

Just a Bump in the Road

April 5, 2004

The Commerce Department on April 2, 2004 announced the creation of 308,000 jobs for the month of March, the greatest number in four years. This is good news for the economy, but other than creating talking points for Wall Street brokers to create trades and commissions it changes the future by very little.

First of all, it takes approximately 370,000 per month to absorb new entrants into the job market and cut into the number of those unemployed. For the first quarter ended 3/31/2004, the economy has added 170,000 jobs per month. Also, lest you forget, the economy since the trough of the last recession is roughly 8,000,000 jobs behind in the creation of jobs when compared to the average recovery. You might also have noted that the unemployment rate went up even as jobs increased. This means, of course, many are starting to look again for jobs after all this time.

The economy remains in a very slow growth mode with the second half of the year being very much in question.

Do we wish we had taken some profits before the 4/2/04 announcement? Yes, but those profits will return, as fundamentals remain the same. Hindsight is 20/20, but you know what? Our long-term record indicates that when the real chips are down, we outshine by far the Monday morning quarterbacks whose talk is long and performance is short.

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