

## Labor Market Recovery Slow to Take Hold

### Key Facts

- ❑ Private sector payrolls grew 71,000 in July.
- ❑ The unemployment rate held at 9.5%.
- ❑ Average hourly wages gained 2 cents in July to reach \$19.04/hr, 2.3% above last year.

*The economic recovery lost momentum in the second quarter, growing just 2.4% as personal spending eased and imports outpaced exports.*

*Recent data paints a mixed picture about the labor market: The manufacturing and service sectors continue to report expanding conditions and a greater willingness to hire, yet private job creation remains soft.*

*Overall employment figures should turn positive over the next few months as the Census effort winds down, but the weakening economic recovery will limit payroll gains in 2010.*

US employment fell 131,000 in July as the Census Bureau continues to lay off more workers than the private sector adds. Private employers created 71,000 jobs last month, missing expectations, while private hiring in June was weaker than previously reported. Private sector payrolls have increased by 630,000 since the start of the year, but nearly two-thirds of the gains occurred during March and April.

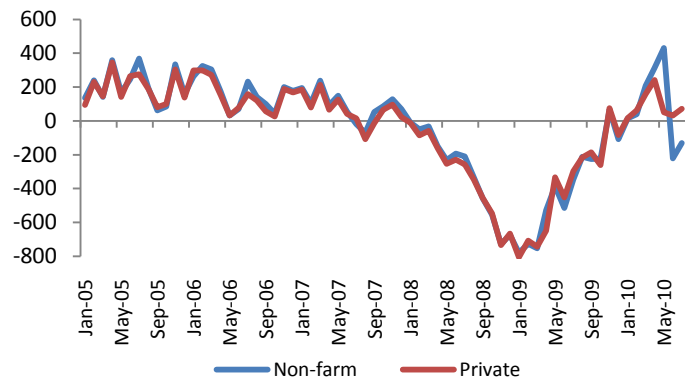
National unemployment levels were unchanged in July, reflecting an ongoing decline in the size of the labor force. Looking more closely at unemployment rates among primary-aged workers (25-54) suggests employers are seeking experience. Unemployment among 25-34 year-olds stands above the national average at 9.9%, while the unemployment rate within the 45-54 year-old age group is currently 7.5%.

Goods-producing industries added 33,000 workers in July and more than 115,000 since the start of the year, with the manufacturing sector responsible for nearly all of the growth. Private service industries created 38,000 jobs last month, led by health care, but modest gains were visible across several other sectors.

The federal government laid off more than 140,000 temporary Census workers last month, but total government employment fell more than 200,000 in July as headcount reductions at the state and local level continue in response to growing budget deficits.

So far this year, the labor market has recovered less than 10% of the 8.4 million jobs lost during the recession. And given the current pace of economic recovery, job gains are expected to remain modest over the coming months.

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



Source: Bureau of Labor Statistics

### Employment Overview

	Jul	June	May	Apr	Mar
Total Non-Farm Empl. Growth	-131K	-221K	432K	313K	208K
Private Empl. Growth	71K	31K	51K	241K	158K
Unemployment	9.5%	9.5%	9.7%	9.9%	9.7%

Source: Bureau of Labor Statistics

### Immigration Reform Debate Heating Up

Late last month, a US District judge blocked key provisions of Arizona's controversial new immigration law the day before it was scheduled to take effect.

The ruling suspended the most contested portions of the law which would have required all immigrants to carry their work documents with them at all times, prohibited illegal immigrants from looking for work and allowed police to arrest suspected illegal immigrants without a warrant.

The ruling was made on the grounds that the law violated basic civil liberties and represented a risk to foreign policy and national security relationships with Latin America. Arizona's Governor said the state plans to file an appeal, with some observers believing the issue is destined for the US Supreme Court.

Several other states are waiting to see the outcome of the current struggle between Arizona and the US government before taking any further action. However, the debate has clearly raised the visibility of national immigration reform – a key issue during the last presidential election that got shelved when the economic recession hit.

Source: Global Insight, CNN.com (7/10)