

Economic Highlights

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Real Estate

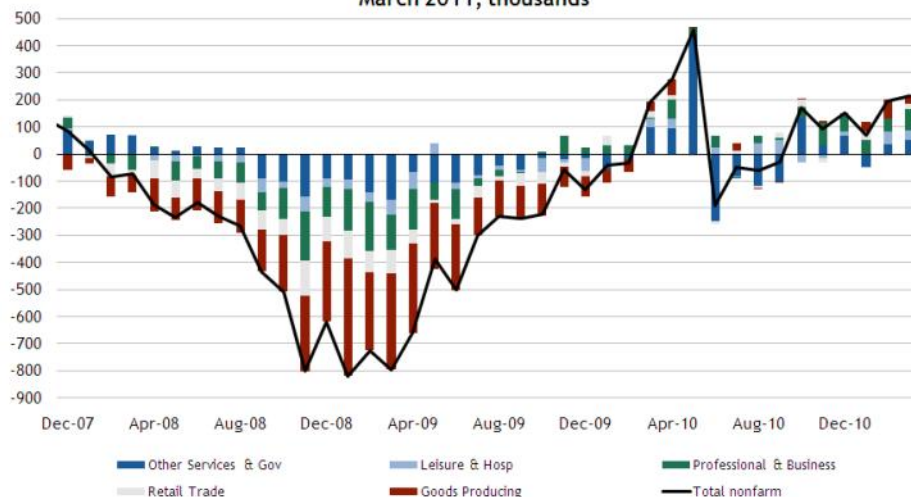
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Employment

Summary

Payroll employment increased 216,000 in March, slightly above expectations.

Contributions to Change in Nonfarm Payroll Employment
March 2011, thousands



Source: U.S. Bureau of Labor Statistics

- Nonfarm payroll employment increased by 216,000 and private payrolls increased 230,000 in March, slightly above expectations. The two previous months were revised up slightly, by a net 7,000. February payroll employment was revised up to 194,000, and January payrolls were revised up to 68,000.
- The **construction** sector lost 1,000 jobs, largely as a result of residential construction, after adding almost 40,000 the previous month.
- **Manufacturing** continued to add payrolls for the fifth consecutive month, increasing 17,000 in March.
- Job growth was strong in the **professional and business** categories, adding 78,000 jobs, 29,000 of which were in **temporary services** hiring.
- **Leisure and hospitality** and **private health care and education** continued their steady monthly payroll gains, increasing 37,000 and 45,000, respectively.

The percent of industries increasing employment (the diffusion index) fell in March but remains on par with high prerecession levels.

Diffusion Index of Private Nonfarm Payrolls
Percent Rising



Source: U.S. Bureau of Labor Statistics

- In February, the diffusion index fell to 62.4% in March from its 13-year high in February. The index remains near the high end of prerecession levels.

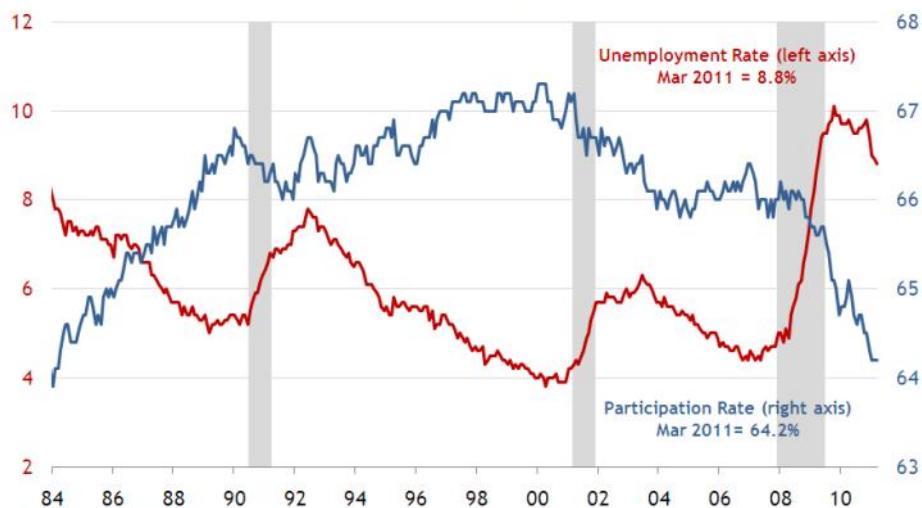
Employment

Summary

The unemployment rate continued to decrease in March, while the labor force participation remained at the lowest rate in over 20 years.

