

Economic Highlights

Employment

| | |
|--|---|
| Nonfarm Payroll Employment | 1 |
| Unemployment and Labor Force Participation Rates | 2 |
| Average Weekly Hours | 2 |

Real Estate

| | |
|--------------------------------|---|
| MBA Purchase Application Index | 3 |
|--------------------------------|---|

Manufacturing

| | |
|-----------------------|---|
| Factory Orders Report | 4 |
|-----------------------|---|

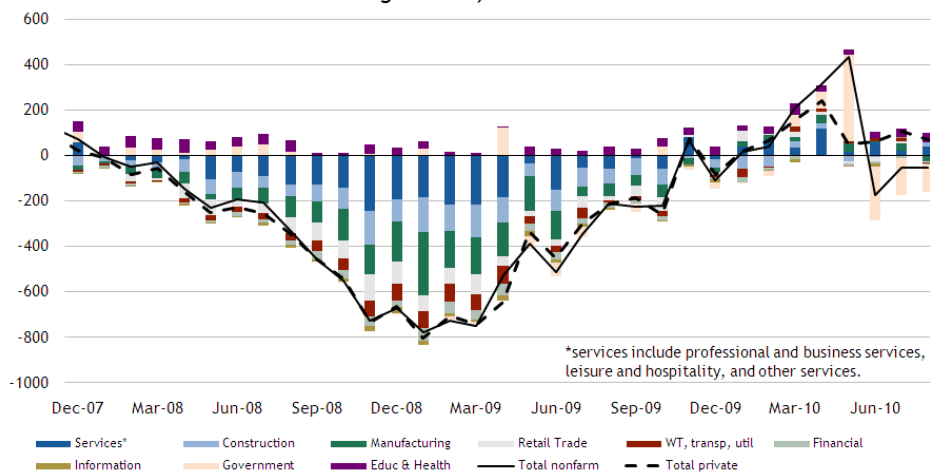
Employment

Summary

Payroll employment fell by 54,000 in August, still reflecting the release of Census workers.

Outside of the government sector, private payrolls continued to add jobs but at a slow pace.

Contributions to Change in Nonfarm Payroll Employment August 2010, thousands

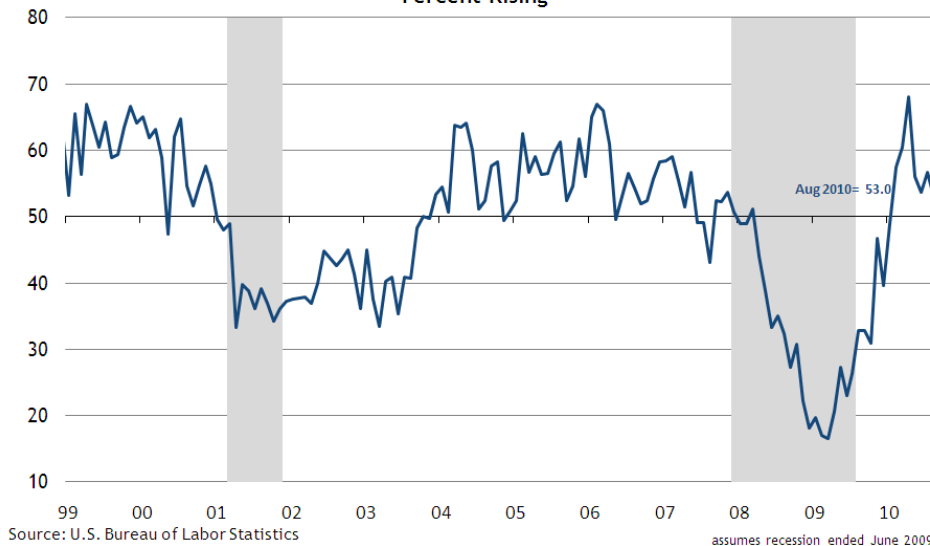


Source: U.S. Bureau of Labor Statistics

- Nonfarm payroll employment declined by 54,000 in August. Much of the decline came from the release of 114,000 temporary Census workers who completed their work. The number of temporary Census workers peaked in May at 564,00 and has declined to 82,000 in August.
- Nonfarm payrolls for June and July were revised up by a total of 123,000.
- Private payrolls rose 67,000. Job gains were concentrated in service-providing sectors. Gains in service sectors were led by **education and health services** (up 45,000) and **professional and business services** (up 20,000). The increase in professional and business services was mainly due to temporary employment, which added 17,000 jobs.
- **Manufacturing** shed jobs (-27,000) for the first time since December 2009.

