

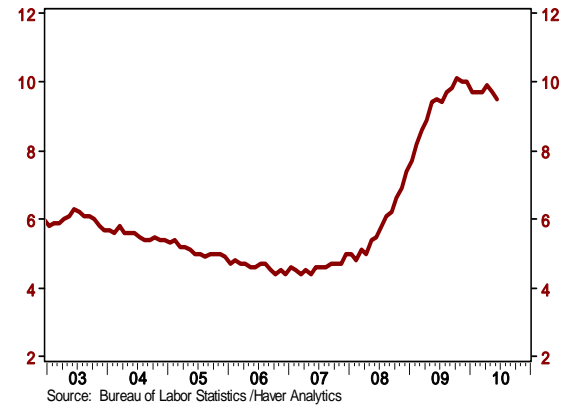
# JUNE EMPLOYMENT REPORT

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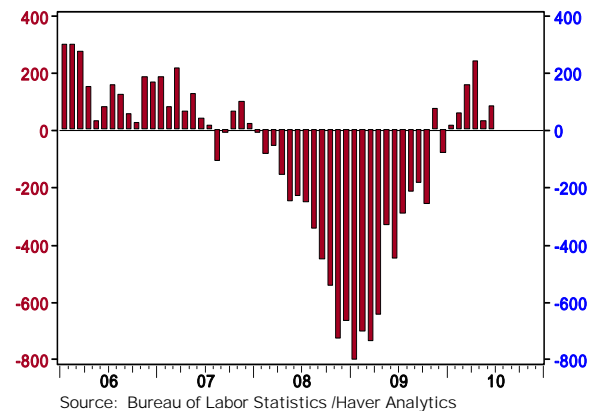
- Non-farm payrolls declined 125,000 in June. Revisions to April/May added 25,000, bringing the net payroll loss in June to 100,000. The consensus had expected a loss of 130,000.
- Census-related payrolls declined 225,000. Most private-sector industries added to payrolls, led by arts, entertainment & recreation (+30,000) and employment services including temps (+36,000). The weakest private categories were construction (-22,000) and financial activities (-15,000).
- The unemployment rate dropped to 9.5% in June (9.511% unrounded) from 9.7% in May (9.698% unrounded).
- Average weekly earnings declined 0.4% in June but are up at a 3.2% annual rate in the past six months.

**Implications:** Despite a welcome drop in the unemployment rate to 9.5%, today's report on the labor market was mediocre, supporting neither the case for a double-dip recession nor the case for a robust recovery. Including positive revisions to prior months, total payrolls came in better than consensus expectations and private payrolls were in-line with expectations. However, total hours worked in the private sector declined 0.2% after last month's increase of 0.3%. A 0.2% drop in total hours in June is like losing 235,000 jobs in the private sector. Given recent volatility, the best thing to do is average the past two months, which shows enough demand for labor by private companies to boost payrolls by 60,000 per month (assuming firms keep hours per worker unchanged). Not coincidentally, private payrolls are up 58,000 per month in the past two months. So far this year, private payrolls are up 100,000 per month while civilian employment – minus the government sector – is up 210,000 per month. Meanwhile, productivity growth remains very strong. As a result, the economy can grow at close to a 4% annual rate for 2010 despite a subdued willingness to hire that likely has roots in the expansion of the size of government and the looming new health care entitlement that starts in 2013. In other recent news, cars and light trucks (SUVs and pick-ups) were sold at an 11.1 million annual rate in June versus a consensus expected 11.4 million rate and 11.6 million rate in May. Still, auto sales were up 14% versus June 2009.

Civilian Unemployment Rate: 16 yr +  
SA, %



All Employees: Total Private Industries  
1-month Change SA, Thous



Employment Report <i>All Data Seasonally Adjusted</i>	Jun-10	May-10	Apr-10	3-month moving avg	6-month moving avg	12-month moving avg
<b>Unemployment Rate</b>	<b>9.5</b>	9.7	9.9	9.7	9.7	9.8
<b>Civilian Employment (monthly change in thousands)</b>	<b>-301</b>	-35	550	71	262	-57
<b>Nonfarm Payrolls (monthly change in thousands)</b>	<b>-125</b>	433	313	207	147	-14
<b>Construction</b>	<b>-22</b>	-30	22	-10	-19	-37
<b>Manufacturing</b>	<b>9</b>	32	38	26	23	-9
<b>Retail Trade</b>	<b>-7</b>	-11	14	-1	13	-9
<b>Finance, Insurance and Real Estate</b>	<b>-15</b>	-12	2	-8	-12	-13
<b>Professional and Business Services</b>	<b>46</b>	25	70	47	37	21
<b>Education and Health Services</b>	<b>22</b>	20	28	23	28	30
<b>Leisure and Hospitality</b>	<b>37</b>	-8	36	22	21	1
<b>Government</b>	<b>-208</b>	400	72	88	48	17
<b>Avg. Hourly Earnings: Total Private*</b>	<b>-0.1%</b>	0.2%	0.1%	0.9%	1.3%	1.7%
<b>Avg. Weekly Hours: Total Private</b>	<b>34.1</b>	34.2	34.1	34.1	34.1	33.9
<b>Index of Aggregate Weekly Hours: Total Private*</b>	<b>-0.2%</b>	0.3%	0.4%	2.2%	2.9%	0.5%

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

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