

Profitis Capital Services LLC



EMPLOYMENT SITUATION CHART BOOK: JANUARY, 2011

FEBRUARY 4, 2011

Executive Summary

The Bureau of Labor Statistics released its monthly Employment Situation report: non-farm payroll employment increased by 36,000 and the unemployment rate fell to 9%. The broadest measurement of unemployment also fell during January: U-6 clocked in at 16.1%.

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

- Non-farm payroll employment has *fallen* by 228,000
- Non-farm payroll employment, private sector only, has increased by 94,000

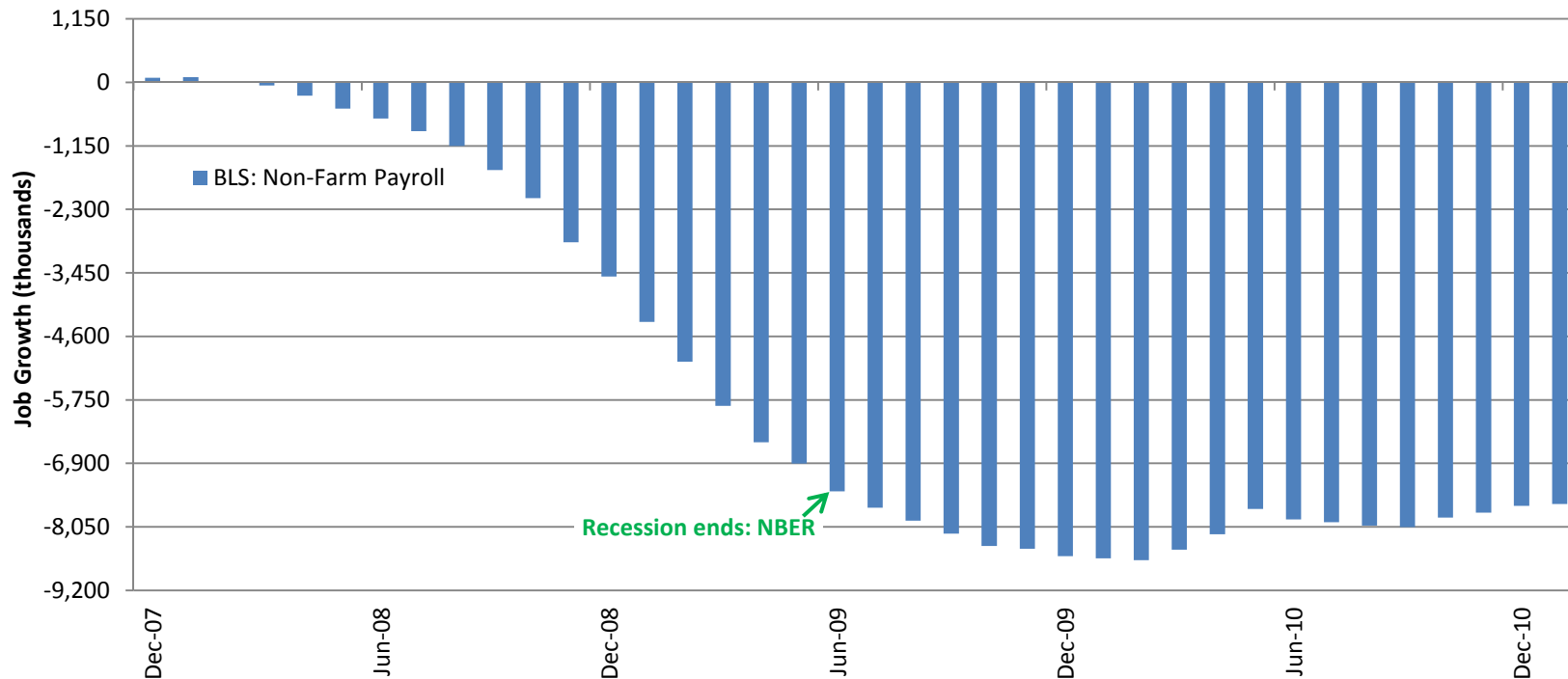
This installment of the monthly report includes the annual benchmark revisions and updates to the seasonal adjustment factors. As a result, total non-farm payroll employment for December, 2010 was revised downward by 483,000 (seasonally adjusted basis).

