

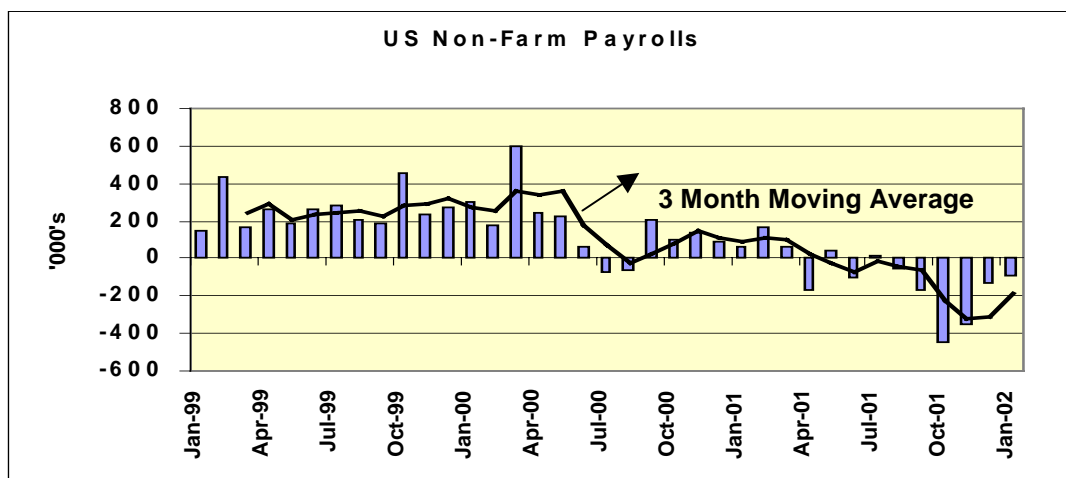
US Labour Market Remains Weak

Although a number of indicators are suggesting that the US economy has bottomed, the employment situation remains weak. Given that the labour market is a lagging indicator this trend is not surprising and employment conditions will not improve until a recovery is firmly in place. It could be sometime before this happens.

Following a decline of 130,000 in December, the US payroll fell by 89,000 in January. The drop was at the higher end of expectations. The retail sector posted a sizeable 62,000 gain but this was mainly due to seasonal factors. As hiring in this sector was weaker than normal in December, fewer layoffs occurred in January. In just about every other category (with the exception of financial services) there was declines. Despite a warm January construction payrolls weakened sharply and there was further heavy losses in the manufacturing sector. The manufacturing work week also declined. On a positive note, average earnings growth held steady at 4.0% on a y-on-y basis, a trend that should be welcomed by the stock market.

The unemployment rate fell to 5.6% but this had more to do with the 924,000 decline in the labour force, rather than improved employment prospects.

'000s	Jan	Dec	Nov	Oct	Sept	Aug	July
Change in Non-Farm Payrolls	-89	-130	-355	-448	-165	-54	18
Total Private	-84	-187	-363	-465	-141	-127	-86
Goods-Producing	-145	-129	-169	-142	-75	-159	-64
Construction	-54	-4	-1	-19	10	-6	3
Manufacturing	-89	-122	-166	-123	-85	-155	-69
Service Producing	56	-1	-186	-306	-80	105	82
Transport/ Utilities	0	-33	-64	-54	-12	-26	-10
Wholesale Trade	-8	-8	-30	-17	-22	-7	-5
Retail	62	-59	2	-114	-47	-23	45
Finance, Insurance & Real Estate	9	-11	4	1	10	5	-13
Services	-2	53	106	-139	5	83	-39
Government	-5	57	8	17	-24	73	104
Hourly Earnings (Dollars)	14.59	14.59	14.54	14.47	14.45	14.4	14.34
Unemployment Rate (%)	5.6	5.8	5.6	5.4	4.9	4.9	4.5



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