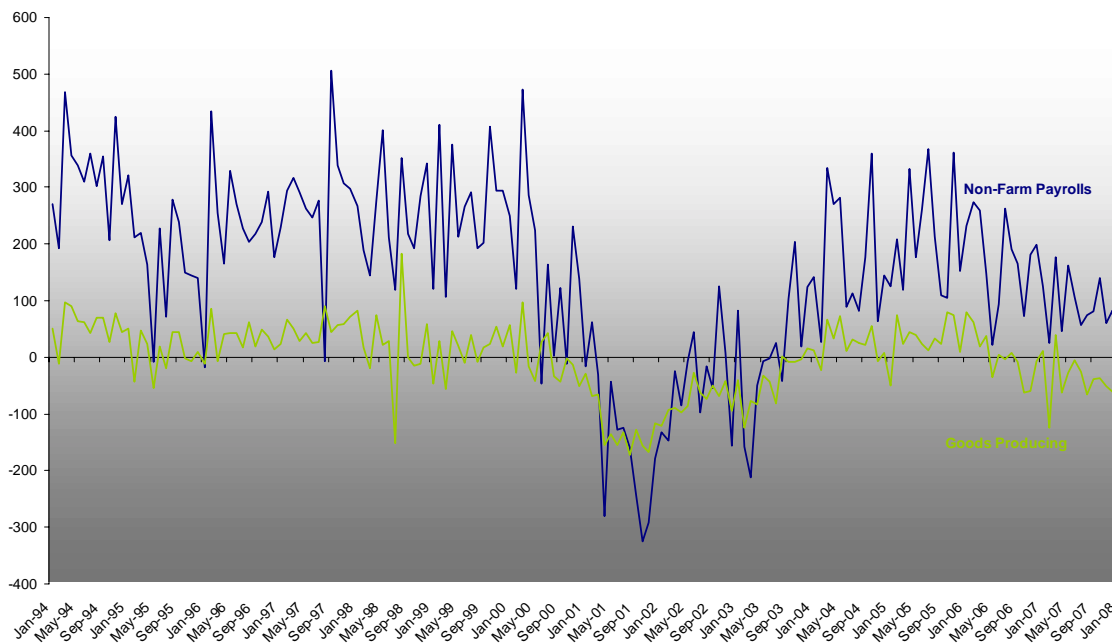

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Preview: February Non-Farm Payrolls

The non-farm payrolls report for February will be released 7 March at 0830 EST/1330 GMT. We anticipate that payrolls will fall -10K and the unemployment rate will jump to 5.1%

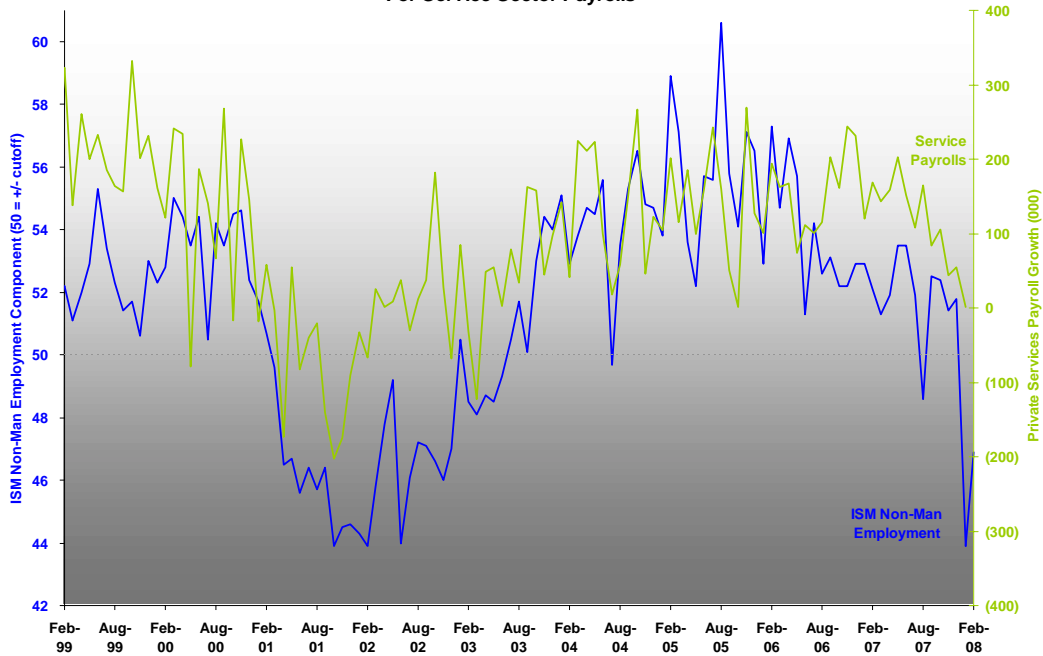
The combination of retrenchment in the goods producing, construction and manufacturing sectors will outweigh whatever residual strength remains in the service sector for the month of February. Our forecast implies that the market should expect to observe a second consecutive month of losses in the labor sector to the tune of -10K, with a risk to the downside for the monthly release.

**Non-Farm Payrolls: Negative Turn in Goods Producing Jobs
 Ominous Sign For Labor Sector**



While, demand for labor remains stout in the biopharmaceutical, aerospace, IT, engineering and oil related services, demand for temporary workers has dropped and layoffs in the financial sector and business services have picked up since the beginning of the year. Our interaction with firms confirms our outlook that hiring managers are trading quite carefully when it comes to furloughing workers ahead of what is expected to be several weak months of business activities.

**ISM Non Man Employment:
Implies Significant Room To The Downside
For Service Sector Payrolls**



The household survey should signal a continued retrenchment in the overall labor sector and our analysis of continuing claims implies that we should see a 5.048 rate of unemployment which is painfully close to a 5.1 rate. Give that the data rests on the knife's edge we our call is based on the negative momentum in the data and we think that the rate of unemployment should jump from the 4.9\$ posted previously to 5.1% for February.