

Labor Markets Poised for Recovery

Key Facts

- ❑ Employer payrolls fell 20,000 in January.
- ❑ The unemployment rate dropped to 9.7%.
- ❑ Average hourly wages for production workers up to \$18.89, 2.5% above last year.

Initial estimates show the economy exited 2009 with significant momentum – expanding at an annualized rate of 5.7%. Strong growth came as businesses worked to re-stock inventory levels in response to gradually improving demand at-home and abroad.

However, the inventory “boost” is viewed as temporary and the economy is expected to lose some momentum as stimulus programs fade and the number of jobless workers remains high.

Revised estimates now put the total number of jobs lost to the recession at 8.4 million.

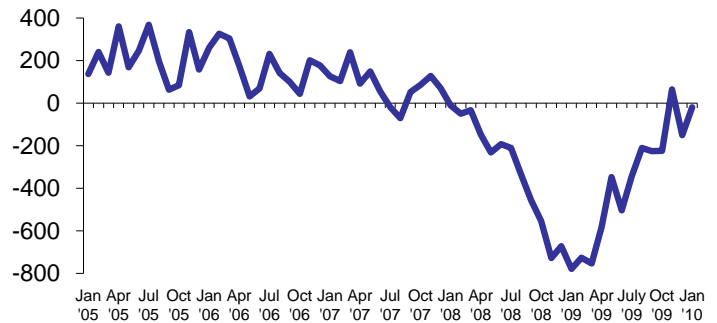
January's employment report reveals a labor market in the early stages of recovery. While payroll figures came in slightly below expectations, employers are now rapidly returning workers to normal hours and increasing overtime – a clear signal that job creation is coming into view. Average monthly job losses are down to 35,000 over the past three months.

The unemployment rate fell unexpectedly in January, but is still expected to move higher in the coming months as more workers re-enter the job market. Labor market indicators are sending mixed signals during this period of transition as both first-time jobless claims and on-line job demand increased during the month of January. These trends also suggest employers are looking to upgrade their employee talent coming out of the recession.

Goods-producing industries lost 60,000 jobs in January, with construction representing most of the decline. The small gain in manufacturing jobs (11,000) was the first in three years. Service-industries added 40,000 jobs as gains in temporary employment, retail and healthcare were offset by declines in state and local government. The temporary employment industry has created nearly 250,000 jobs over the past four months.

Evidence continues to support forecasts of a return to job growth in the coming months, but employment is still not expected to reach a level strong enough to significantly reduce the jobless rate until the second half of the year.

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



Source: Bureau of Labor Statistics

Employment Overview

	Jan	Dec	Nov	Oct	Sept
Non-Farm Empl. Growth	-20K	-150K	64K	-224K	-225K
Unemployment	9.7%	10.0%	10.0%	10.1%	9.8%

Source: Bureau of Labor Statistics

“ManceSSION”: Fact or Fiction?

As labor markets move down the path to recovery, debate continues surrounding the gender impacts coming out of this “Great Recession”. Some argue this recession has had a disproportionate impact on male workers, while others suggest the “manceSSION” is simply overstated. As with most debates, the truth often falls somewhere in the middle.

Historically, recessions tend to have a greater impact on male workers since they dominate in segments of the workforce that respond most negatively during a downturn – namely construction and manufacturing.

During the 2001 recession, men accounted for 78% of all jobs lost – which is actually somewhat *higher* than the percentage of male jobs lost between December 2007 and June 2009 (which is “unofficially” considered to be the timing of this recession). Taken alone, this might suggest there is nothing unique about this recession's impact on male workers.

However, what makes this recession unique is the unprecedented difference, or “gap”, in the unemployment rates for male versus female workers (currently 10.8% for men and 8.4% for women). The “gap” peaked at 2.7 percentage points last August (2 to 3 times higher than the last three recessions) and is the largest since the Bureau of Labor Statistics began keeping records. Using these standards, the recession could be seen as having a disproportionate impact on male workers.

Regardless of your position on the issue, what cannot be argued is that sustained job creation remains the missing link in the current recovery.

Sources: nytimes.com (9/09), The Enterprise Blog (10/09); Reuters (10/09); Discovery News (1/10)