



Labor Market Insight

Severe Recession Keeps Labor Markets in Freefall

Key Facts

- ❑ **Employment falls 651,000 in February – 2.0 million jobs lost in the past three months.**
- ❑ **National unemployment reaches a 26-year high of 8.1%.**
- ❑ **Average hourly wages remain 3.6% above prior-year levels.**

Revised estimates show the economy contracted 6.2% during the fourth quarter of 2008 – significantly below the 3.8% decline first reported. Sharp cutbacks in investment spending, personal consumption and exports all contributed to the steepest contraction since 1982.

Labor markets continue to suffer, with the pace of job losses now averaging more than a half-million over the past six months.

In an effort to stem further job loss, the Obama administration enacted a \$787 billion American Reinvestment and Recovery Act aimed at saving or creating 3.5 million jobs by the end of 2010.

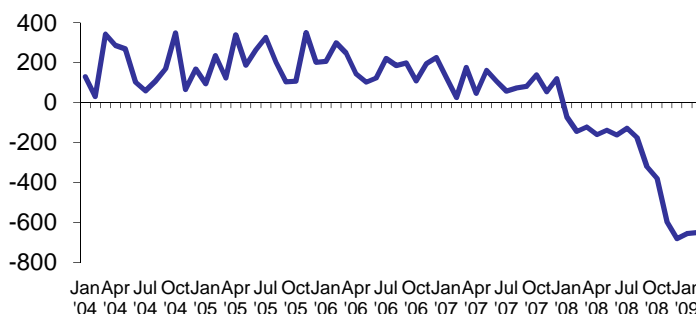
February's employment report showed job losses surpassing 650,000 for the third straight month, as the 16-month long recession continues its assault on jobs. February's results met analysts' dismal expectations, but revised payroll estimates for December and January raised the job loss total over the past three months to 2 million and 4.4 million since the recession began.

Unemployment is at its highest level since 1983 and is impacting workers across every demographic and skill level. One dynamic we highlighted last year that continues to exist deals with the "gender impact" the recession is having on the workforce. Since the start of the recession, adult male employment has fallen by 3.2 million compared with 700,000 for adult female workers. This disparity is largely due to the heavy toll the recession continues to take on male-dominated industries and suggests an acceleration in the closing of the employment gender gap.

Employment declined across nearly every industry sector last month, with manufacturing and construction accounting for half of the jobs lost during this recession. Health care continues to persevere despite significant headwinds, adding 27,000 jobs to the economy last month.

The severity of the current recession now has analysts forecasting job losses to moderate, but persist throughout 2009. While job creation will begin in 2010, a return to pre-recessionary employment levels is not expected for several years given the current labor market fallout.

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



Data Source: Bureau of Labor Statistics

Employment Overview

	Feb	Jan	Dec	Nov	Oct
Non-Farm Empl. Growth	-651K	-655K	-681K	-597K	-380K
Unemployment	8.1%	7.6%	7.2%	6.8%	6.6%

Data Source: Bureau of Labor Statistics

The Stimulus Plan - Which jobs will benefit most?

The American Reinvestment and Recovery Act signed into law last month includes spending provision across a wide range of industry sectors including construction, science and technology, healthcare and energy.

Initial estimates by Mark Zandi, chief economist at Moody's Economy.com, suggests construction, retail and manufacturing will see the most jobs created and/or saved as a result of the stimulus plan.

Difference in Payroll Employment in Stimulus vs. No-stimulus Scenarios	By Q4 2010
Construction	669.9
Retail Trade	524.2
Manufacturing	450.8
Professional/Business Services	450.4
Leisure and Hospitality	435.2
Government	330.4

Anthony Carnevale, director of the Center on Education & the Workforce at Georgetown University, estimates that 54 percent of the jobs created by the stimulus plan will require at least some college experience.

Data Source: Staffing Industry Analysts (3/09), Youthtoday.org (2/09)