

Finance Workplace Economy

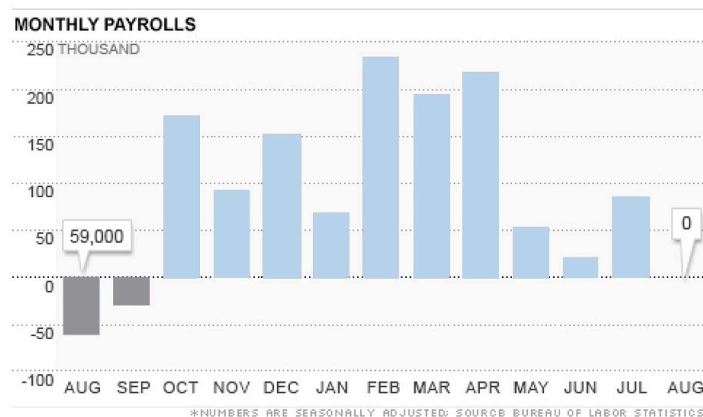
September 2011

*Jobs report summary for the Finance and Accounting industry
Based on the BLS report with August 2011 data*

Prior to the Bureau of Labor Statistics' release of August's "The Employment Situation," economists nationwide were generally optimistic that there would be some level of growth. Some believed that, although the nation's unemployment rate would likely remain at 9.1 percent, roughly 60,000 to 67,000 jobs would be created in August. Of course, no one could have possibly foreseen what actually transpired.

For the first time since 1945, the government reports a monthly net job change of zero

Source: CNNMoney.com



Contrary to economists' expectations, the economy's job growth came to a stop, as the United States government reported a monthly net job change of zero for the first time since World War II. This historical, uncharacteristic job stagnation was attributed to three underlying factors—the nation's recent loss of its Standard and Poor's triple-A credit rating, inconsistent stock market figures, and incessant European debt, leading to a deficiency of trade and commerce amongst Europe and the United States. Although the private sector added 17,000 jobs, an equal loss from the public sector leveled this number out.

Despite the lack of job growth, the nation's unemployment rate remained unchanged at 9.1 percent. At the same time, the employment-to-population ratio slightly increased from 58.1 percent in July to 58.2 percent in August, while the civilian labor force participation rate remains around 64 percent. The normal rate has typically hovered around 66 or 67 percent throughout the last two decades.

Of equal importance, 8.8 million workers are still employed part-time for economic reasons. In the meantime, 2.6 million individuals are marginally attached to the labor force as they are available for work, but have not searched for jobs in the last four weeks. Additionally, the average workweek for all employed individuals continued to decline (from 34.3 hours in July to 34.2 hours in August); the average hourly earnings for all employed professionals also decreased (from \$23.12 to \$23.09).

As the Obama Administration strives to create new stimulus packages to improve the economy and foster future job growth, one final statistic stands out. The employment diffusion index, an indicator of job creation, is now 52.2 percent. Although this percentage is much lower than it has been in recent years, it is still high enough to indicate that job generation is still achievable.

Such statistics show that the administration, as well as millions of employers and employees, faces a long, challenging road towards economic recovery. Yet, through the proper utilization of financial resources, the nation can ultimately secure a strong, steady economic future once again, much like it had enjoyed prior to the beginning of the recession.

The following BLS findings were recently issued to the American public, according to the various sectors, which have reported job growth as of late —

+ Finance and Accounting:

The accounting and bookkeeping sector had another rough month with the loss of 800 jobs. However, financial activities had a gain of 3,000 jobs in August. The areas that did particularly well were monetary authorities- central bank, depository credit intermediation, commercial banking, insurance carriers and related activities, real estate and rental and leasing which had a combined gain of 9,500 jobs.

+ Professional and Business Services:

This sector saw a gain of 28,000 positions in August. Although we need many more months like August to show some real improvement, this is definitely a step in the right direction.