Unemployment and Labor Force Participation Rates

Percent



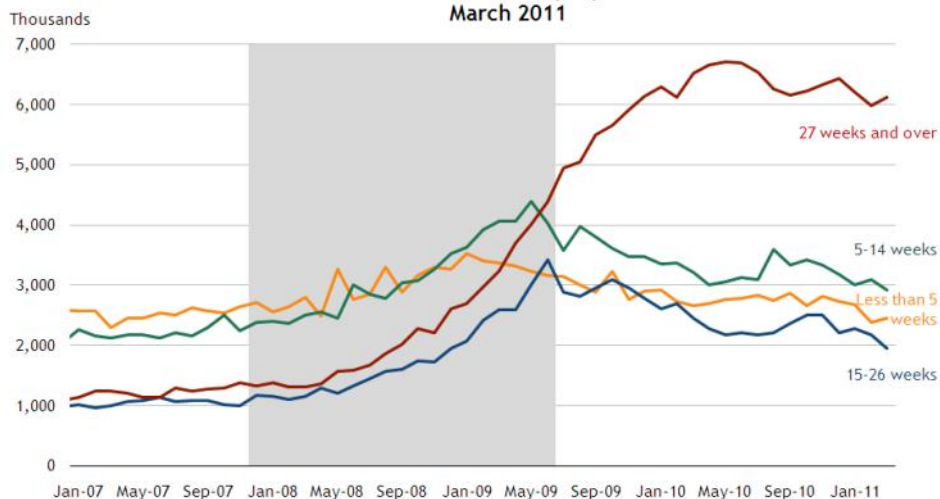
Source: U.S. Bureau of Labor Statistics

- The **unemployment rate** fell to 8.8% (8.9% was expected) from 8.9% in March, marking the lowest rate in two years. The **labor force participation rate** was unchanged at 64.2% for the third consecutive month, remaining at its 27-year low.
- The **U-6 measure of unemployment** (which includes marginally attached workers—those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work in the past 12 months—and part-time workers for economic reasons) fell to 15.7% in March, the lowest level in two years.

Meanwhile, the number of long-term unemployed as well as the average duration of unemployment increased in March.

Duration of Unemployment

March 2011



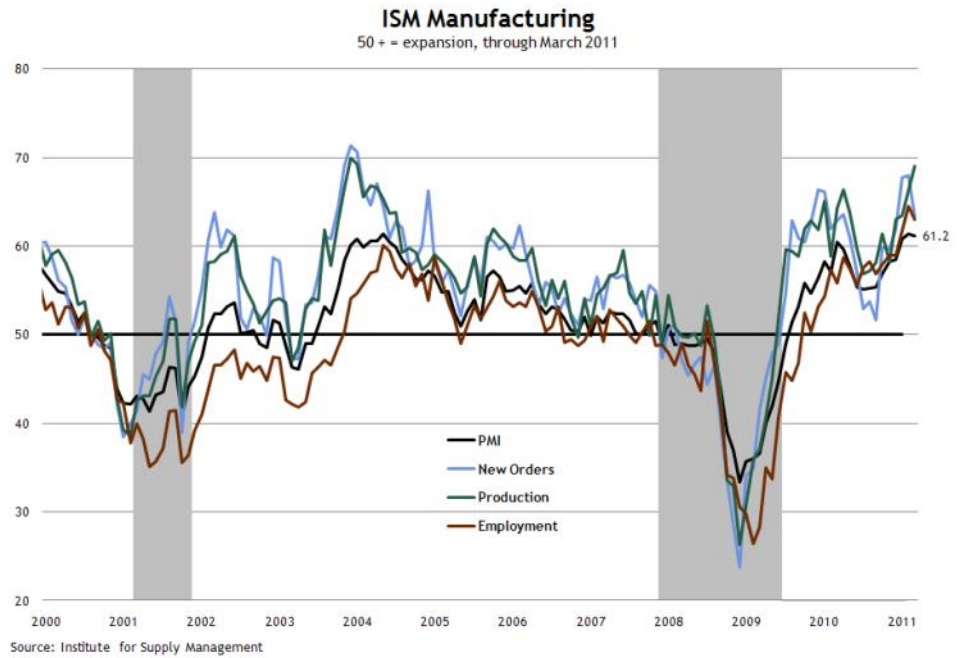
Source: U.S. Bureau of Labor Statistics

- The **number of unemployed for 27 or more weeks** increased in March, while those unemployed from five to 26 weeks decreased, and those unemployed for under five weeks only ticked up over the month.
- In addition, the **average duration of unemployment** increased to 39 weeks, and the percentage of people unemployed for 27 weeks or more increased to 45.5%.

