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# A Tale of Two Surveys

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U.S. employment data for the month of January had something for everyone, and was a bit confusing...

...this is, after all, your government at work

The "official" data as reported by the U.S. Department of Labor, Bureau of Labor Statistics noted that total employment declined by 20,000 net jobs during January. Most forecasts expected a net gain of perhaps 10,000-15,000 jobs during the month.

Note: Each month the Current Employment Statistics (CES) program surveys about 140,000 businesses and government agencies, representing approximately 410,000 individual worksites, in order to provide detailed industry data on employment, hours, and earnings of workers on nonfarm payrolls.

(with much of the gain attributable to seasonal adjustments)...

...confused yet?

Taken as a whole, the report provided more glimpses, more indications, more clues of an economy ready to begin adding jobs at a modest, but at least positive, pace in coming months...

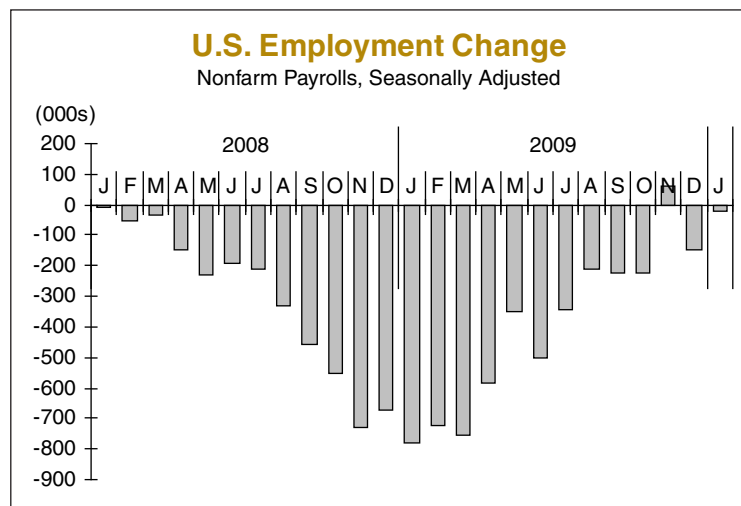
...it's about time

## Benchmark Pain

Despite the confusing nature of the data above, the Bureau of Labor Statistics also made its annual "benchmark revisions" to the employment data. The results were not for the faint hearted.

As expected, the Bureau noted that employment losses since the Great Recession officially began in December 2007 were not 7.1 million jobs. The revised data now suggests that 8.4 million jobs were lost.

Calendar year 2008 saw a net loss of 3.6 million jobs, far worse than the 3.1 million net loss discussed during the past year. With and without the revision, 2008 was the worst year for U.S. employment since 1945.



In addition, the initially reported loss of 85,000 jobs during December was revised to show a painful net loss of 150,000 jobs. However, the 4,000 estimated job gain during November, already revised from a reported loss of 11,000 jobs when initially reported in early December, was revised to a solid gain of 64,000 jobs.

Despite the disappointing employment loss, the nation's unemployment rate fell from 10.0% in December to 9.7% in January. Why? Because the separate survey of 60,000 households, from which the unemployment rate is derived, recorded a gain of 541,000 jobs during the month

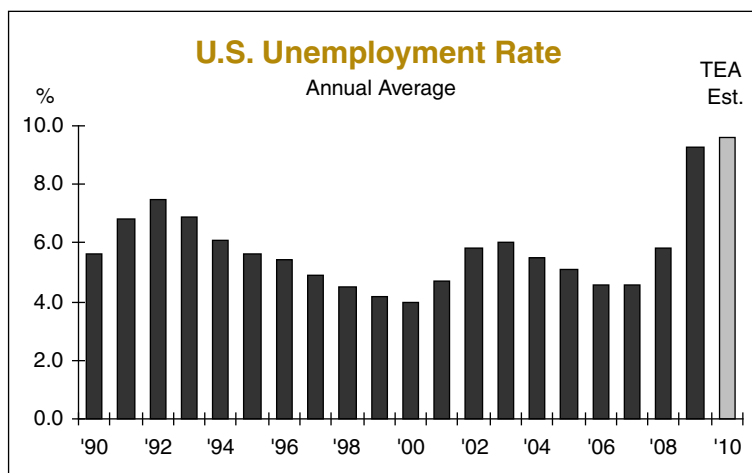
It gets worse. Calendar year 2009 was thought to have seen the loss of 4.1 million jobs. That figure was revised to 4.8 million jobs, shattering the prior year's painful record.

The historic net loss of more than 4.0 million jobs since President Obama took office on January 20, 2009 reflects 1) the terrible nature of the economy he inherited, and 2) the disincentives that his proposed policies have had on the desirability of adding new jobs in the eyes of business owners.

Still, there were some positive tidbits within the jobs report:

- The nation's manufacturing sector actually added 11,000 net new jobs, the first rise in over three years. Additional information on falling inventories in other economic reports, as well as rising overtime for manufacturing workers, suggests that monthly employment gains in manufacturing could become the norm

transportation & warehousing sector lost 19,000 jobs



- Also likely to boost manufacturing employment in coming months was the rise of 52,000 “temp” workers in January, the fifth consecutive monthly rise
- The “underemployment” rate, which includes the number of people unemployed, those part-time workers who would prefer to work full time (which dropped by 9%), and those discouraged workers who have recently left the labor force, fell sharply to 16.5% in January, down from December's 17.3% rate. While good news, the 16.5% level is still nearly double that of just three years ago
- For the first time, the Department of Labor provided information on earnings and hours worked for all workers, rather than just for production workers. The average workweek for all workers rose to 33.9 hours from 33.8 in December. Average weekly earnings for all private nonfarm workers rose to \$761.06 from \$757.46 in December
- Retailers added 42,000 jobs, the most since November 2007. Education and health services added 16,000 jobs

No surprise, there were other elements of pain in the report as well:

- The average duration of unemployment is now 30.2 weeks, up from December's 29.1 week estimate. The 6.3 million people jobless for more than 27 weeks is the highest total since the government began such tracking following WWII
- The beleaguered construction sector lost another 75,000 jobs, while the

- The leisure & hospitality sector lost 14,000 positions, while the government sector lost 8,000 jobs. State and local government cut 41,000 jobs, while the federal government added 33,000 jobs. Federal employment will be somewhat distorted in coming months as hundreds of thousands of temporary workers are hired to conduct the 2010 census

## The Long Term

Don't be surprised when the unemployment rate moves back up to low double-digits in coming months. Hundreds of thousands of people are likely to return to the labor force as they hear of more jobs available. As noted before, unless and until they find jobs they will be counted as unemployed.

Note also that the U.S. economy needs to add roughly 150,000 jobs monthly just for the unemployment rate to remain unchanged. The reason? A growing population.

The American jobless rate is expected to stay painfully high for months and probably years to come. The Administration and the Congress are belatedly focusing on job creation as national elections near. However, unless and until they take proposals for massive tax increases for higher income people (read that as the job creators) off the table, as well as exude a more business-friendly tone from Washington, too many potential job creators will simply remain on the sidelines.

## “TEA”sers

### Definitions

Giraffiti: Vandalism spray-painted very, very high

Sarchasm: The gulf between the author of sarcastic wit and the person who doesn't get it

Intaxication: Euphoria at getting a tax refund, which lasts until you realize it was your money to start with



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