

Economic Highlights

Employment

Contributions to Change in Nonfarm Payroll Employment 1

Unemployment and Labor Force Participation Rates 2

Real Estate

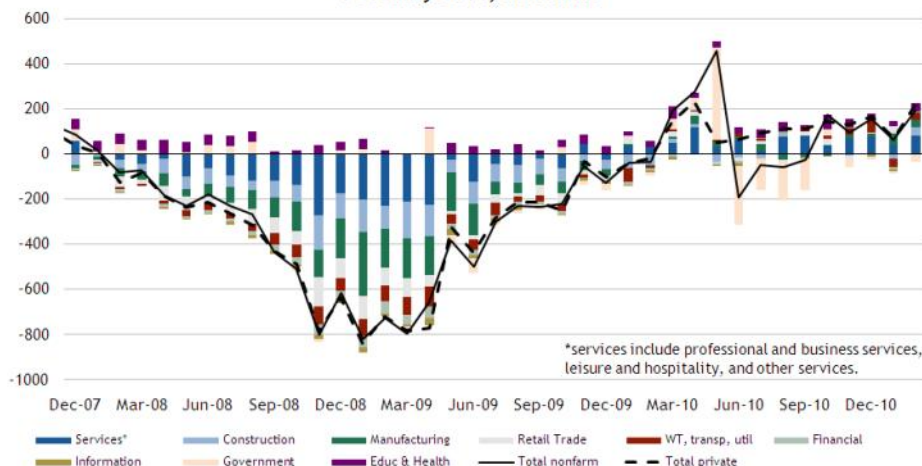
CoreLogic Negative Equity Share 3

Employment

Summary

Following a disappointing January, payroll employment increased in February by 192,000.

Contributions to Change in Nonfarm Payroll Employment
February 2011, thousands



Source: U.S. Bureau of Labor Statistics

- Nonfarm payroll employment increased by 192,000, and private payrolls increased 222,000 in February, in line with expectations. January payroll employment was revised up from 36,000 to 63,000, and December was also revised up slightly, from 121,000 to 152,000.
- In February, job growth was widespread among industries. The diffusion index (see the chart below) jumped from 60.1% to 68.2% in February.
- **Construction** payrolls increased by 33,000 in February following five months of declines, while **manufacturing** payrolls continued its increase since October, also by 33,000 in February.
- **Professional and business services** gained 47,000 payrolls over the month with a small uptick in **temporary help services** (up 16,000). **Private health care and education** continued its steady monthly payroll gain, up 40,000 in February.
- **Transportation and warehousing** employment increased by 22,000 over the month following big swings in December and January. Half of the February gain was in truck transportation.

The percent of industries increasing employment (the diffusion index) jumped to 68.2% in February.

Diffusion Index of Private Nonfarm Payrolls
Percent Rising



Source: U.S. Bureau of Labor Statistics

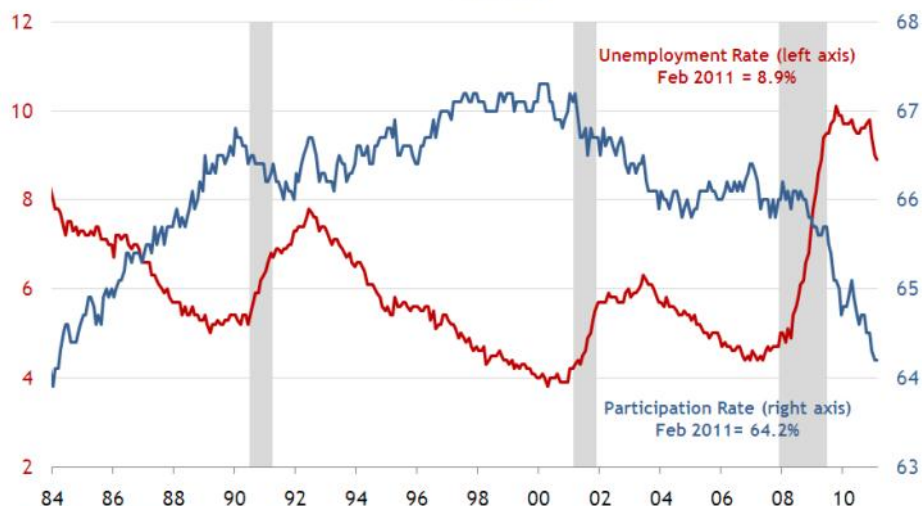
Employment

Summary

The household survey showed another decrease in the unemployment rate in February, and labor force participation remained at the lowest rate in more than 20 years.