Job gains were less broad based in August than in previous months.

Diffusion Index of Private Nonfarm Payrolls Percent Rising



- The diffusion index, which measures the fraction of industries that are holding steady or increasing payrolls, decreased from 56.7 in July to 53 in August.

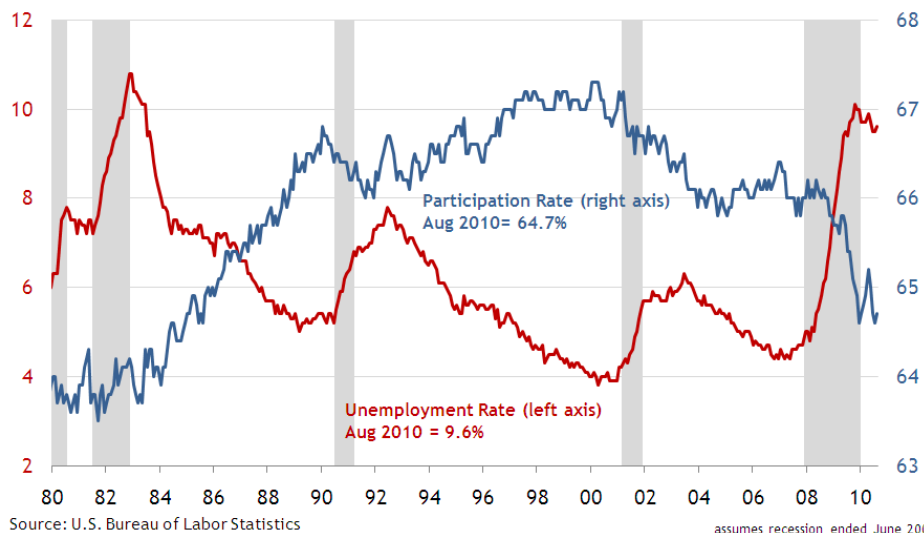
Employment

Summary

The household survey showed some small signs of improvement in August. The labor force participation rate increased slightly, but so did the unemployment rate, to 9.6%.

The duration of unemployment decreased for the second consecutive month.

Unemployment and Labor Force Participation Rates Percent, Aug 2010



- From July to August, the unemployment rate increased slightly from 9.5% to 9.6%, and the labor force participation rate inched up from 64.6% to 64.7%.
- The average duration of unemployment declined for the second consecutive month to 33.6 weeks in August, down from the historical high of 35.2 weeks in June.
- Of all unemployment, the share of long-duration unemployment (27 weeks and over) decreased for the third consecutive month to 42%, down from the historical high of 46% in May.

Average weekly hours were unchanged over the month while average hourly earnings increased in August.

