

Profitis Capital Services LLC



EMPLOYMENT SITUATION CHART BOOK: APRIL, 2011

MAY 6, 2011

Executive Summary

The Bureau of Labor Statistics released its monthly Employment Situation report: non-farm payroll employment increased by 244,000 and the unemployment rate rose to 9%. The broadest measurement of unemployment also increased during April: U-6 clocked in at 15.9%.

Since and including the July, 2009 employment report (the beginning of the “recovery” ¹):

- Non-farm payroll employment has increased by 535,000
- Non-farm payroll employment, private sector only, has increased by 926,000

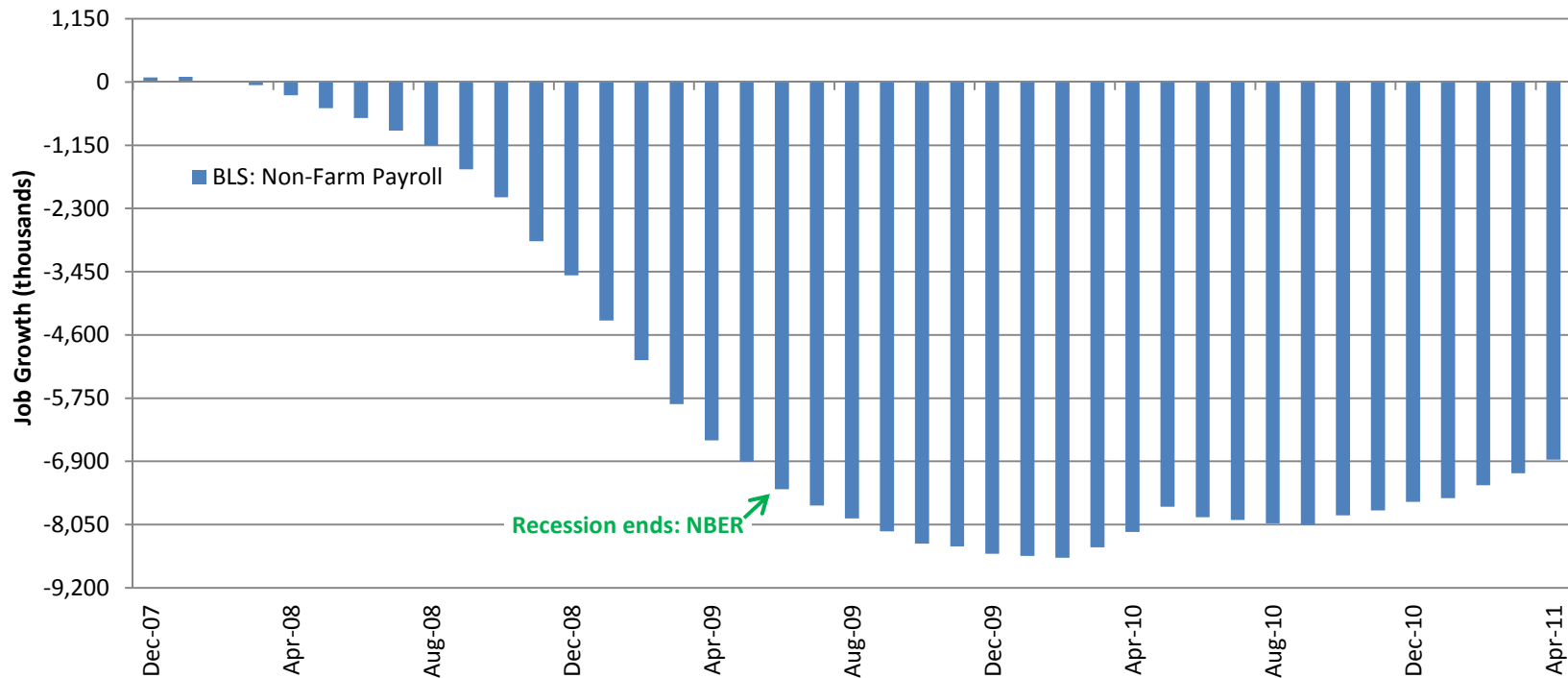
This report marks the third consecutive gain of over 200,000 jobs (average of 233,000 per month). This report marks an inflection point for financial markets: is the economy strong enough to surrender its current monetary support?

