

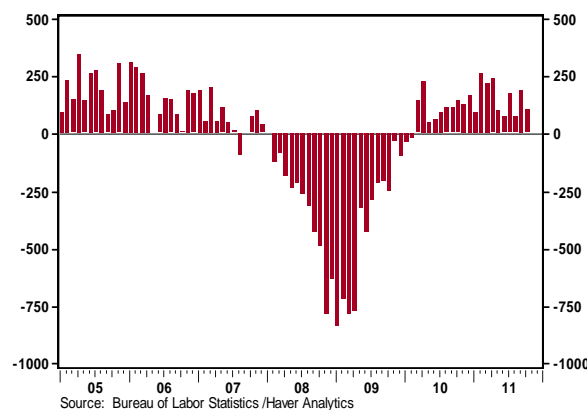
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October Employment Report

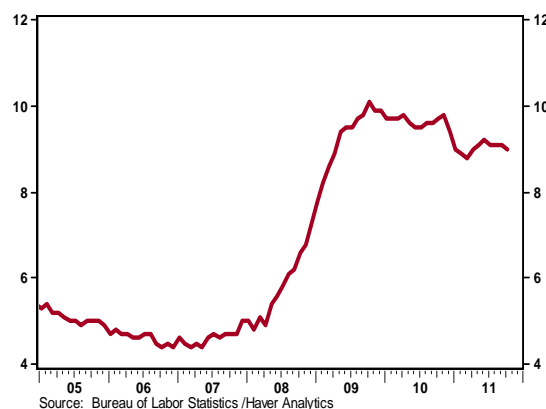
- Non-farm payrolls increased 80,000 in October but were up 182,000 including revisions to August/September. The consensus expected a gain of 95,000.
- Private sector payrolls increased 104,000 in October. Revisions to August/September added 84,000, bringing the net gain to 188,000. September gains were led by health and education (+28,000), administrative/support (+26,000), leisure/hospitality (+22,000), and retail (+18,000). The biggest decline was non-residential construction (-24,000).
- The unemployment rate ticked down to 9.0% from 9.1% in September.
- Average weekly earnings – cash earnings, excluding benefits – increased 0.2% in September and are up 1.8% versus a year ago.

Implications: The US labor market continues to make progress and once again shows, without a shadow of a doubt, that the US economy is not in recession. Including upward revisions for August and September, nonfarm payrolls increased 182,000, almost doubling the consensus expected gain of 95,000. Civilian employment, an alternative measure of jobs that factors in small business start-ups, increased 277,000. This gain helped push down the unemployment rate to 9%. A year ago the unemployment rate was 9.7%. During this time, private payrolls have grown at an average monthly rate of 152,000 while civilian employment has grown at a rate of 140,000 per month. In other words, we don't need 150,000 jobs per month just to keep the unemployment rate steady. Because of the aging of the labor force, 150,000 jobs per month is more than enough to push down the jobless rate. Very quietly, without fanfare, private sector payrolls have grown by 1.8 million in the past year, while the workweek has lengthened and hourly cash wages are up 1.8%. Total hours worked are up 1.7% in the past year. A 9% unemployment rate means the labor market is still far from operating at its full potential, but it is moving in the right direction as are other data. October chain store sales were up 3.7% versus a year ago, according to the International Council of Shopping Centers. This includes luxury department store sales up 4.5% and wholesale clubs (excluding fuel) up 7%. Meanwhile, compared to a year ago, core railcar loadings are up 5.8%, steel production is up 10.3%, and hotel occupancy rates are up 6.8%. Again, there are no signs of recession. Instead, plenty of signs of continued growth.

Change in Total Private Payrolls
SA, Thous



Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Oct-11	Sep-11	Aug-11	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	9.0	9.1	9.1	9.1	9.1	9.1
Civilian Employment (monthly change in thousands)	277	398	331	335	105	140
Nonfarm Payrolls (monthly change in thousands)	80	158	104	114	90	125
Construction	-20	27	-14	-2	0	1
Manufacturing	5	-3	-1	0	9	18
Retail Trade	18	13	3	11	13	13
Finance, Insurance and Real Estate	4	-5	6	2	0	-1
Professional and Business Services	32	50	45	42	35	47
Education and Health Services	28	58	38	41	36	36
Leisure and Hospitality	22	13	23	19	13	17
Government	-24	-33	32	-8	-29	-27
Avg. Hourly Earnings: Total Private*	0.2%	0.3%	-0.2%	1.2%	2.3%	1.8%
Avg. Weekly Hours: Total Private	34.3	34.3	34.2	34.3	34.3	34.3
Index of Aggregate Weekly Hours: Total Private*	0.1%	0.5%	-0.2%	1.7%	0.9%	1.7%

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