

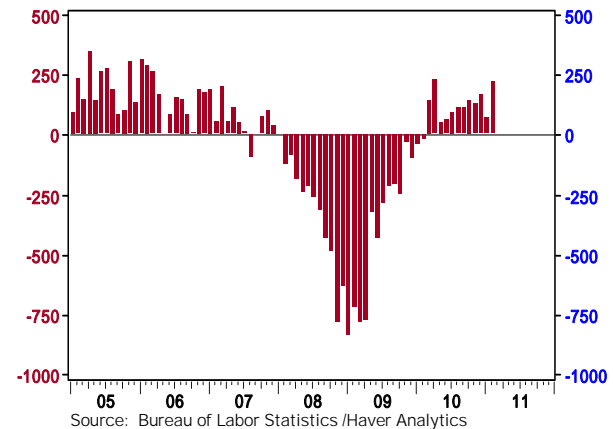
FEBRUARY EMPLOYMENT REPORT

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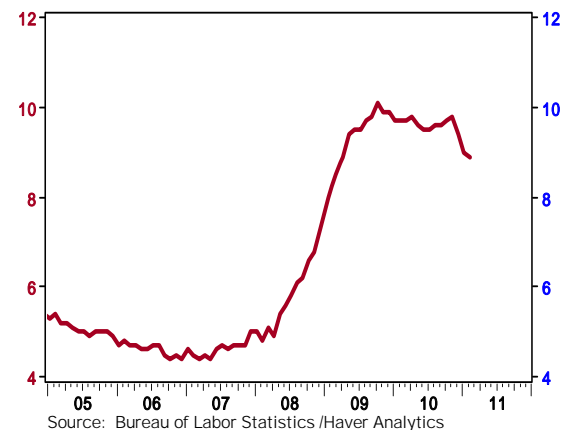
- Non-farm payrolls increased 192,000 in February. Revisions to December/January added 58,000, bringing the net gain to 250,000. The consensus expected a gain of 196,000.
- Private sector payrolls increased 222,000 in February, the 12th consecutive monthly gain. December/January were revised up 46,000, for a net gain of 268,000. February private-sector gains were led by administrative/support services (+35,000), health care (+34,000), manufacturing (+33,000), and construction (+33,000). The largest decline was for retail (-8,000).
- The unemployment rate fell to 8.9% in February from 9.0% in January.
- Average weekly earnings – cash earnings, excluding benefits – were unchanged in February but up 2.3% versus a year ago.

Implications: Very good report on the labor market this morning. Including upward revisions to prior months, non-farm payrolls increased 250,000. But this includes a decline in government; *private sector* payrolls were up 268,000 (again, including upward revisions to prior months). The strength was confirmed by figures on civilian employment – an alternative measure of jobs that is better at picking up the self-employed and small start-up businesses – which increased 250,000 in February. Meanwhile, the increase in jobs pushed down the unemployment rate to 8.9%, the lowest in almost two years. Once again, what was particularly good about the drop in the jobless rate was that it was all due to full-time workers, showing that employers are getting more confident. In fact, the net share of private industries adding jobs was at the highest level since 1998. Getting into the details of the report, we see signs of a recovery in home building: in the past two months, residential construction payrolls have increased 19,000, the most since early 2006. Although average hourly earnings were unchanged in February, the number of hours worked increased 0.2%. As a result, total cash earnings for workers increased at a healthy 3.2% annual rate in February and are up 3.7% in the past year. So far, this is more than enough for workers, as a whole, to keep up with inflation. Given better economic news on both manufacturing and service output, as well as auto sales and chain store sales, the underlying trend in job growth will continue to accelerate in the months ahead.

Change in Total Private Employment
SA, Thous



Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Feb-11	Jan-11	Dec-10	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	8.9	9.0	9.4	9.1	9.4	9.5
Civilian Employment (monthly change in thousands)	250	589	293	377	127	109
Nonfarm Payrolls (monthly change in thousands)	192	63	152	136	107	106
Construction	33	-22	-6	2	-2	-2
Manufacturing	33	53	11	32	17	16
Retail Trade	-8	31	6	10	10	7
Finance, Insurance and Real Estate	3	-12	1	-3	-1	-4
Professional and Business Services	47	35	58	47	46	37
Education and Health Services	40	24	28	31	35	35
Leisure and Hospitality	21	-3	17	12	7	13
Government	-30	-5	-15	-17	-33	-21
Avg. Hourly Earnings: Total Private*	0.0%	0.4%	0.0%	1.9%	1.8%	1.7%
Avg. Weekly Hours: Total Private	34.2	34.2	34.2	34.2	34.2	34.2
Index of Aggregate Weekly Hours: Total Private*	0.2%	0.0%	0.2%	1.7%	1.5%	2.0%

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

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