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

Non-Farm Payroll: A Look Back

Cumulative Job Growth Since December, 2007

(Sources: BLS)

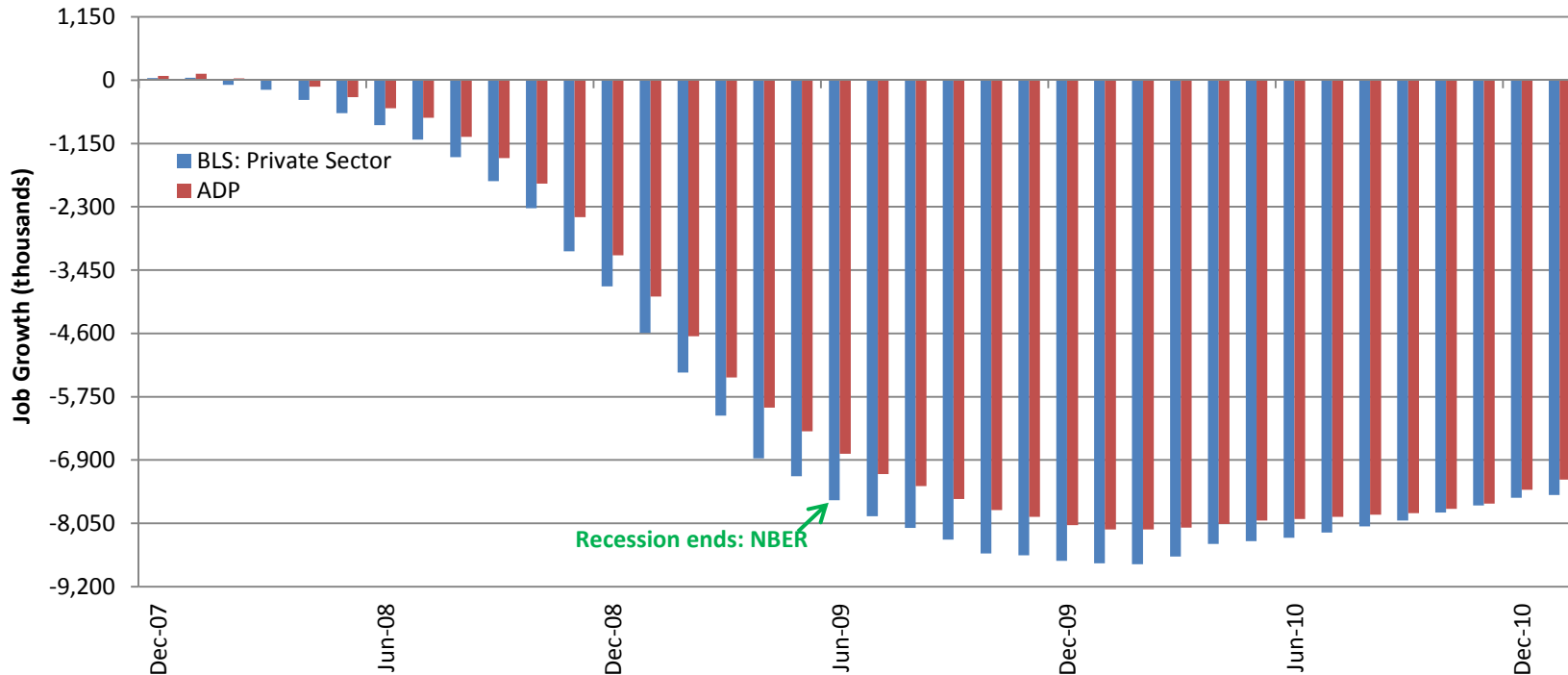


Non-farm payrolls employment expanded by 909,000 in 2010. The average gain over the last six reports is 56,000.