Unemployment and Labor Force Participation Rates

Percent



Source: U.S. Bureau of Labor Statistics

- The **unemployment rate** fell to 8.9% (9.1% was the expected rate) from 9.1% in January, marking the lowest rate since April 2009. The **labor force participation rate** was unchanged at 64.2%.
- The **U-6 measure of unemployment** (this measure includes marginally attached workers—those neither currently working nor looking for work but who indicate that they want and are available for a job and have looked for work in the past 12 months—plus people working part time workers for economic reasons) fell to 15.9% in February.
- In addition, the average **duration of unemployment** fell modestly to 21.1 weeks while the percentage of unemployed for 27 weeks or more increased slightly, to 43.9%.

Average weekly hours were little changed, and average hourly earnings were flat in February.

Average Weekly Hours

Private sector, through Feb 2011



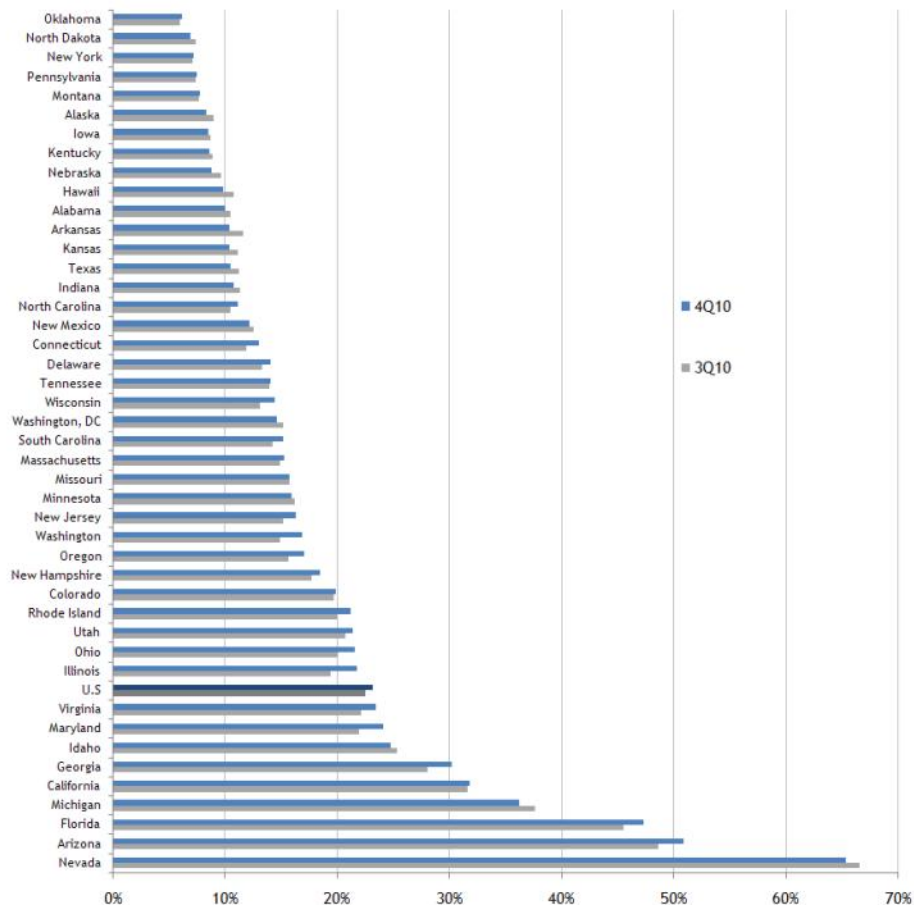
Source: U.S. Bureau of Labor Statistics

- **Average weekly hours** for all employees was unchanged at 34.2 (34.3 was the expected rate). Manufacturing hours for all employees increased by 0.1 to 33.5.
- **Average hourly earnings** for all employees was flat over the month, and on a year-over-year basis they were up 1.7% in February.

Summary

CoreLogic reported that the national share of residential mortgages with negative equity rose slightly, from 22.5% at the end of the third quarter of 2010 to 23.1% at the end of the fourth quarter of 2010.

CoreLogic® Negative Equity Share



Source: CoreLogic®

Note: Negative equity, often referred to as being “underwater” or “upside down,” means borrowers owe more on their mortgages than their homes are worth. No data were available for Louisiana, Maine, Mississippi, South Dakota, Vermont, West Virginia, and Wyoming.