

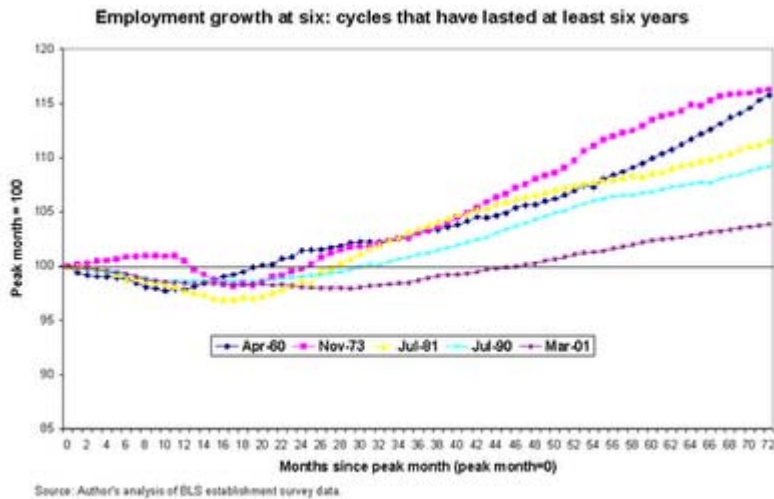
BEWARE THE CODE WORDS 04.16.2007

Employment numbers were reported Friday, April 6th. They were “better than expected,” which is the code word for, “buy stocks and sell bonds.” That is exactly what happened. The number for March was plus 180,000, and both February and January were revised slightly upward to boot. For the 3-month period 1st quarter 2007, there was a total of approximately 450,000 jobs added to the workforce. This amounts, of course, to approximately 150,000 per month. That’s the good news. The bad news is that amount is needed to take care of the new entrants into the labor force. Under such conditions, the unemployment rate can only move lower if there are fewer workers looking for employment. That seems to be the case during this quarter.

Please note the chart below. What the bulls on Wall Street refuse to consider is the extremely poor labor employment increase during this recovery and expansion. Compared to the other 6-year cycles, this one has *lagged* the other four by the following:

1960 and 1973.....	82%
1981.....	77%
1990.....	63%

We are pleased by the employment numbers, but let’s be real—there have been much better times.



**Chart taken from
globeconomicanalysis.blogspot.com**