Private Sector Employment

Private Sector Cumulative Job Growth Since December, 2007

(Sources: ADP, BLS)



Non-farm payrolls employment expanded by 1,145,000 in 2010. The average gain over the last six reports is 113,000.

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)

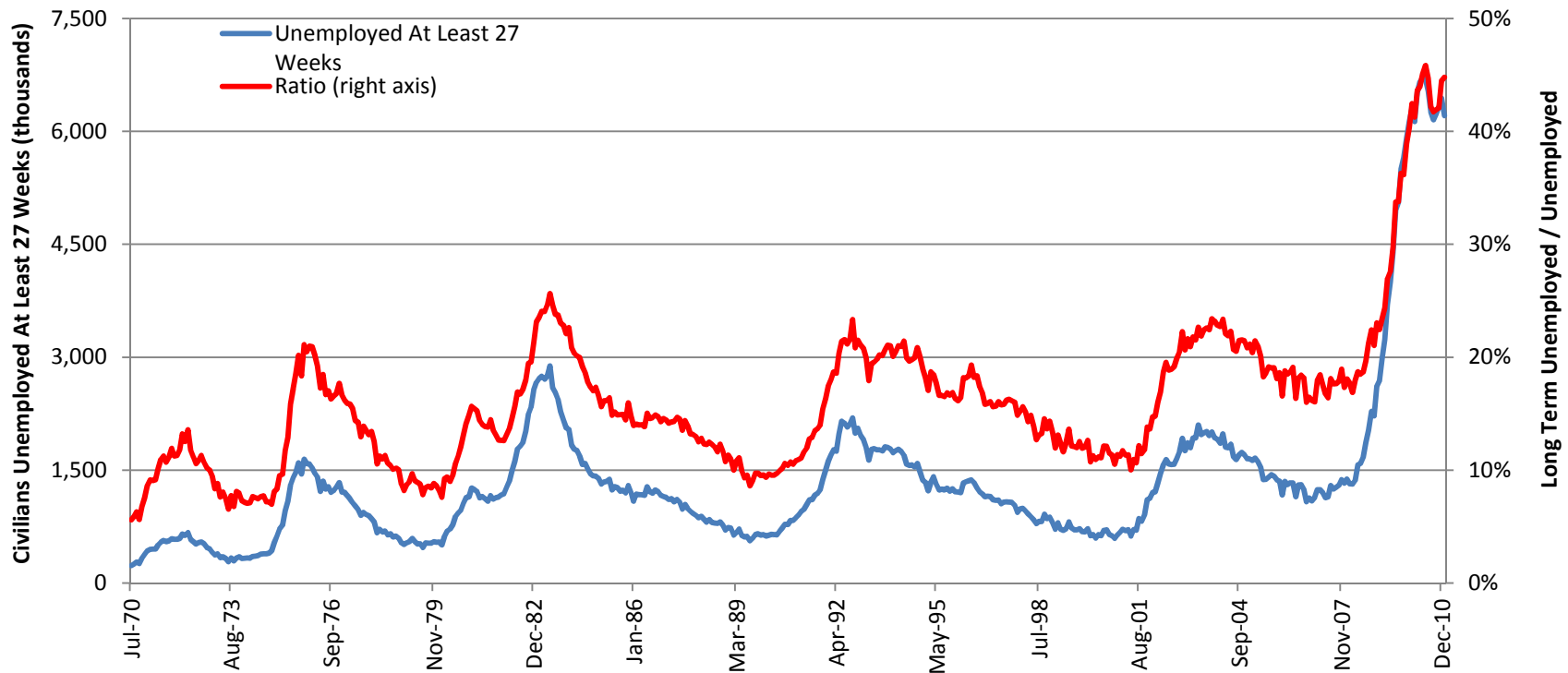


This statistic suggests that the current level of unemployment is structural in nature.

