



# Labor Market Insight

## The Waiting Game Continues...

### Key Facts

- ❑ February payrolls declined by 36,000.
- ❑ Unemployment held at 9.7%
- ❑ Average hourly wages for production workers remains 2.5% above last year.

*The latest government estimates show the economy surged ahead at a 5.9% pace in the final quarter of 2009 – the strongest performance in six years. However, sluggish consumer spending caused by the loss of 8.4 million jobs is expected to cool the pace of recovery in the coming quarters.*

*Job creation remains elusive, but current trends suggest labor markets are poised for what is expected to be a lengthy recovery.*

US employment fell 36,000 in February as employers remain committed to increasing workforce efficiency before adding to their payrolls. Productivity levels surged nearly 7% last quarter and employers continue to rely on temporary workers to meet rising demand. While difficult to quantify, severe winter weather is also believed to be a contributing factor in February's job loss totals.

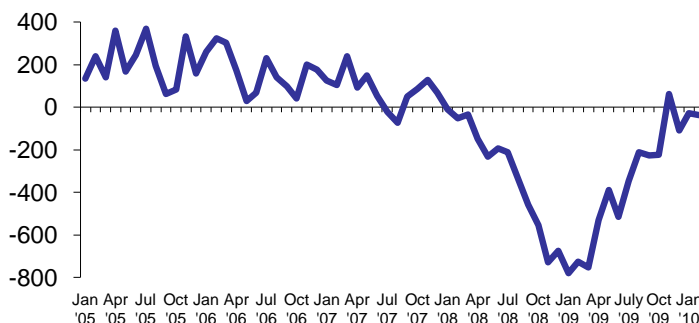
Weather may have also played a role in preventing the expected uptick in unemployment last month as large numbers of business closures kept discouraged workers on the sidelines. Expectations for modest job creation in 2010 combined with a steady rise in the number of discouraged workers re-entering the job market will keep unemployment near 10% for much of the year.

Goods-producing industries lost 60,000 jobs last month, primarily due to cutbacks in non-residential construction (-45,000). This sector continues to suffer from the excess supply of office space created during the recession. In contrast, manufacturing employment remains in positive territory after the first two months of the year – a trend that has not happened since 2006.

Private service-providing industries added 42,000 jobs in February and are now up more than 140,000 since last November. Growth remains limited to select industries including temporary employment, education and healthcare, while layoffs are easing across several other industry sectors.

The rise in temporary employment, manufacturing overtime and productivity levels seen over the past several months suggest job creation is very near. However, it is currently expected to take until mid-2013 to fully recoup the 8.4 million jobs lost during the recession.

### Monthly Change in Non-Farm Employment (000's)



Source: Bureau of Labor Statistics

### Employment Overview

	Feb	Jan	Dec	Nov	Oct
Non-Farm Empl. Growth	-36K	-26K	-109K	64K	-224K
Unemployment	9.7%	9.7%	10.0%	10.0%	10.1%

Source: Bureau of Labor Statistics

### US "Jobs" Bill Nears Passage

Last week the Senate passed a \$15 billion jobs bill that, if signed into law, will allow companies to avoid payroll taxes on newly hired workers and provide additional tax credits for keeping those employees working for at least a year.

To qualify, new employees are required to sign an affidavit stating they have been out of work for at least 60-days prior to being hired, are not being hired to replace an existing employee and are not related to the employer.

Late last year, the House of Representatives passed their own version of a jobs bill which called for \$154 billion in new spending on mass transit and other "shovel ready" construction projects, jobless benefits, re-training programs and other job creation efforts, but the bill failed to gather support from the Senate.

The House of Representatives is expected to vote on the Senate's more modest version of the bill this week, but critics argue the current measure lacks the scale needed to jump start job creation.

If passed, President Obama is expected to sign the bill into law.

Sources: ASA, Reuters, Financial Times, The Economic Times, WSJ.com, csmonitor.com