¹<http://www.nber.org/cycles/sept2010.pdf>

Non-Farm Payroll: A Look Back

Cumulative Job Growth Since December, 2007

(Sources: BLS)

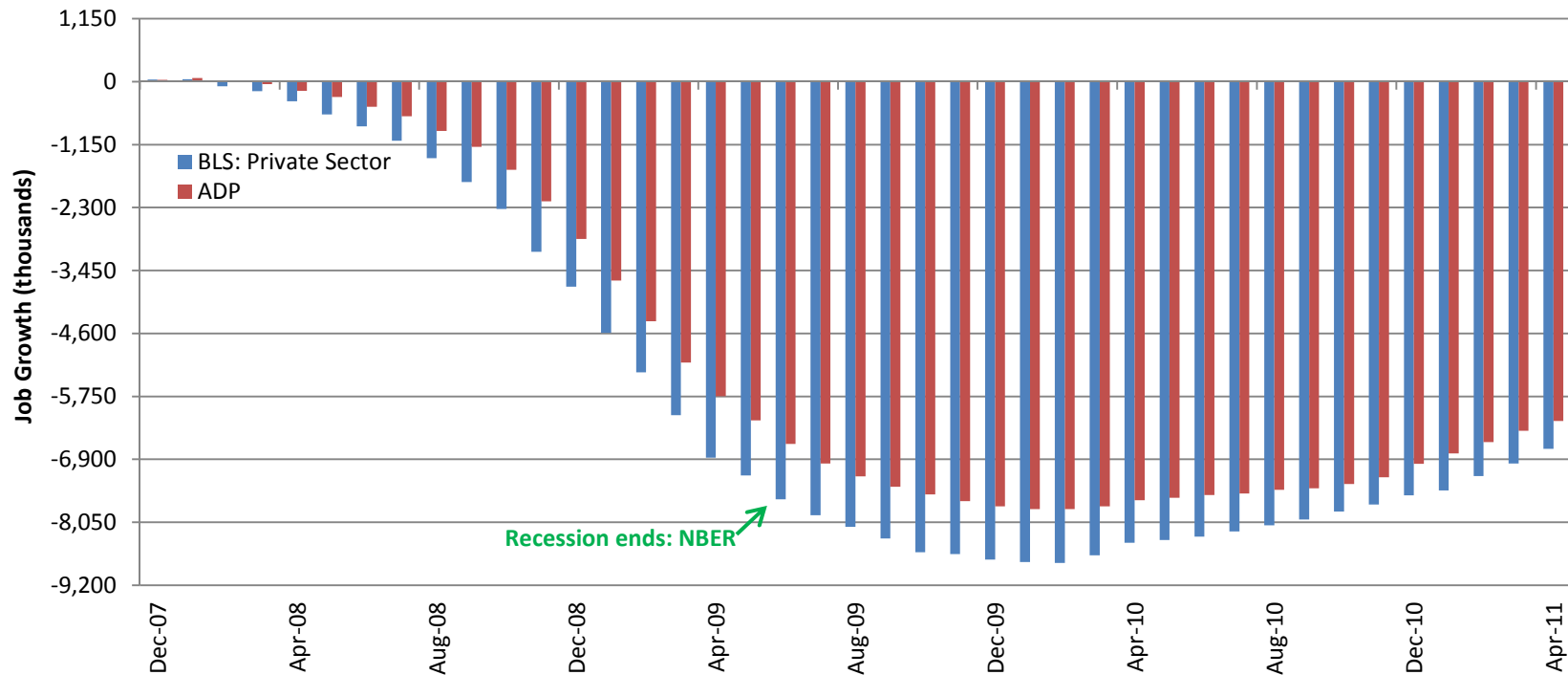


Non-farm payroll employment has expanded for seven consecutive months, averaging a gain of 169,000 per month.

