

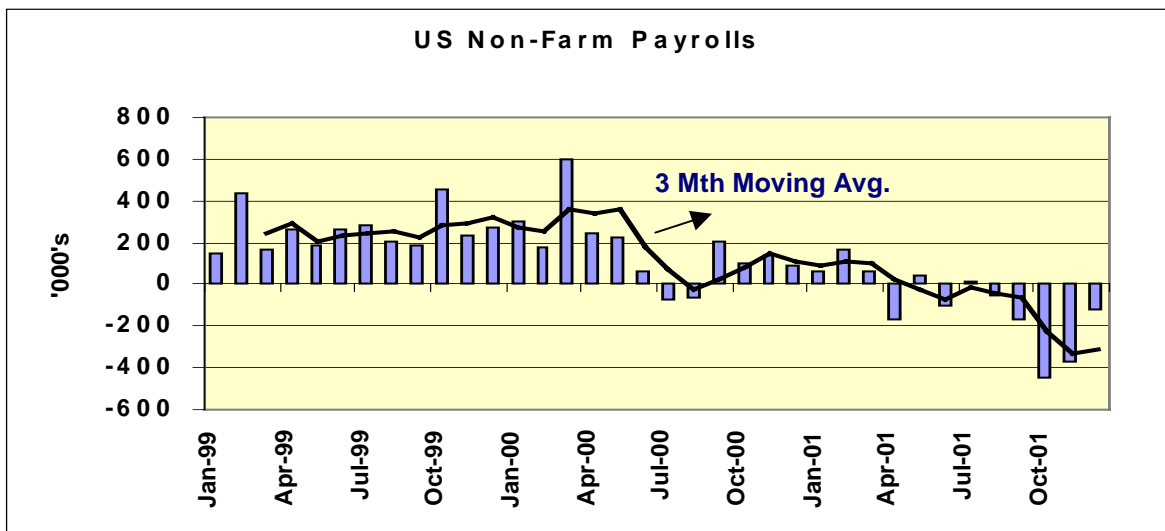


Pace of US Job Losses Ease

The US labour market situation deteriorated again in December though the number of jobs lost was only about a third of that shed in the previous month. Non-farm payrolls fell by 124,000, somewhat better than the predicted drop of 139,000. The better than expected performance and the mixed performance across industries suggest that the worst losses are behind us. In November losses were broad based but last month while manufacturing employment continued to decline, service industries such as health, social and financial services as well as the government and construction sectors provided offsetting growth.

While the labour market may be over the worst we expect job losses to continue for the next few months and there is still a strong possibility that the Fed will reduce rates at January's policy meeting. The unemployment rate increased to 5.8%; the rate for November were revised down to 5.6%. Jobless rates across demographic groups showed little change in December compared to November. However, a year ago the unemployment rate was only 4.0%.

| '000s | Dec | Nov | Oct | Sept | Aug | July | June |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|
| Change in Non-Farm Payrolls | -124 | -371 | -448 | -165 | -54 | 18 | -99 |
| Total Private | -187 | -382 | -465 | -141 | -127 | -86 | -157 |
| Goods-Producing | -13 | -169 | -142 | -75 | -159 | -64 | -138 |
| Construction | 5 | -3 | -19 | 10 | -6 | 3 | -17 |
| Manufacturing | -133 | -165 | -123 | -85 | -155 | -69 | -122 |
| Service Producing | 9 | -202 | -306 | -80 | 105 | 82 | 39 |
| Transport/ Utilities | -36 | -68 | -54 | -12 | -26 | -10 | -12 |
| Wholesale Trade | -10 | -27 | -17 | -22 | -7 | -5 | -16 |
| Retail | -77 | -12 | -114 | -47 | -23 | 45 | 15 |
| Finance, Insurance & Real Estate | -3 | 3 | 1 | 10 | 5 | -13 | -13 |
| Services | 72 | -109 | -139 | 5 | 83 | -39 | 7 |
| Government | 63 | 11 | 17 | -24 | 73 | 104 | 58 |
| Hourly Earnings (Dollars) | 14.61 | 14.54 | 14.47 | 14.45 | 14.4 | 14.34 | 14.31 |
| Unemployment Rate (%) | 5.8 | 5.6 | 5.4 | 4.9 | 4.9 | 4.5 | 4.5 |



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