

## Economic Highlights

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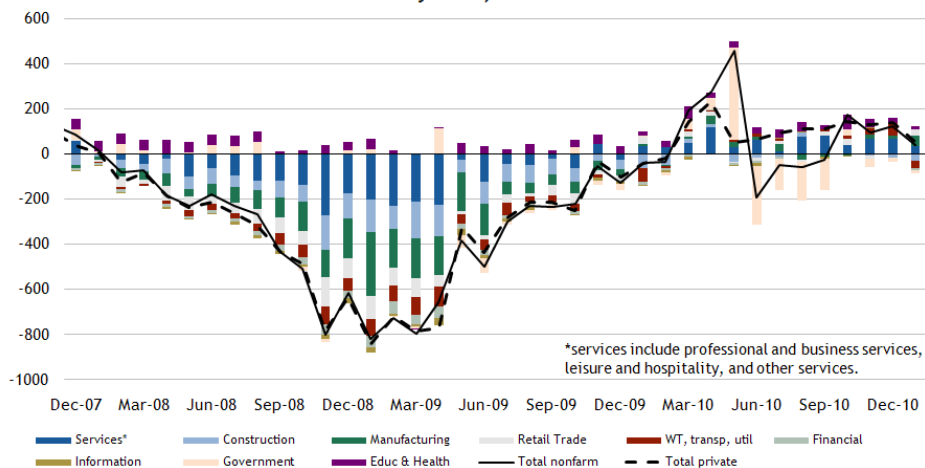
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# Employment

## Summary

Payroll employment increased less than expected in January, adding 36,000 nonfarm employees over the month.

### Contributions to Change in Nonfarm Payroll Employment January 2011, thousands

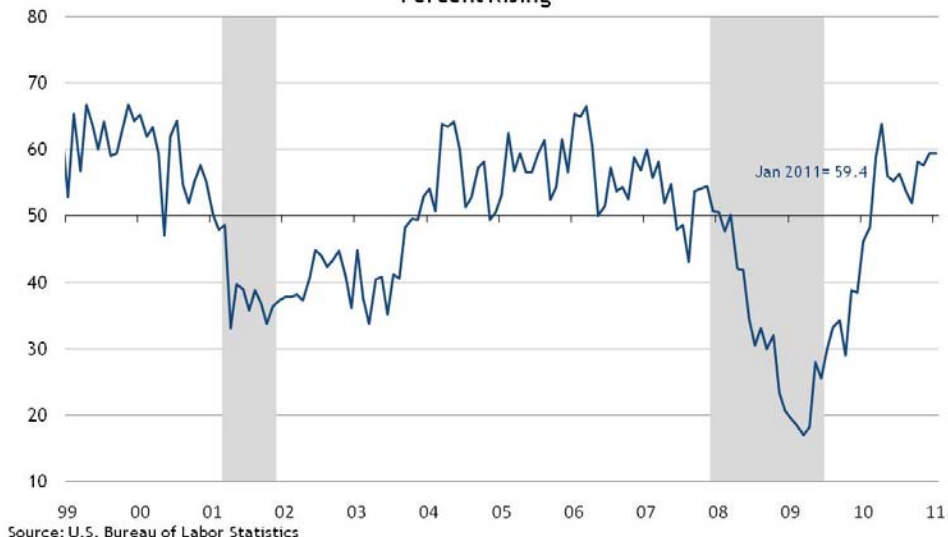


Source: U.S. Bureau of Labor Statistics

- Nonfarm payroll employment rose 36,000 in January, below expectations of a 143,000 increase. Some of the small payroll increase in January could be attributed to bad weather and may be reversed in the coming months.
- From February 2010, payroll employment has risen by an average of 93,000 per month. Benchmark revisions to payroll employment were released as well, showing a downward revision of 215,000 in payroll employment for 2010 as a whole.
- Private payrolls rose 50,000 (below the 141,000 expected) in January, with gains concentrated in manufacturing (up 49,000), professional and business services (up 31,000), and retail trade (up 28,000).
- Construction, however, shed 32,000 jobs in January. Within professional and business services, temporary help services lost 11,000 jobs after five consecutive months of gains.
- Meanwhile, payrolls in leisure and hospitality and education and health care were little changed in January, posting a decline of 3,000 and an increase of 13,000, respectively.

Despite soft job growth over the month, the percent of industries increasing employment (the diffusion index) remained at 59.4 in January.

