

TrimTabs Employment Flash – June 1, 2007

TrimTabs Estimates U.S. Economy Added a Healthy 185,000 New Jobs in April. Job Growth Booming in Small and Medium Sized Corporations. BLS Estimates of Job Growth in 2007 Too Low by 38%.

As it has for almost every month in the past year and a half, the Bureau of Labor Statistics (BLS) continues to underestimate job growth in an economy that is growing at a much faster pace than traditional government statistics are capable of measuring. While the BLS estimated that the U.S. economy added a so-so 157,000 new jobs in May, Trimtabs' estimates, based on the BLS' non-seasonally adjusted establishment survey results and real-time and near real-time employment data, measured job growth closer to 185,000 new jobs.

Both the BLS and the Bureau of Economic Analysis (BEA) are producing flawed economic data that has the potential to inflict significant harm on the U.S. economy by creating an environment of fear. The resulting fear of an economic slowdown causes corporate executives to scale back on hiring and capital expenditures. At the same time, fear causes consumers to consume less believing their jobs at risk, and investors, both domestic and global, to invest less in the U.S. than they might otherwise.

The initial results of the BLS establishment survey have grossly understated employment growth for the last year and a half. For example, the BLS initially estimated that the economy added only 1.66 million jobs in 2006. Then it upwardly revised this estimate to 2.26 million new jobs a year later. In other words, job growth in 2006 was a whopping 36% higher than what the BLS originally estimated! So far this year, the BLS has estimated that job growth has been an anemic 664,000 new jobs, or 133,000 new jobs per month. In reality, according to our estimates, job growth has been closer to 917,000 new jobs, or 184,000 new jobs per month. The difference between the two estimates is 38%, and is the difference between an economy that is shrinking versus an economy that is growing.

We recommend that you ignore the economic releases from the BLS and the BEA and instead rely on other more accurate measures of economic growth. For a complete analysis of the current employment situation, refer to *TrimTabs Weekly Macro Analysis-Focus on Employment* published this coming Tuesday, June 5, 2007.

Employment Highlights

1) The BLS reported today that a seasonally adjusted 157,000 new jobs were created in May 2007, barely edging past the 150,000 new job mark that is necessary to keep up with population growth. TrimTabs real-time and near real-time data indicates that job growth was closer to 185,000 new jobs which suggests that the economy is growing at a healthy pace. Surprisingly, the BLS' revisions to their job growth estimates for March and April were small. The BLS revised its April estimate downward from a paltry 88,000 new jobs to an even worse 80,000 new jobs and its March estimate downward from 177,000 new

jobs to 175,000 new jobs. We believe these estimates are too low by approximately 40% or more.

2) TrimTabs' analysis of daily income tax withholdings indicates that after tax income of salaried employees grew almost 8.2% year-over-year in May which is considerably higher than the average 7.0% year-over-year rate for all of 2006 and well above the 7.7% year-over-year growth rate in Q1'2007. Solid income growth points to healthy job growth well above current government estimates.

3) The TrimTabs Online Job Postings Index grew a moderate 3.0 points, or 2.42% during the month of May. Online job demand picked up in May after a flat performance in April due to the roving Easter holiday and Spring Break and rotten weather conditions on the east coast. We expect job demand to remain healthy as we head into summer.

Regards,
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