Private Sector Employment

Private Sector Cumulative Job Growth Since December, 2007

(Sources: ADP, BLS)

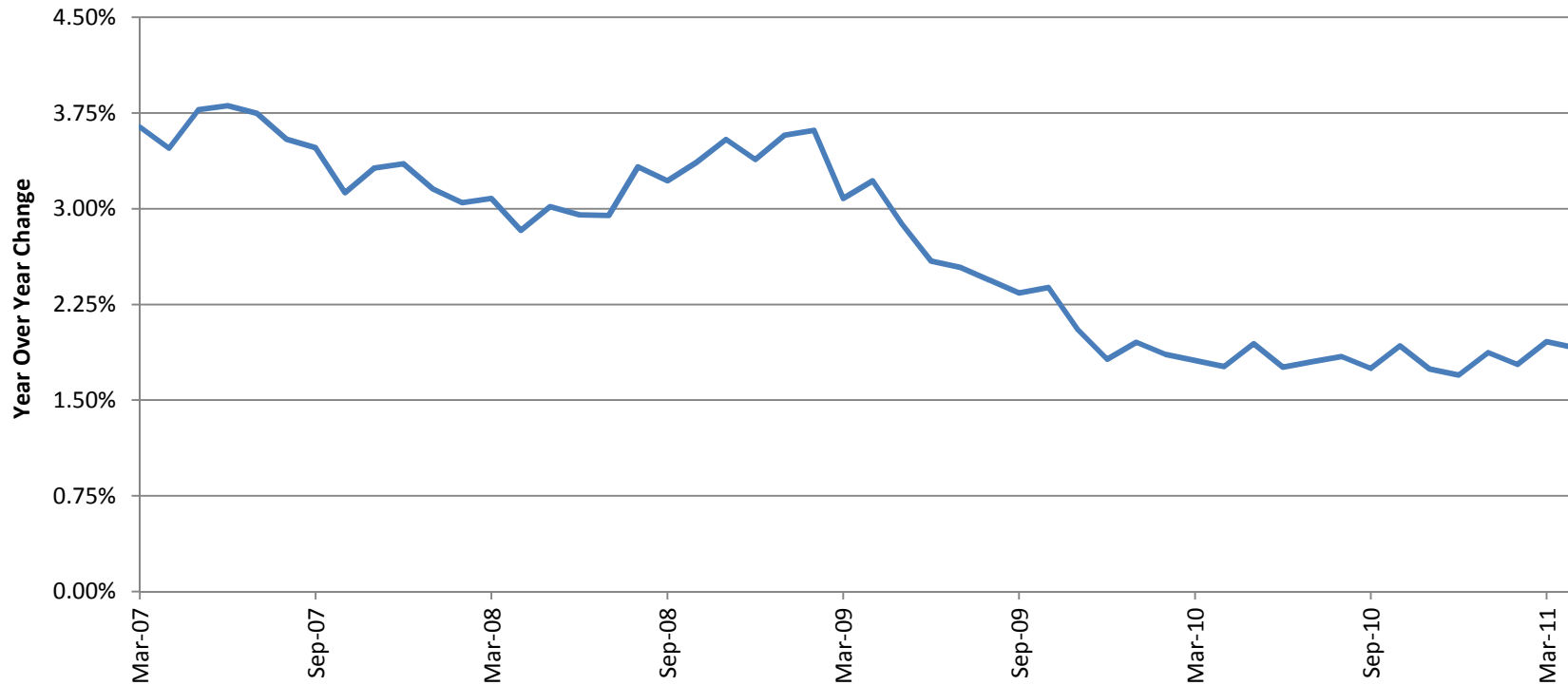


Private sector hiring has paced the gains in payroll employment since July, 2009. However, gains over the last three months are roughly in line with overall results.

Private Sector Wages

Average Hourly Earnings

(Source: BLS)



Although private sector hiring has paced the gains in payroll employment, wage gains have continued to decelerate.

Official Unemployment Rate

Unemployment Rate

(Source: BLS)



The red line sits on 9%: the current level. Note the U.S. economy's experience with similarly high rates: this is uncommon ground.