Average Weekly Hours Private sector, through Aug 2010

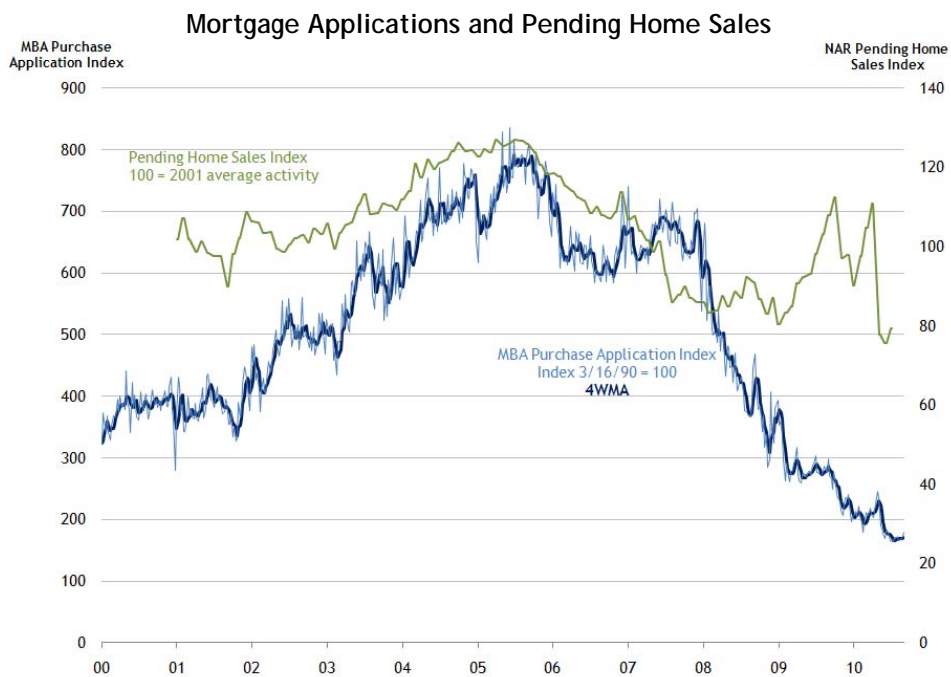


- Average weekly hours for all private employees were unchanged at 34.2 in August.
- Average hourly earnings for all employees increased 0.3% over the month (0.1% month over month was expected) and are up 1.7% year over year.

Summary

The National Association of Realtors (NAR) reported that pending home sales in July edged up slightly from the series low in June.

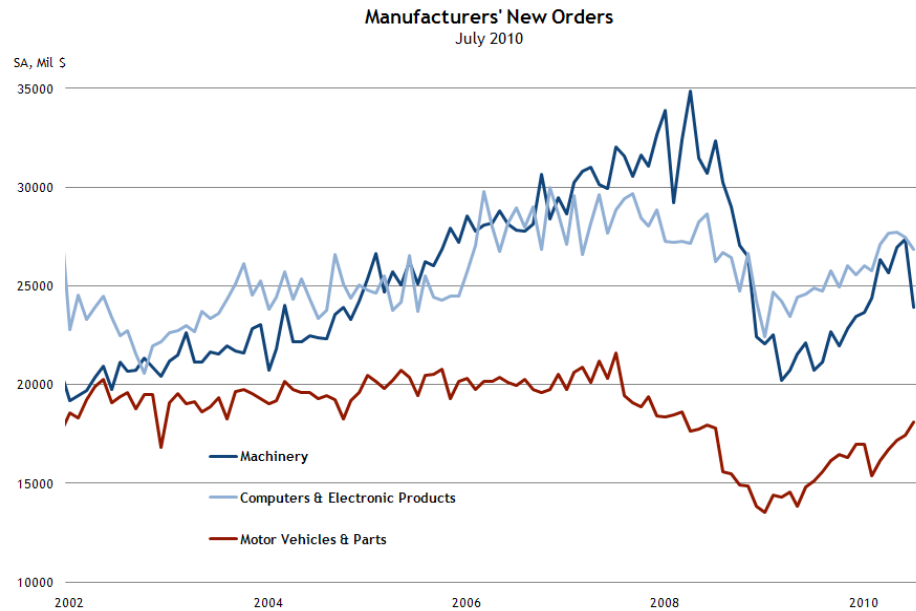
The Mortgage Bankers Association (MBA) reported in its Weekly Mortgage Applications Survey for the week ending September 3, 2010, that the purchase index increased 6% from the previous week. However, the four-week moving average purchase index held relatively steady at low levels over the past five weeks.



Manufacturing

Summary

Manufacturers' new orders for core capital goods dropped 7.2% in July. The largest losses came from machinery and computers while new orders for motor vehicles and parts rose 3.7%.



Source: U.S. Census Bureau

- July's factory orders report revealed a 7.2% drop in manufacturers' new orders for core capital goods (revised down from 8%) despite a 0.1% increase in new orders for all manufacturing industries.
- In July, manufacturers' new orders for computers fell 18.2% compared to June, while new orders for machinery declined 13.6%.
- Manufacturers' new orders for motor vehicles and parts ticked up 3.7% month to month in July.