+ Government:

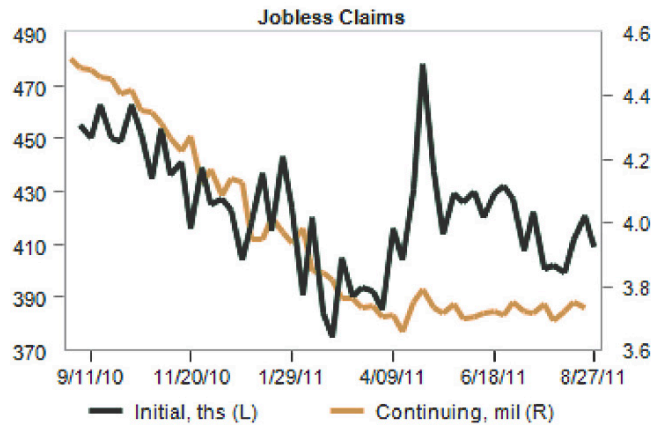
Hiring remained low as 17,000 workers within the industry lost their jobs in July. Although 22,000 professionals returned to work in Minnesota, following the state's partial government shutdown, state governmental employment did not improve significantly, as the industry only added 5,000 new jobs and both federal and local government positions faced losses.

+ Healthcare:

Throughout July, the healthcare industry, as a whole, continued to hire at a regular pace with 30,000 new jobs. Ambulatory healthcare services and hospitals hired 18,000 and 8,000 medical professionals, leading the sector in growth.

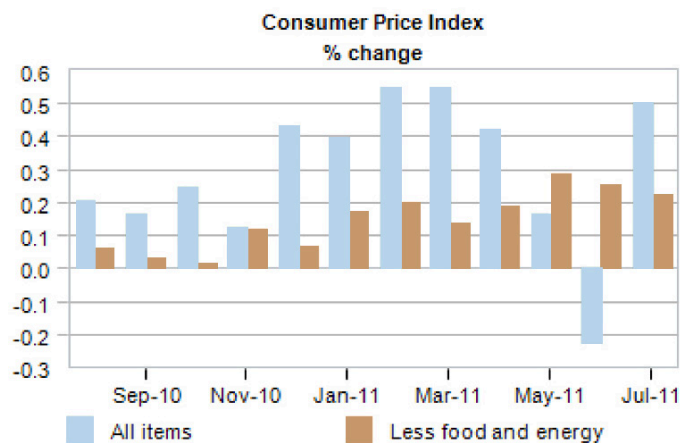
United States jobless claims

Source: DismalScientist.com



United States Consumer Price Index percentage changes

Source: DismalScientist.com



Our Insights:

According to the White House's recent budget office's forecast, the national unemployment rate will likely not be lower than six percent until 2017. At the same time, many economists have projected the economy will add roughly 110,000 jobs each month until the end of the year and that the unemployment rate is expected to remain around 8.9 percent until at least the beginning of 2012.

Job growth is also currently net negative in comparison to population growth and will likely not change throughout the coming months. Still, most economists believe a double-dip recession will ultimately be avoided as national industrial production continues to increase and consumer spending remains high in many regions of the country.

To alleviate America's current economic issues, many economists believe President Obama will renew the national payroll tax cut, while also further extending benefits for the country's unemployed citizens. Moody's Analytics has also projected that monthly payroll employment gains will not be greater than 200,000 until at least 2013, while the unemployment rate will continue to hover around nine percent for at least the next year.

So what does this mean to the nation and its millions of employed — and unemployed — workers? Despite momentary employment increases in recent months, the harsh reality is the economy will likely not return to pre-recession employment figures until at least late 2014 or early 2015. Consequently, millions of Americans will only be able to sit back, wait, and watch as recovery slowly continues.

Fed Prepares to Act

Source: WSJ.com

The Fed is looking at three unusual options in order to renew the economy.

+ Option one:

“Shift the central bank's portfolio of government bonds so that it holds more long-term securities and fewer short-term securities.”

+ Option two:

“Reduce or eliminate a 0.25% interest rate the Fed currently is paying backs that keep cash on reserve with the central bank.”

+ Option three:

“Use their words to make their economic objectives and plans for interest rates more clear.”

Tax Reform Could Be Too Big For Super Committee

Source: CNNMoney.com

Many believe a smarter tax code can help lessen the debt burden by creating a more viable economy and by raising more revenue through lower tax rates and a broader base of what's taxed.

The more than 10 member bipartisan super committee definitely has their work cut out for them with the many political obstacles they will have to face. They only have close to three months to come up with a plan that cut deficits by no less than \$1.2 trillion over the next 10 years.

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