

Economic Highlights

Manufacturing

Factory Orders	1
Wholesale Inventories	1

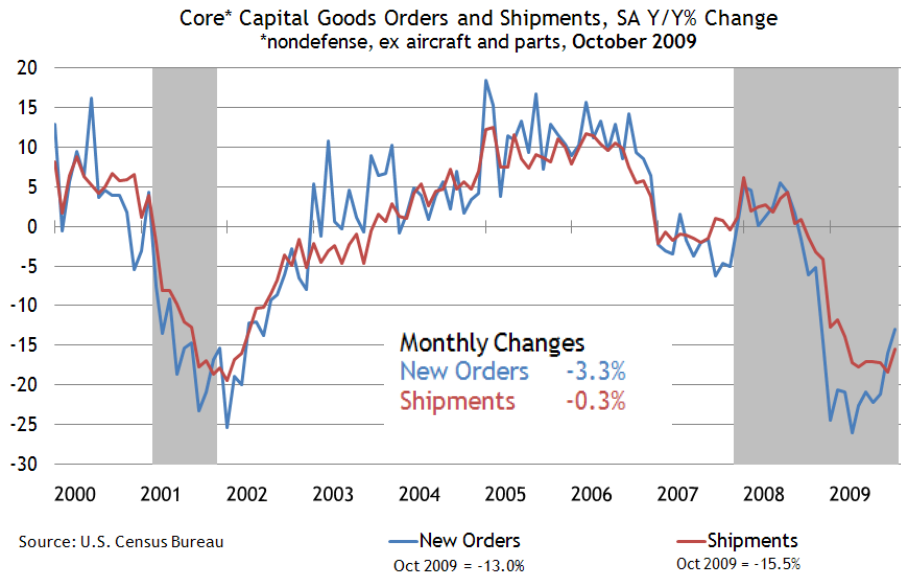
Employment

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Manufacturing

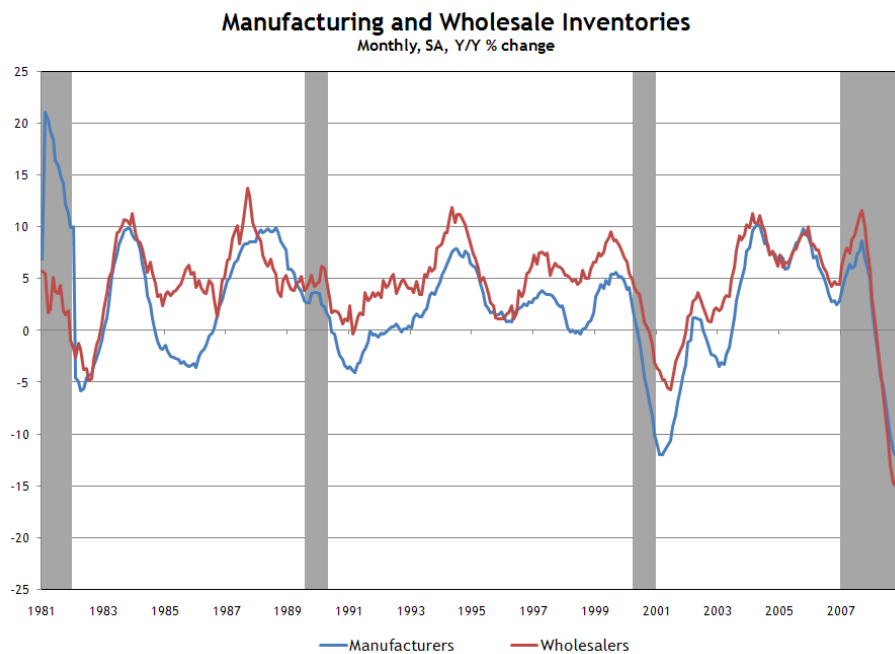
Summary

The factory orders report showed new orders for core capital goods declined in October even though new orders for all manufactured goods increased slightly.



- In October, **new orders for core capital goods declined 3.3%** compared to headline new orders for all manufactured goods, which gained 0.6%.
- New orders for machinery declined 8.5% for October, matching the previous month's increase. Within the machinery component, new orders for construction machinery plummeted 30% and industrial machinery lost 16.5%.
- **Shipments of core capital goods fell 0.3%** in October.
- Inventories of core capital goods decreased 0.8% month over month.

For the first time since August 2008, inventories of manufacturers and wholesalers increased.



- In October, **manufacturers and wholesalers increased their inventories 0.4%**, the first such increase in 14 months. Year over year, manufacturing and wholesale inventories are still down 11.2% and 13.5%, respectively.
- The **inventories-to-sales ratio** for wholesale trade fell to 1.16, also the lowest level since August 2008; the manufacturing I/S ratio also declined to 1.34, the lowest level since October 2008.