Structural Issues? I

Average (mean) Length of Unemployment

(Source: BLS)

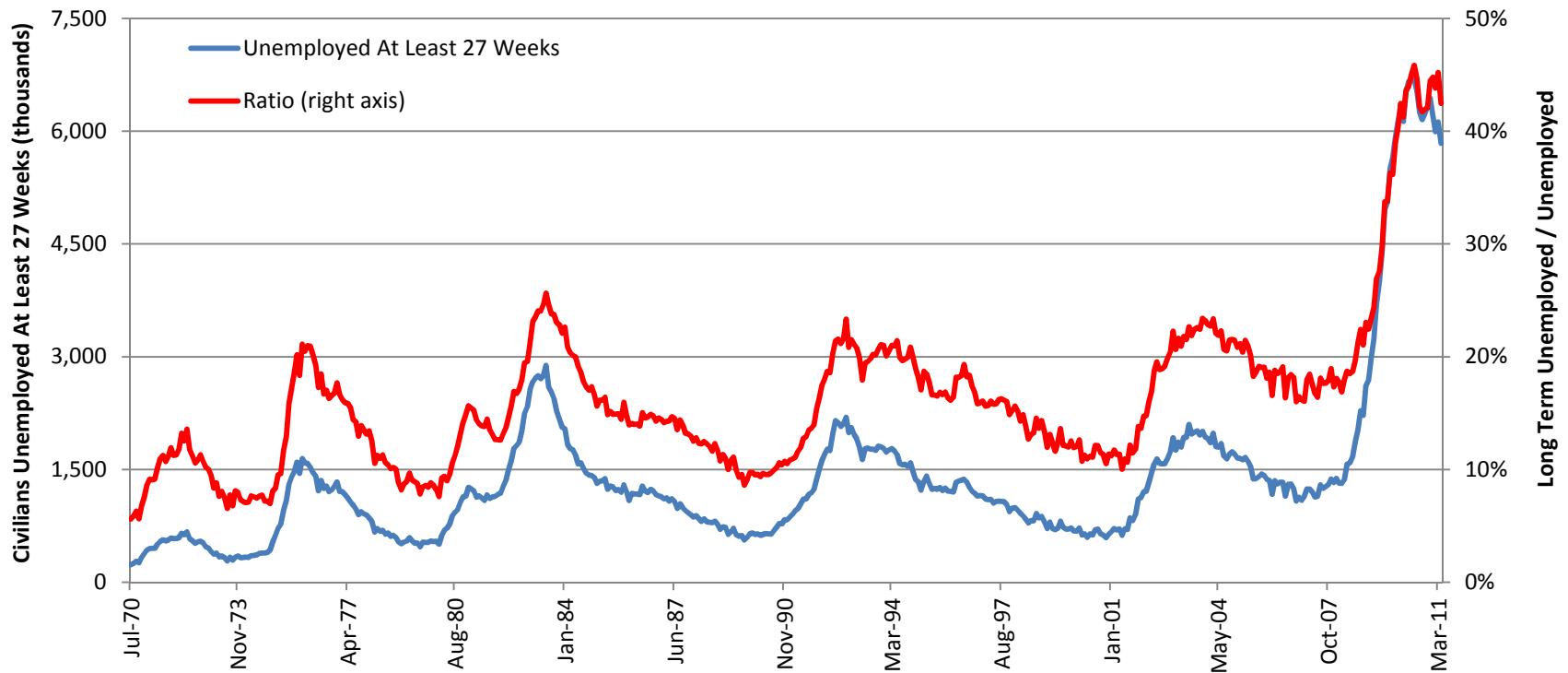


This statistic suggests that the current level of unemployment is structural in nature.

