

## Labor Market Finally Turning the Corner

### Key Facts

- ❑ US employers added 162,000 jobs in March.
- ❑ The unemployment rate held at 9.7%.
- ❑ Average wage for production workers stands at \$18.90/hr., 2.1% above last year.

*Final estimates show the economy grew sharply during the last quarter of 2009, expanding at an annualized rate of 5.6% as businesses ramped up production and spending.*

*Economic growth in the current quarter is expected to approach 3% as high unemployment and tight credit conditions dampen spending.*

*March's positive employment report is being viewed as an important first step in what will likely be a long labor market recovery.*

After suffering through the worst decline in decades, the US labor market appears to have finally turned a corner, adding 162,000 jobs in March. While temporary hiring by the federal government to support the 2010 Census had a significant impact on March's employment figures, private sector employers added 123,000 workers last month. Jobs gains in March were the largest in three years, and when added to the revised payroll estimates for January and February, push job growth into positive territory through the first quarter of 2010.

Despite the jump in hiring activity, unemployment remained at 9.7% last month as formerly discouraged workers are now re-entering the job market. The unemployment gap between men and women has closed in recent months (currently 10.7% for men and 8.6% for women) as job creation in production-related industries heats up. The unemployment rate for workers having at least some college education has fallen nearly a full percentage point from last quarter (currently 8.2%) as employers seek out higher-skilled workers.

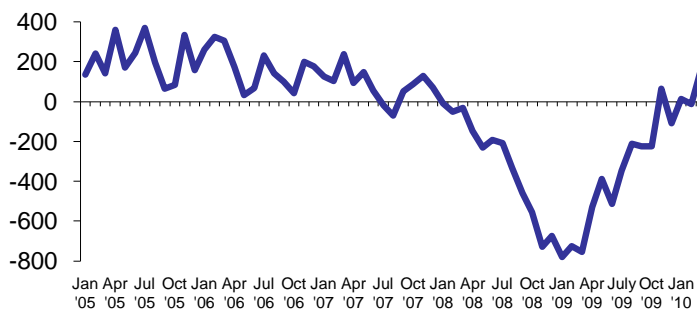
Goods-producing industries added 41,000 jobs in March, with modest gains in both manufacturing (17,000) and construction (15,000). The manufacturing sector has now added 45,000 jobs since the start of the year.

Private service-providing industries created 82,000 new jobs last month as gains in temporary employment (40,000) and health care (27,000) were partially offset by weakness in financial services (-21,000).

Federal government hiring for the 2010 Census masks underlying weakness at both the state and local level as layoffs are needed to cope with falling tax receipts.

Current estimates expect the private sector to create 1 million jobs by the end of 2010 with momentum growing throughout the year as the economy transitions from recovery to expansion.

### Monthly Change in Non-Farm Employment (000's)



Source: Bureau of Labor Statistics

### Employment Overview

	Mar	Feb	Jan	Dec	Nov
Non-Farm Empl.	162K	-14K	14K	-109K	64K
Growth					
Unemployment	9.7%	9.7%	9.7%	10.0%	10.0%

Source: Bureau of Labor Statistics

### Health Care Reform a Reality – Now What?

Following more than a year of debate, President Obama signed a landmark health care reform bill into law last month. The law will result in coverage being extended to as many as 32 million Americans and prevent insurance companies from denying coverage to people with pre-existing conditions.

The new legislation requires nearly every American to be covered under a health insurance plan by 2014 – a mandate currently being challenged as unconstitutional in several states. Employers with at least 50 full-time workers will also be required to provide affordable health insurance coverage for their employees and dependents, or face fines of \$2,000 per worker.

To begin, employers must meet a January 2011 deadline to modify existing plans so that dependent children can remain on their parents' policies until age 26 and eliminate current flexible spending account reimbursements for over-the-counter medications.

The government estimates the new legislation will lower the federal budget deficit by \$143 billion over 10 years, but critics argue new taxes targeting the insurance, medical device and pharmaceutical industries will limit future investment, growth and hiring potential.

Sources: Global Insight, Workforce Management, ASA, abcnews.com