Employment

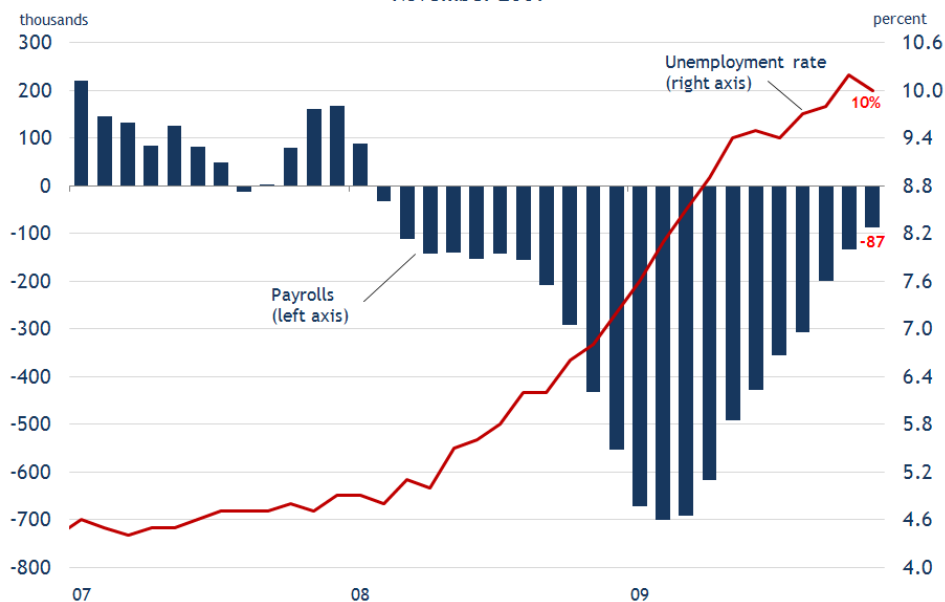
Summary

The nation lost 11,000 jobs in November, much better than the -125,000 Bloomberg market consensus. Moreover, September and October employment figures were revised upward substantially by a net 159,000.

The three-month average of monthly job losses has declined significantly.

The unemployment rate declined 0.2 percentage points to 10% in November.

Monthly Payroll Change (3-month avg) and Unemployment Rate
November 2009



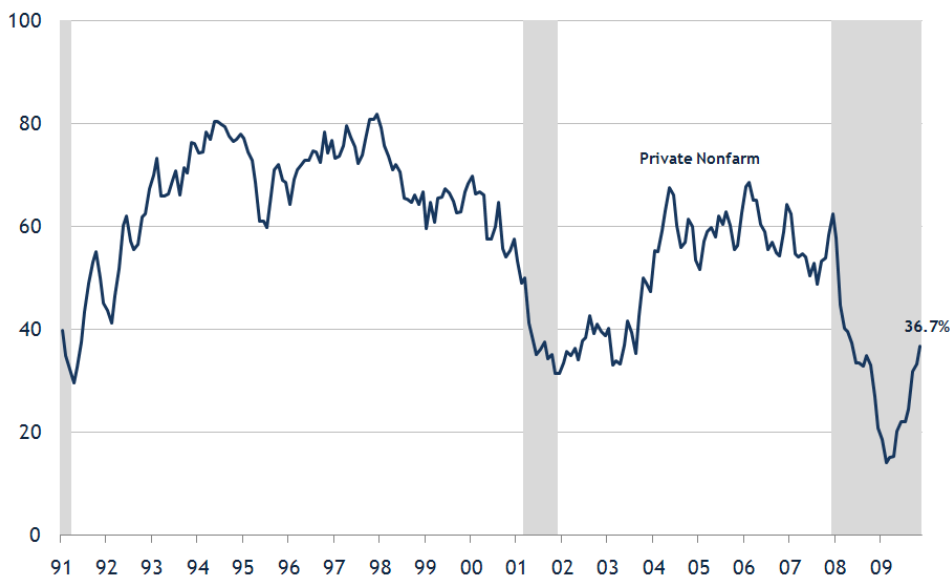
Source: U.S. Bureau of Labor Statistics

- The 11,000-job decline in payrolls in November brought the three-month average monthly decline to 87,000 compared to 307,000 in September.
- The decline in the unemployment rate was led by a 325,000 reduction in the number of unemployed people, which offset a 98,000 decline in the labor force. Nevertheless, November's unemployment rate, though declining slightly from October's, remained at levels not seen since 1983.

Most major industries posted smaller job declines in November.

The three-month diffusion index of employment change increased to 36.7% in November. In other words, roughly 36.7% of industries were either increasing employment levels or keeping them the same.