Structural Issues II

Long Term Unemployed

(Source: BLS)

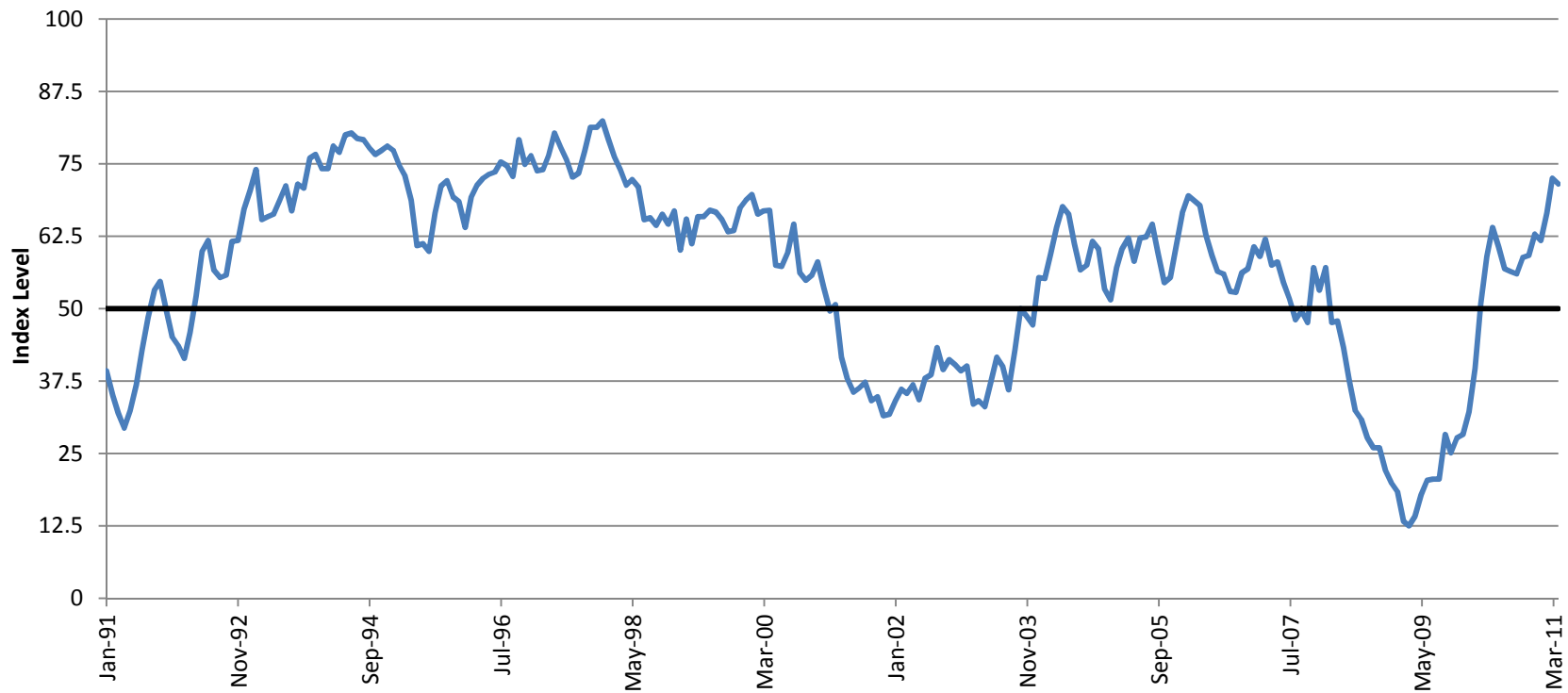


Both on an absolute and relative basis, there seems to be a mismatch between skills possessed and skills sought.

Breadth of Hiring

Diffusion Index: 3 Month Span

(Source: BLS)



The breadth of hiring has improved dramatically since early 2009, finally approaching levels comparable to past recoveries.

Recession History

Recession	Total Job Growth	Annualized Rate	Months to Recover Jobs Lost	Job Growth: 6 Months After End of Recession
1973 – 1975	-1.62%	-1.14%	9	0.76%
1980	-1.07%	-1.82%	5	1.33%
1981 – 1982	-3.08%	-2.19%	12	0.97%
1990 – 1991	-1.13%	-1.50%	23	-0.23%
2001	-1.21%	-1.61%	39	-0.44%
2007 – 2009	-5.43%	-3.46%	??? (22 and counting)	-0.90%

Job growth is measured by the change in non-farm payroll employment, as reported by the BLS.

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