

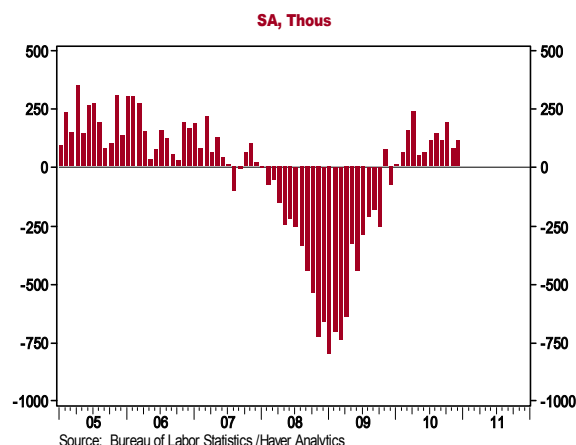
DECEMBER EMPLOYMENT REPORT

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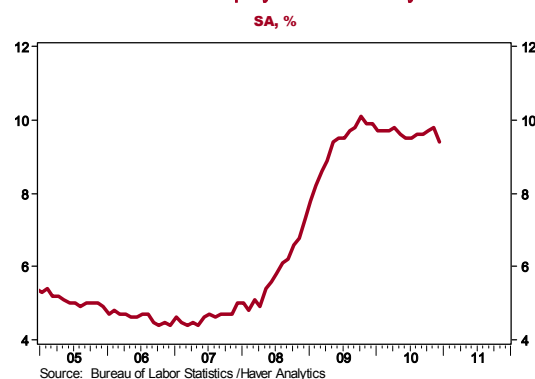
- Non-farm payrolls increased 103,000 in December. Revisions to October/November added 70,000, bringing the net gain to 173,000. The consensus expected a gain of 150,000.
- Private sector payrolls increased 113,000 in December, the 12th consecutive monthly gain. Prior months were revised up 62,000, for a net gain of 175,000. November private sector gains were led by leisure/hospitality (+47,000), and healthcare (+36,000). The largest declines were for membership organizations (-15,000) and heavy and civil engineering construction (-13,000).
- The unemployment rate fell to 9.4% from 9.8% in December.
- Average weekly earnings – cash earnings, excluding benefits – were up 0.4% in December and are up 3.1% versus a year ago.

Implications: The labor market continues to improve. Today's report was not as strong as some had hoped, but also not as weak as some had feared. Including upward revisions to prior months, the gain in private payrolls was in line with the consensus at 175,000. This number would have been even higher if not for unusually bad weather in December, which led to 43,000 more jobs lost than in a typical December. The unemployment rate fell from 9.8% to 9.4%, the biggest monthly decline since 1996. This was due to a very solid increase of 297,000 in civilian employment as well as a decline of 260,000 in the labor force. The actual truth in the unemployment rate is probably somewhere in-between last month's 9.8% and this month's 9.4%. Private payrolls were up 112,000 per month in 2010. During the same time-frame, civilian employment, a different measure of jobs that is better at picking up the self-employed and small start-up businesses, was up 124,000 per month. Total hours worked were up 2.8% in 2010 while total cash earnings were up 4.6%. These figures show both stronger demand for labor and that worker earnings can support continued gains in consumer spending. Given better economic news on both manufacturing and service production, the underlying trend in job growth should accelerate in the months ahead. In other recent news on the labor market, new claims for unemployment insurance increased 18,000 last week to 409,000. However, the four-week moving average declined to 411,000, the lowest since July 2008. Continuing claims for regular state benefits fell 47,000 to 4.10 million.

Change in Total Private Employment



Civilian Unemployment Rate: 16 yr +



Employment Report <i>All Data Seasonally Adjusted</i>	Dec-10	Nov-10	Oct-10	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	9.4	9.8	9.7	9.6	9.6	9.6
Civilian Employment (monthly change in thousands)	297	-175	-294	-57	19	124
Nonfarm Payrolls (monthly change in thousands)	103	71	210	128	49	94
Construction	-16	-2	4	-5	1	-8
Manufacturing	10	-8	-4	-1	0	11
Retail Trade	12	-19	38	10	7	10
Finance, Insurance and Real Estate	4	-4	3	1	-1	-6
Professional and Business Services	7	49	40	32	26	31
Education and Health Services	44	37	66	49	40	35
Leisure and Hospitality	47	12	-1	19	22	20
Government	-10	-8	17	0	-77	-19
Avg. Hourly Earnings: Total Private*	0.1%	0.0%	0.3%	1.8%	2.1%	1.8%
Avg. Weekly Hours: Total Private	34.3	34.3	34.3	34.3	34.3	34.2
Index of Aggregate Weekly Hours: Total Private*	0.1%	0.0%	0.5%	2.6%	2.6%	2.8%

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

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