### Diffusion Index of Private Nonfarm Payrolls Percent Rising



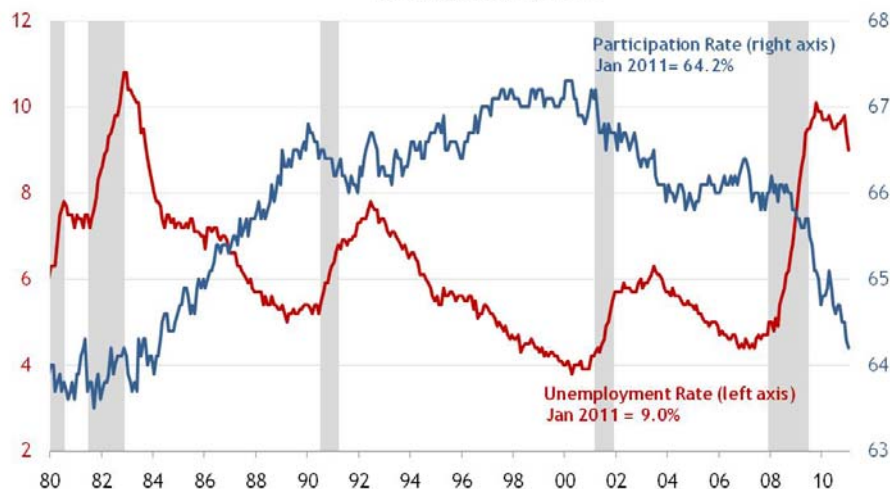
Source: U.S. Bureau of Labor Statistics

# Employment

## Summary

The household survey showed a decrease in unemployment rates in January, but the labor force participation rate fell to the lowest rate in more than 20 years.

**Unemployment and Labor Force Participation Rates**  
Percent, January 2011

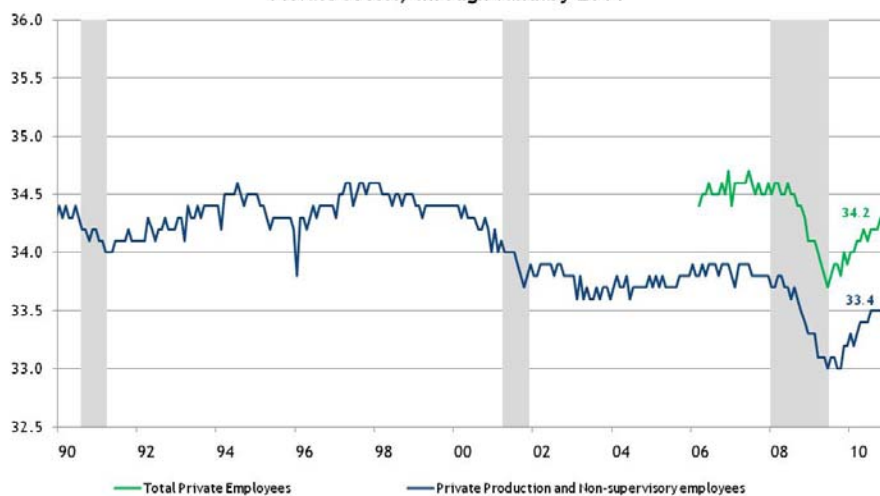


Source: U.S. Bureau of Labor Statistics

- In January the **unemployment rate** fell to 9.0% (9.5% was expected) from 9.4% in December, again marking the lowest rate since May 2009. The **labor force participation rate** inched down from 64.3% in December to 64.2% in January, marking the lowest rate since 1984.
- The BLS also released population control adjustments to the household data, and while they had a negligible impact on unemployment rates, they contributed to changes in population, labor force, and employment levels.
- 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 16.1% in January.
- The average duration of unemployment jumped in January to a historical high of 36.9 weeks.

Average weekly hours were little changed while average hourly earnings increased in January.