Diffusion Index of Employment Change
three-month, percent rising, November 2009



Source: U.S. Bureau of Labor Statistics

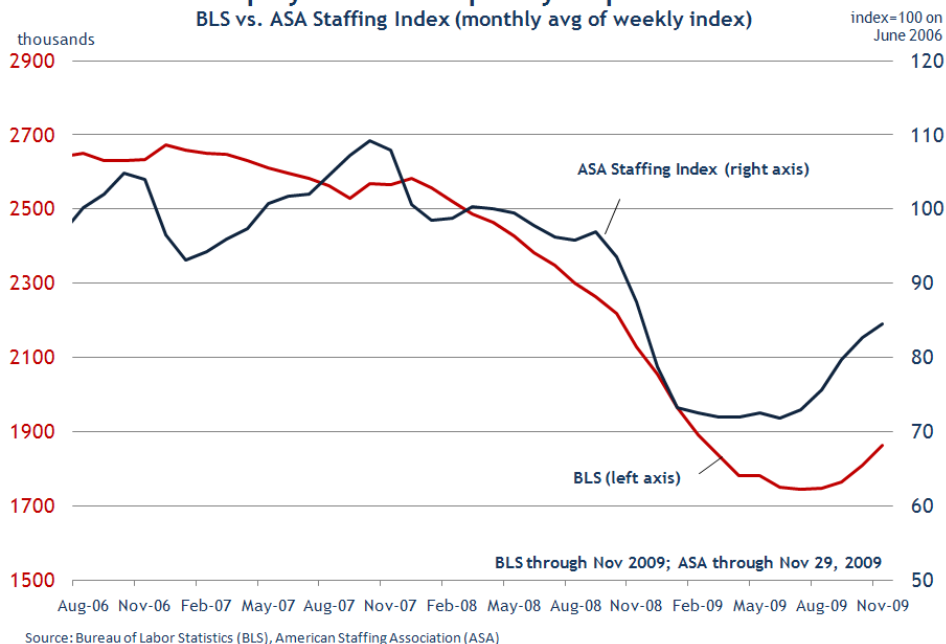
Employment

Summary

Two leading employment indicators—temporary employment and weekly hours worked—continued to show improvement in November. Firms tend to hire temps or increase the hours of current workers as business activity picks up.

Both the BLS's establishment survey and the American Staffing Association's (ASA) more comprehensive staffing index indicated that temporary employment has trended up since August and July 2009, respectively.

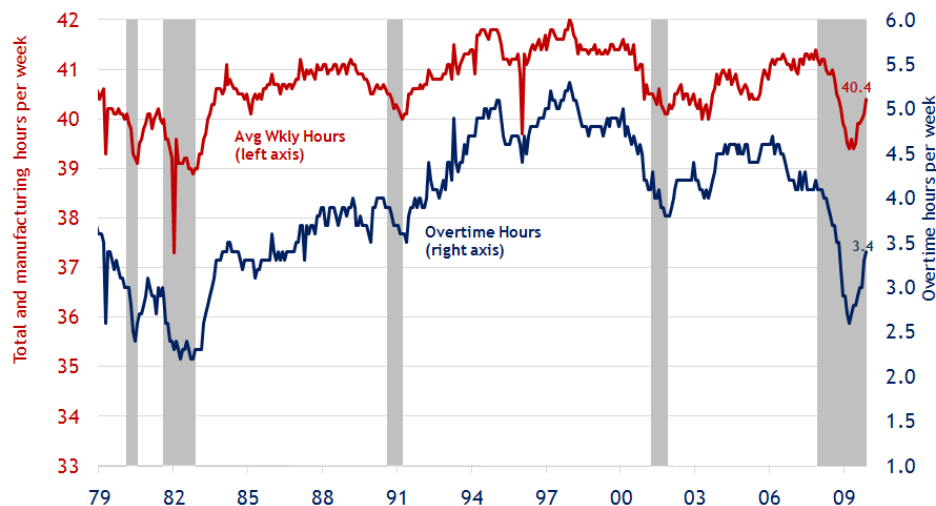
Employment in Temporary Help Services
BLS vs. ASA Staffing Index (monthly avg of weekly index)



- According to the BLS, the temporary employment sector added 52,000 jobs in November after adding 44,000 jobs in October. The sector has added 117,000 jobs since August 2009.

Weekly hours worked continued to expand in November.

Average Weekly and Overtime Hours, Manufacturing Production Workers
November 2009



- Weekly manufacturing hours increased 0.8% to 40.4 hours in November. Weekly overtime hours were up 3% to 3.4 hours. Both overall and overtime manufacturing hours are back to October 2008 levels.
- Total private nonfarm weekly hours (not shown in chart above) were up 0.6% in November to 33.2 hours, matching January 2009 levels.