

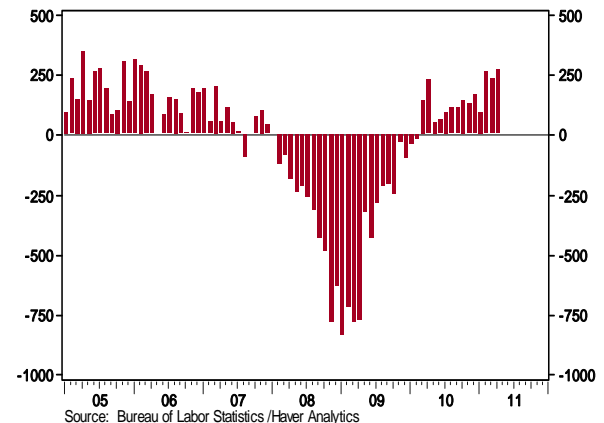
APRIL EMPLOYMENT REPORT

Chief Economist – Brian S. Wesbury
Senior Economist – Robert Stein, CFA

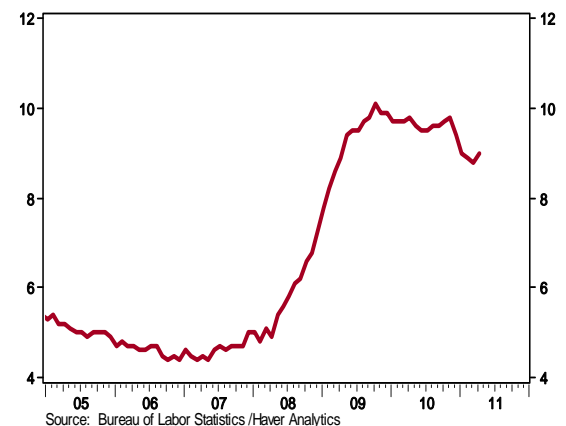
- Non-farm payrolls increased 244,000 in April. Revisions to February/March added 46,000, bringing the net gain to 290,000, easily beating the consensus expected a gain of 185,000.
- Private sector payrolls increased 268,000 in April. Revisions to February/March added 22,000, bringing the net gain to 290,000. April gains were led by retail (+57,000), professional/business services (+51,000), leisure/hospitality (+46,000), health care (+37,000), and manufacturing (+29,000). The largest decline was for government (-24,000).
- The unemployment rate increased to 9.0% in April from 8.8% in March.
- Average weekly earnings – cash earnings, excluding benefits – were up 0.1% in April and up 2.5% versus a year ago.

Implications: Last month we said the labor market was clicking on almost all cylinders. Now it's shifting into higher gear. Including upward revisions to prior months, non-farm payrolls increased 290,000 in April, with all of the gain in the private sector. The increase in private payrolls was the largest since 2006. Total hours worked in the private sector increased 0.3% and are up 2.2% in the past year. Combined with increases in hourly pay, private sector wages and salaries – total cash earnings – are up 4.1% versus a year ago, more than enough to outpace inflation. In other words, workers have more purchasing power even if we exclude their fringe benefits. The negative part of today's report was the increase in the unemployment rate to 9% from 8.8% last month. We notice that the "true" increase was less than 0.2 percentage points. Unrounded, the rate was 8.83% in March and 8.96% in April, so the rise was really 0.13 points. The jobless rate comes from the household survey, an alternative measure of jobs that is usually better at picking up the self-employed and small start-up businesses. That survey showed a decline in civilian employment of 190,000 in April, which is inconsistent with other data on the economy. Also, in the past year, private sector payrolls are up an average of 143,000 per month while civilian employment is up only 83,000 per month. This is odd because civilian employment usually leads payrolls in the early stages of a recovery. As a result, we expect the household survey to show much stronger job creation in the next several months.

Change in Total Private Payrolls
SA, Thous



Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Apr-11	Mar-11	Feb-11	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	9.0	8.8	8.9	8.9	9.2	9.4
Civilian Employment (monthly change in thousands)	-190	291	250	117	176	61
Nonfarm Payrolls (monthly change in thousands)	244	221	235	233	169	109
Construction	5	2	39	15	2	-4
Manufacturing	29	22	37	29	28	16
Retail Trade	57	-3	0	18	13	9
Finance, Insurance and Real Estate	4	5	-1	3	0	-3
Professional and Business Services	51	86	38	58	62	43
Education and Health Services	49	33	43	42	37	36
Leisure and Hospitality	46	51	54	50	25	19
Government	-24	-10	-26	-20	-23	-34
Avg. Hourly Earnings: Total Private*	0.1%	0.2%	0.1%	1.6%	1.6%	1.9%
Avg. Weekly Hours: Total Private	34.3	34.3	34.3	34.3	34.3	34.2
Index of Aggregate Weekly Hours: Total Private*	0.3%	0.2%	0.5%	4.4%	2.2%	2.2%

*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.