**Average Weekly Hours**  
Private sector, through January 2011



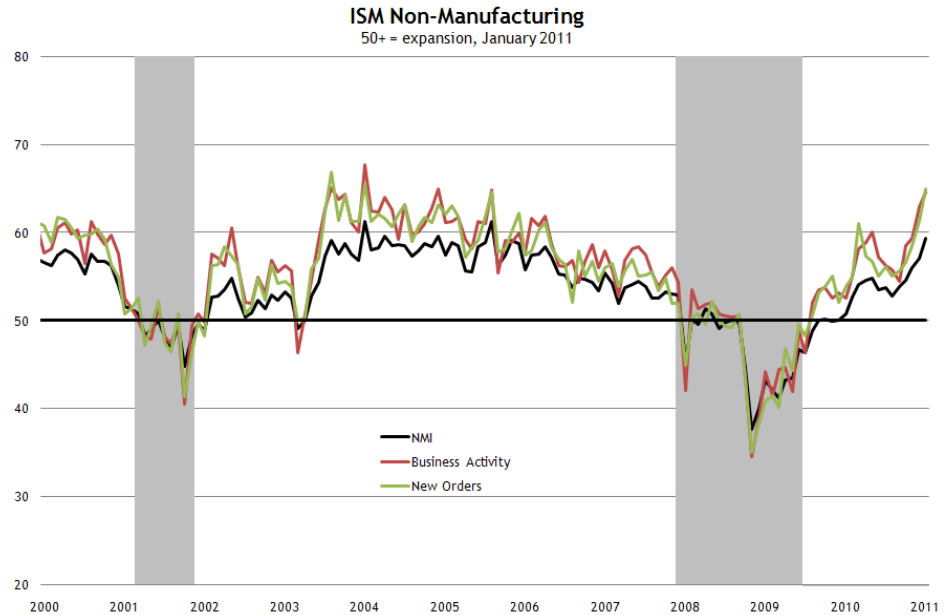
Source: U.S. Bureau of Labor Statistics

- Average weekly hours in January for all employees fell by 0.1 hour to 34.2 (34.3 was expected). Manufacturing hours for all employees increased by 0.1 to 40.5.
- Average hourly earnings in January for all employees increased 0.4% month to month and 1.9% year over year.

# Manufacturing

## Summary

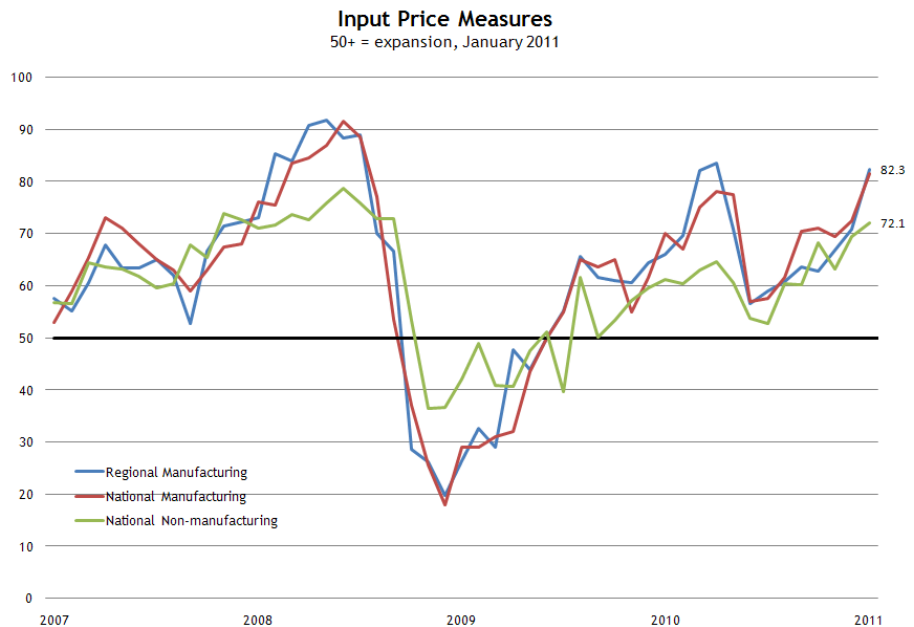
In January, nonmanufacturing sectors of the economy grew at their fastest rate since 2005, according to the Institute for Supply Management (ISM) nonmanufacturing survey.



Source: Institute for Supply Management

- The ISM's nonmanufacturing index added 2.3 index points in January to reach 59.4.
- The index for business activity (the nonmanufacturing equivalent to the ISM manufacturing production index) was up 1.7 points in January to reach an elevated level of 64.6.
- A leading indicator, the ISM nonmanufacturing new orders index was up 3.5 points.

Manufacturers in the District and across the nation are reporting much-increased commodity price levels while the increase reported by nonmanufacturers is not as high.



Sources: Kennesaw State University, Institute for Supply Management