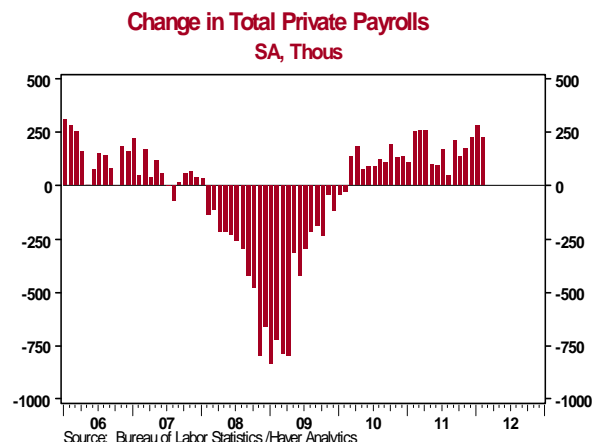


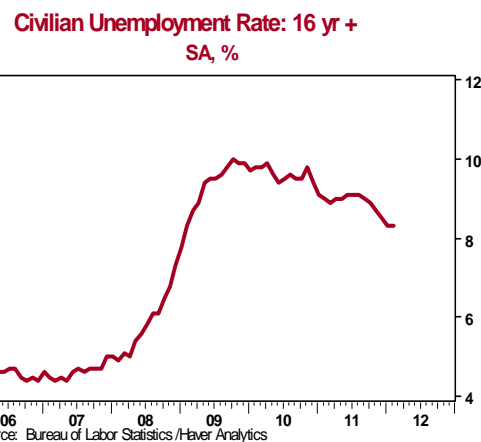
February Employment Report

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- Non-farm payrolls increased 227,000 in February and were up 288,000 including revisions to December/January. The consensus expected a gain of 210,000.
- Private sector payrolls increased 233,000 in February. Revisions to December/January added 42,000, bringing the net gain to 275,000. February gains were led by health care (+49,000), temps (+45,000), restaurants/bars (+41,000), professional & technical services (+34,000), and manufacturing (+31,000). The weakest sectors were department stores (-25,000), non-residential construction (-13,000), and government (-6,000).
- The unemployment rate held steady at 8.3%.
- Average weekly earnings – cash earnings, excluding benefits – rose 0.2% in February and are up 1.9% versus a year ago.



Implications: Another major step forward for the job market. Payrolls were up 227,000 in February (288,000 including upward revisions to prior months). Meanwhile, civilian employment, an alternative measure of jobs that includes small business start-ups, increased 428,000. Some of that gain was weather-related. The household survey shows weather kept 178,000 people away from work last month; in a typical February, this number averages 311,000. But even if we subtract the difference (133,000) from civilian employment, we're still left with a gain of 295,000 – strongly supporting the case that the payroll data, if anything, are under-reporting improvement in the labor market. Payrolls gains have averaged 168,000 in the past year, versus a gain of 193,000 per month for civilian employment. Meanwhile, the labor force increased 476,000 in February and is up 1.3 million in the past year. As a result, the unemployment rate held steady at 8.3% in February, despite robust job gains. Total hours worked increased 0.2% in February and are up 2.7% from a year ago. That, combined, with continued increases in wages per hour, means total wages are up 4.6% in the past year, more than enough to outpace inflation (for the time being). One detail in the report might capture the improvement best: the share of unemployed who quit their prior job is up to 7.9%, the highest since late 2008. That's what we should expect to see as attitudes about the job market improve: more workers who are confident they can leave their current position and find a better one. Meanwhile, the share of unemployed workers who are either new entrants to the labor force or re-entrants hit 36.6%, the highest since August 2008. In other recent news on the job market, initial claims for unemployment insurance increased 8,000 last week to 362,000. The four-week moving average held steady at 355,000. Continuing claims for regular state benefits increased 10,000 to 3.42 million, although the four-week average was also 3.42 million, the lowest since August 2008. The odds of another round of quantitative easing are very close to zero.



Employment Report <i>All Data Seasonally Adjusted</i>	Feb-12	Jan-12	Dec-11	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	8.3	8.3	8.5	8.4	8.6	8.8
Civilian Employment (monthly change in thousands)	428	631	178	412	350	193
Nonfarm Payrolls (monthly change in thousands)	227	284	223	245	201	168
Construction	-13	21	26	11	9	5
Manufacturing	31	52	28	37	20	19
Retail Trade	-7	26	7	9	14	16
Finance, Insurance and Real Estate	6	-1	5	3	3	3
Professional and Business Services	82	76	72	77	62	54
Education and Health Services	71	37	33	47	43	39
Leisure and Hospitality	44	46	28	39	35	30
Government	-6	-1	-11	-6	-13	-19
Avg. Hourly Earnings: Total Private*	0.1%	0.1%	0.1%	1.4%	1.7%	1.9%
Avg. Weekly Hours: Total Private	34.5	34.5	34.5	34.5	34.5	34.4
Index of Aggregate Weekly Hours: Total Private*	0.2%	0.2%	0.5%	3.9%	3.4%	2.7%

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