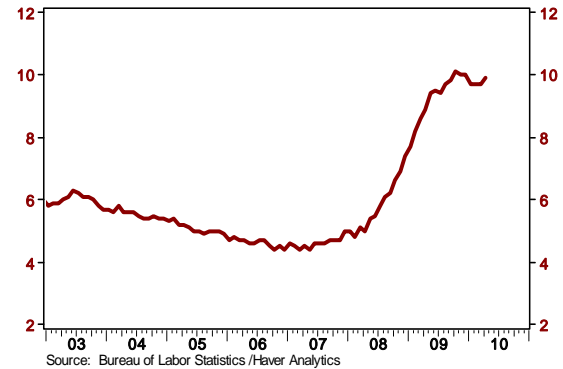


APRIL EMPLOYMENT REPORT

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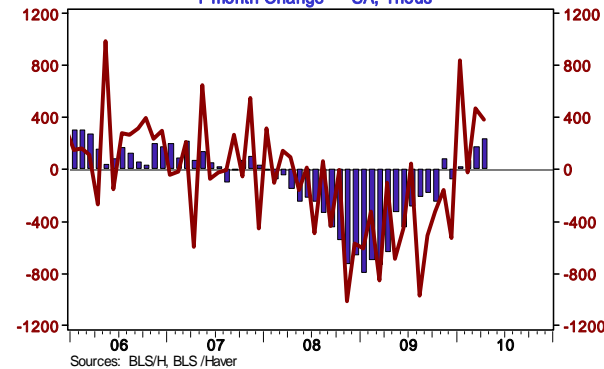
- Non-farm payrolls increased 290,000 in April. Revisions to February/March added 121,000, bringing the net payroll gain in April to 411,000. The consensus had expected an increase of 190,000.
- Private-sector payroll gains were widespread, led by leisure/hospitality (+45,000), manufacturing (+44,000), education/health (+35,000), and services to buildings/homes (+23,000). An “honorable mention” goes to construction (+14,000), which added jobs for the second straight month. The weakest category was couriers/messengers (-21,000).
- The unemployment rate rose to 9.9% in April (9.863% unrounded) from 9.7% in March (9.749% unrounded).
- Average weekly earnings were up 0.3% in April and are up 2.2% versus last year.

Civilian Unemployment Rate: 16 yr +
SA, %



Implications: The V-shaped recovery is now hitting the labor market. Payroll gains blew away consensus estimates, growing 290,000 in April. This is not just a temporary surge due to Census hiring: excluding Census workers, payrolls increased 223,000. In the past four months, total payrolls are up 573,000, but this likely underestimates the gains in the job market. Over the same period, civilian employment – an alternative measure of jobs that includes the self-employed and new start-up businesses – has increased 1.9 million, better than at any time in the booming late 1990s. And the gains are broad-based, with the diffusion index showing 64% of industries expanded payrolls in April. Although the unemployment rate increased to 9.9%, this was due to an 805,000 surge in the labor force, one of the largest increases on record. As companies create jobs, more people are deciding to look for work. The labor force has grown at an unusually rapid 3.3% annual rate in the past four months. When that growth rate normalizes closer to 1%, the jobless rate will start moving down again. Although average hourly earnings were unchanged in April and are up only 1.6% versus last year, workers are also working more hours. As a result, average weekly earnings were up 0.3% in April and are up at a 3.5% annual rate in the past six months, more than enough to support higher consumer spending. The worst part of the report was that the median duration of unemployment increased to a record high of 21.6 weeks. This is due to two factors: (1) workers being offered almost two years worth of unemployment benefits and (2) a technological transformation that renders many jobs obsolete. As a result, the pain represented by high unemployment is much more narrowly focused than in the past.

Civilian Employment: Population Adjusted
1-month Change SA, Thous
All Employees: Total Private Industries
1-month Change SA, Thous



| Employment Report <i>All Data Seasonally Adjusted</i> | Apr-10 | Mar-10 | Feb-10 | 3-month moving avg | 6-month moving avg | 12-month moving avg |
|--|-------------|--------|--------|-----------------------|-----------------------|------------------------|
| Unemployment Rate | 9.9 | 9.7 | 9.7 | 9.8 | 9.8 | 9.7 |
| Civilian Employment (monthly change in thousands) | 550 | 264 | 308 | 374 | 242 | -101 |
| Nonfarm Payrolls (monthly change in thousands) | 290 | 230 | 39 | 186 | 88 | -115 |
| Construction | 14 | 26 | -51 | -4 | -20 | -46 |
| Manufacturing | 44 | 19 | 16 | 26 | 10 | -36 |
| Retail Trade | 12 | 15 | 7 | 12 | 13 | -12 |
| Finance, Insurance and Real Estate | 3 | -20 | -7 | -8 | -9 | -16 |
| Professional and Business Services | 80 | 13 | 56 | 50 | 50 | 2 |
| Education and Health Services | 35 | 54 | 30 | 40 | 35 | 33 |
| Leisure and Hospitality | 45 | 41 | 23 | 36 | 11 | 1 |
| Government | 59 | 56 | -23 | 31 | 9 | -9 |
| Avg. Hourly Earnings: Total Private* | 0.0% | -0.1% | 0.1% | 0.4% | 1.1% | 1.6% |
| Avg. Weekly Hours: Total Private | 34.1 | 34.0 | 33.9 | 34.0 | 34.0 | 33.9 |
| Index of Aggregate Weekly Hours: Total Private* | 0.4 | 0.4 | -0.2 | 2.7 | 3.1 | -0.6 |

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

This report was prepared by First Trust Advisors L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.