

Private sector employment continued to grow slowly in June. Total employment decreased by 125,000 jobs, reflecting a 208,000 decrease in government jobs resulting primarily from the termination of temporary Census positions. Excluding the change in government jobs, employment increased by 83,000, up from 33,000 jobs in May but down from 241,000 jobs in April. Private sector payrolls increased by an average of 119,000 jobs per month in the second quarter, up from 79,000 jobs per month in the first quarter. In comparison, private sector payrolls decreased by 478,000 jobs in the second quarter of 2009.

The recovery in labor markets remains extremely slow compared with other recoveries since World War II, but about in line with the recoveries from the 1990-91 and 2001 recessions. Private sector employment has increased 0.7% since reaching its low for this cycle six months ago, compared with increases of 0.6% and 0.4% following the 1990-91 and 2001 recessions, respectively. In contrast, the increase during the first six months following the trough averaged 1.8% – or about three times as fast – in the previous eight cycles. The pattern of much weaker growth in the most recent three episodes than during the previous eight episodes was the same when measured over the first twelve months following the business cycle trough.

The unemployment rate decreased 0.2 percentage points to 9.5% in May to 0.6 percentage points below the peak for the cycle of 10.1% reached last October, reflecting a decrease of 652,000 in the number of unemployed people looking for work. Nonetheless, every time in the past that the unemployment rate has declined 0.4 percentage points or more following the onset of recession, the economy has been in a durable recovery.

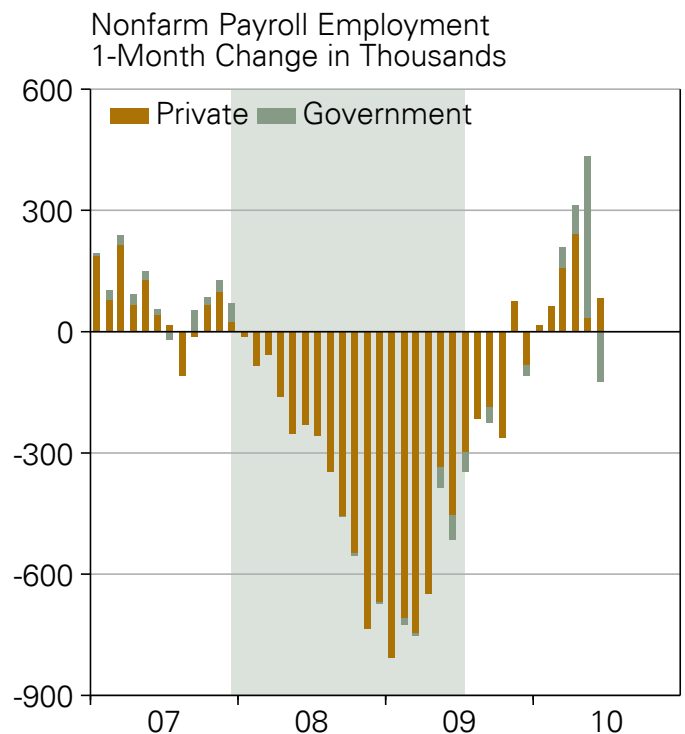
The U-6 unemployment rate, which includes unemployed people who have given up looking for work and people working part-time because they cannot find full-time jobs, edged down to 16.5%, down from the peak of 17.4% last October. But the median duration of unemployment increased to a new record of 25.5 weeks.

The length of the workweek for private sector workers remained at 33.4 hours in June – up from the low for the

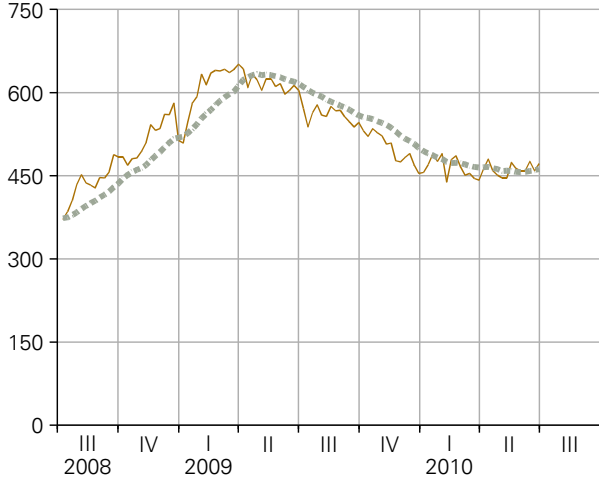
Labor markets remained lackluster in June, as private sector employment increased only 83,000. The unemployment rate edged down to 9.5%, reflecting a large exodus from the labor force.

cycle of 33.0 hours last October – but the manufacturing workweek shortened from 41.5 hours in May to 41.0 hours in June and manufacturing overtime fell from 4.0 hours to 3.8 hours. Combined with trends in employment, the changes to the workweek pushed up aggregate hours worked by private sector workers marginally during June, but resulted in a 1.2% decline in aggregate hours worked in manufacturing.

Jim Coons



Initial Claims for Unemployment Insurance
Thousands Per Week, Seasonally Adjusted



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



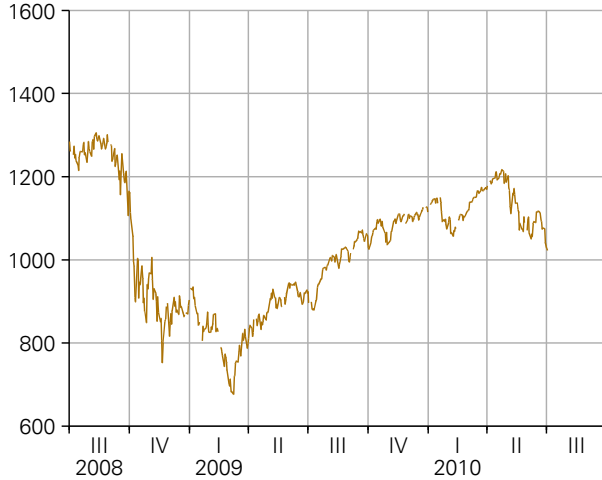
Price of Oil
West Texas Int, \$/bbl



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