Manufacturing

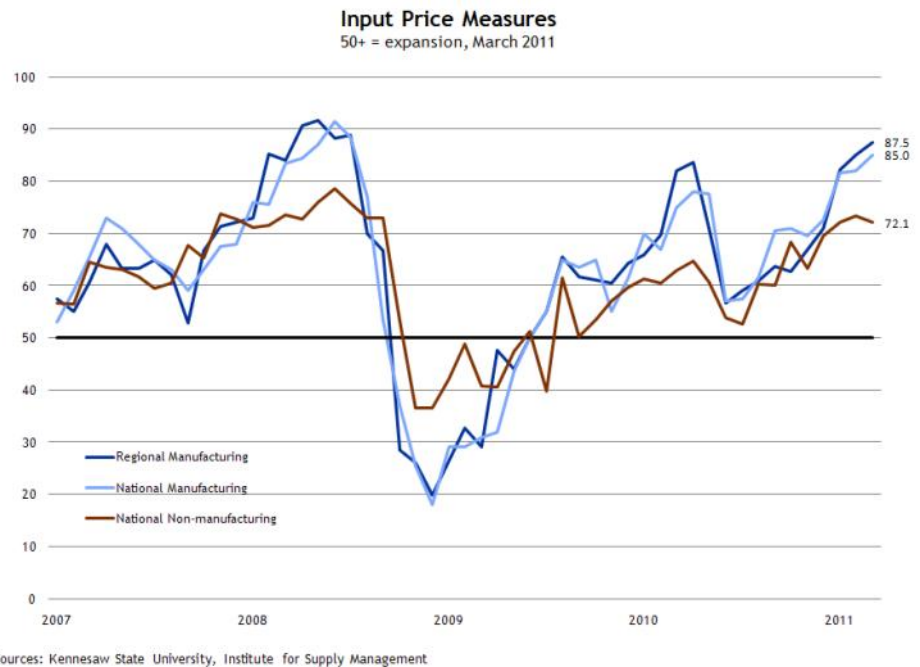
Summary

The overall Purchasing Managers Index (PMI) from the Institute for Supply Management dipped 0.2 index points in March, but remains at an elevated level of 61.2 points.



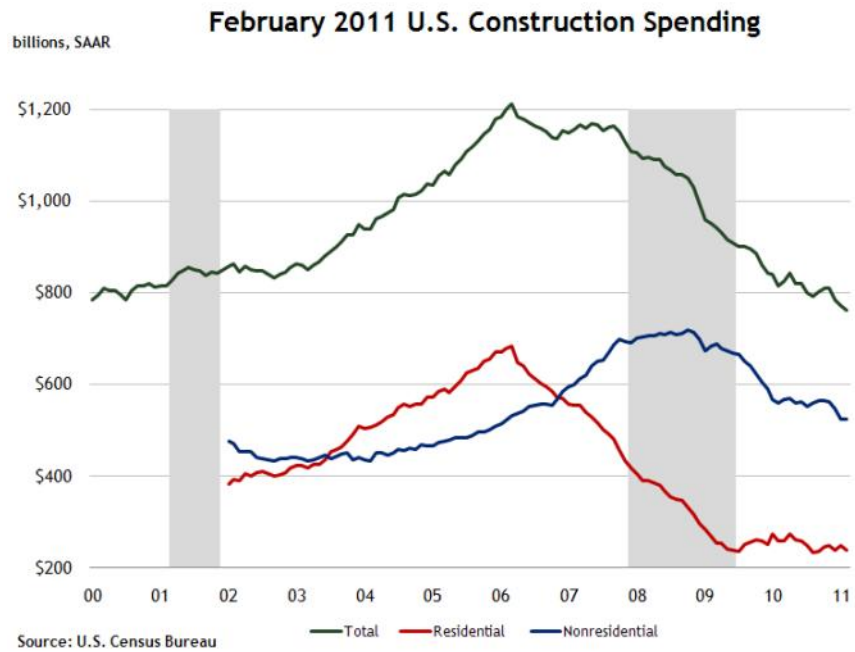
- The ISM manufacturing PMI dipped 0.2 points in March to reach 61.2.
- The new orders component had a notable dip in March. The new orders index was down 4.7 index points to reach a still-elevated level of 63.3.
- The production index continued its ascent, gaining 2.7 index points to reach 69 points.
- The employment index slipped 1.5 points to reach 63 points.

Input prices rose for manufacturers across the Sixth District and nation as a whole in March compared to February. Nonmanufacturers reported a small monthly decrease in input prices from February to March.



Summary

The U.S. Census Bureau reported that construction spending continued to weaken in February, down 1.4% from January.



