

The long deterioration in labor markets ended in November, judging by recent trends in employment and unemployment. Total employment decreased by 11,000 jobs during the month for the best showing since the downturn began in December 2007. The declines in September and October were revised lower by a total of 159,000 jobs. The unemployment rate decreased from the cycle peak of 10.2% reached in October to 10.0%.

Job losses were again widespread across sectors, with only professional and business services (+86,000) and education and health services (+40,000) increasing employment in the private sector. Employment at temporary help agencies accelerated in November, increasing by 52,400 jobs. The number of temporary jobs increased by an upwardly revised 44,000 jobs in October, which followed gains totaling 20,000 jobs in the two previous months. Improvements in labor market conditions are believed to appear first in the demand for temporary workers, who can be hired and dismissed with less cost than permanent employees.

The decrease in the unemployment rate was the first since last July when a 0.1 point decrease was followed by significant increases in subsequent months. The broadest measure of unemployment, which includes marginally attached workers and workers employed part-time because they cannot find a full-time job, decreased slightly to 17.2%. Marginally attached workers are neither employed nor actively searching for a job but indicate that they would like to work.

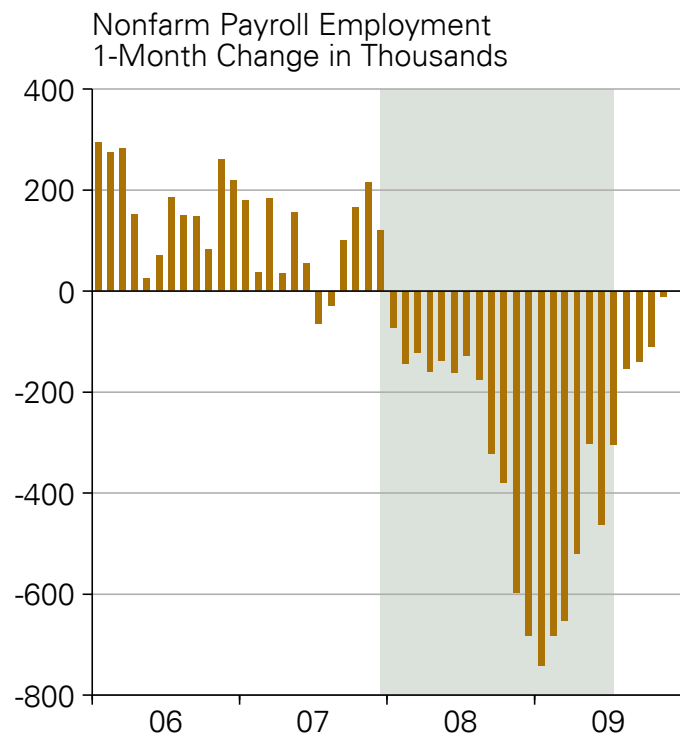
Despite the modest reduction in the unemployment rate, the incidence remained severe. The median duration of unemployment increased to a new all-time high of 20.1 weeks in October, compared with an average of 7.1 weeks during 1967-2007. It had never been higher than the 12.3 week duration recorded in May 1983. The average duration of unemployment increased to a new all-time high of 28.5 weeks.

The workweek lengthened by several measures during November, forming a trend that points toward a strengthening labor markets this winter. The length of the private sector workweek increased from the all-time low of 33.0 hours in October to 33.2 hours in November. So

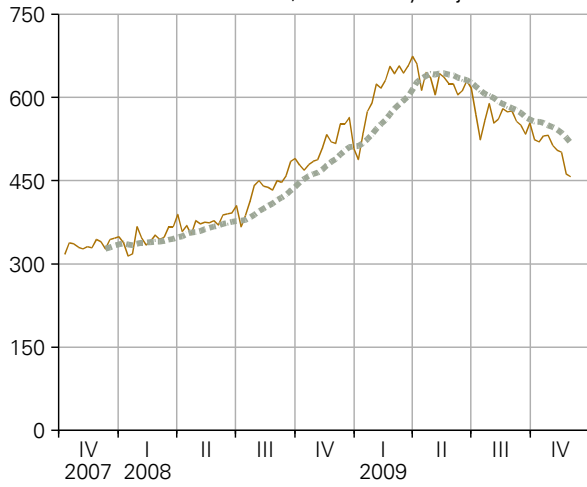
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far, that is only a one-month increase, but it extended the workweek to its longest since February and was accompanied by related positive developments. The length of the manufacturing workweek increased 0.3 hours to 40.4 hours, up from its long-time low of 39.4 hours in May. In addition, overtime hours in manufacturing increased to 3.4 hours from its long-time low of 2.6 hours in March. The length of the workweek has spiked upward when the economy has shifted from recession to recovery in the past.

Jim Coons



Initial Claims for Unemployment Insurance  
Thousands Per Week, Seasonally Adjusted



U. S. Dollar Exchange Rate  
FRB Major Currency Index, 1973 = 100



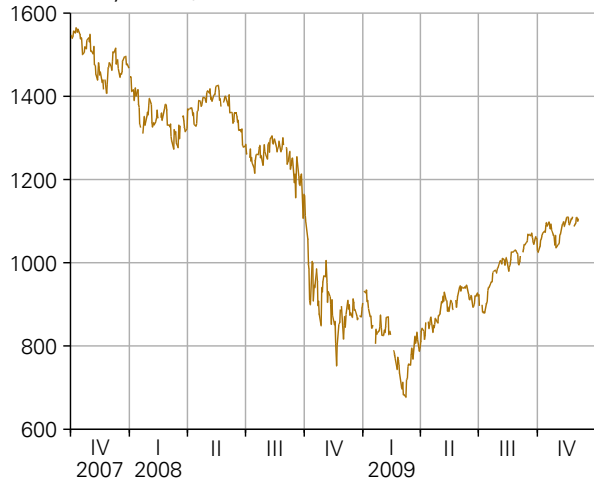
Price of Oil  
West Texas Int, \$/bbl



Price of Gold  
London PM Fixing, \$/oz



S&P 500 Stock Prices  
Daily Close, Index 1941-43 = 10



Mortgage Loan Originations  
MBA Purchase Index 3/16/90=100 SA