Structural Issues II

Long Term Unemployed

(Source: BLS)

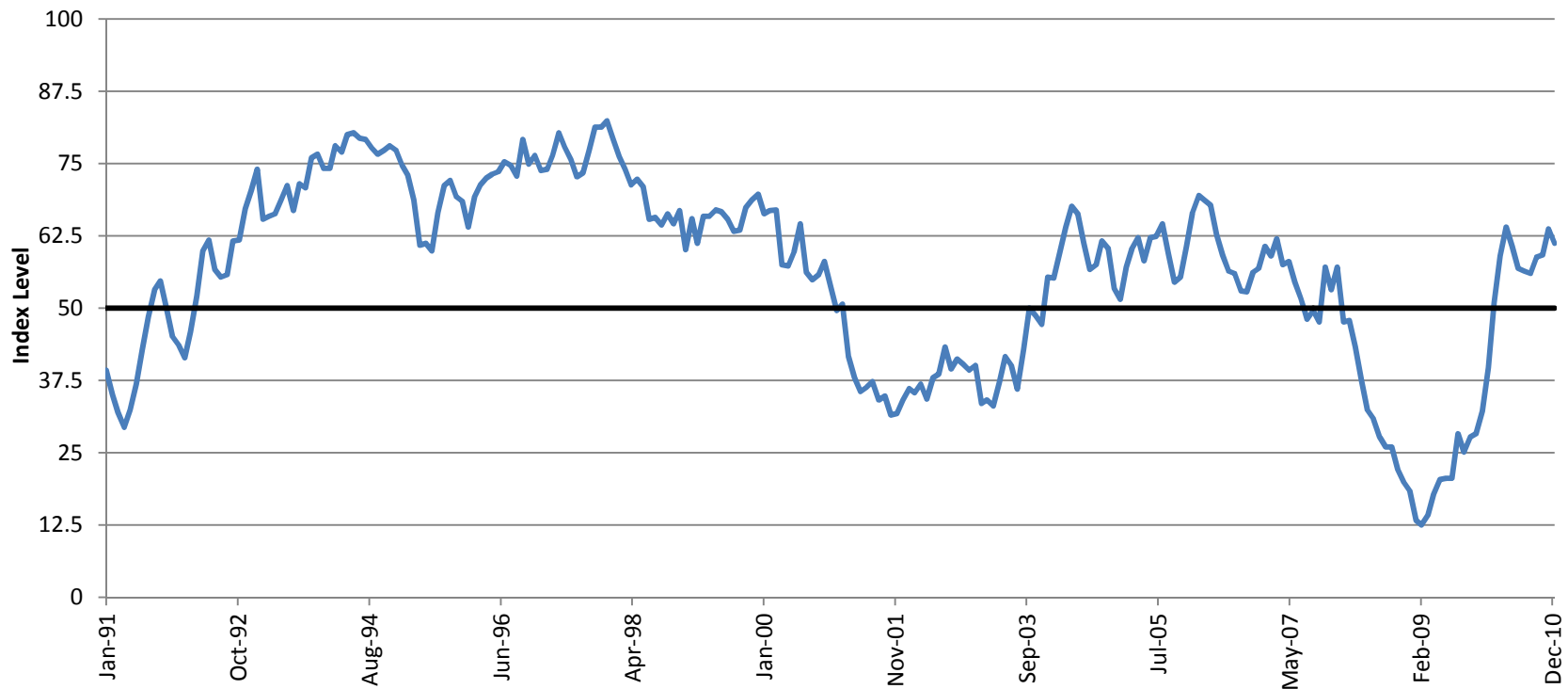


Both on an absolute and relative basis, there seems to be a mismatch between skills possessed and skills sought.

Breadth of Hiring

Diffusion Index: 3 Month Span

(Source: BLS)



Although the breadth of hiring has improved dramatically since early 2009, it is still relatively narrow when compared 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%	??? (19 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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