February 2011 Construction Spending Put in Place

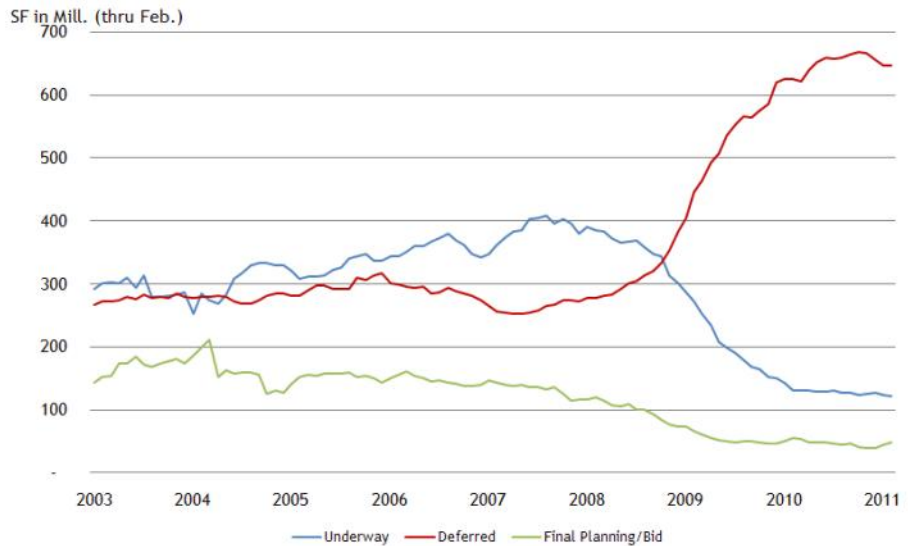
	billions, SAAR	yr/yr change	mo/mo change
Total:	760.6	-6.8%	-1.4%
Total Private:	468.0	-10.8%	-1.4%
Total Public:	292.5	0.5%	-1.3%
Total Nonresidential:	523.2	-6.3%	-0.2%
Private Nonresidential:	239.6	-13.2%	0.9%
Public Nonresidential:	283.6	0.4%	-1.1%
Total Residential:	237.4	-7.8%	-3.8%
Private Residential:	228.5	-8.1%	-3.7%

Summary

TWR/Dodge Pipeline data for February indicated that commercial construction activity under way continued slowed, declining 2% from January to February.

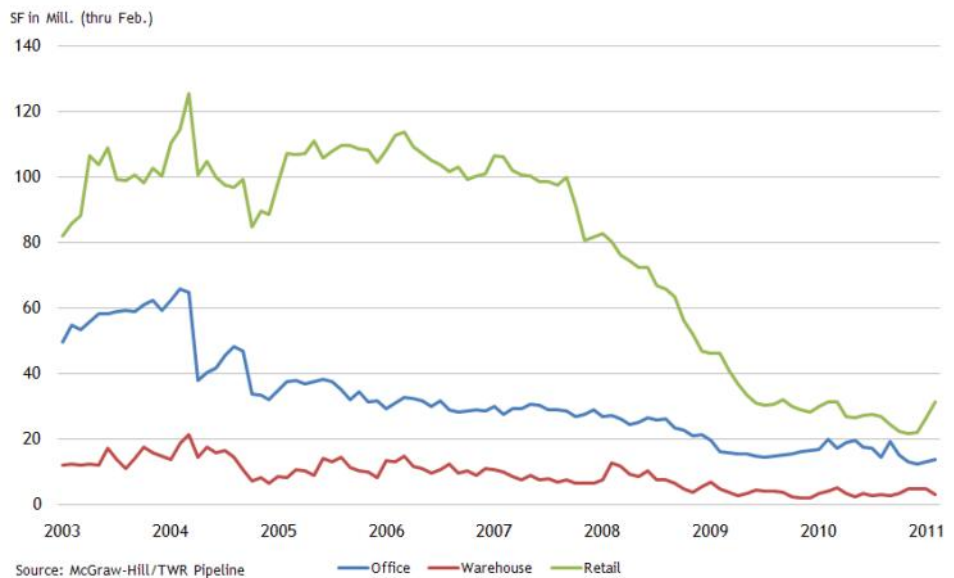
Total space in the final planning or bid phase increased 10% in February. The gain was driven largely by gains in the retail sector.

U.S. Office, Retail & Warehouse Construction Activity



Source: McGraw-Hill/TWR Pipeline

U.S. Commercial Construction in the Final Planning or Bid Phase



Source: McGraw-Hill/TWR Pipeline

Note: TWR/Dodge Pipeline tracks commercial real estate projects through development phases.

Final planning—projects moving toward final approvals with a high probability that construction contract will be awarded within the next six months

Bid—projects that have been finalized, are put out to bid by general contractors, are very close to being awarded, and have a very high probability of coming to market

Under way—projects under construction

Deferred—projects delayed at any point in the planning cycle for reasons including problems with financing or design approvals or deterioration in market conditions