



TrimTabs Investment Research

FOR IMMEDIATE RELEASE:

**Warning: Bureau of Labor Statistics New Job Estimates Are Wrong And Injurious to Personal and National Economic Health**

**U.S. Economy Actually Added 133,000 Jobs in April.**

Santa Rosa, CA – May 4, 2007 – The Bureau of Labor Statistics (BLS) estimate of job growth for April is wrong again. As it has consistently done in the past, it has underestimated actual U.S. job growth, and is hurting the U.S. economy and the equity markets.

In reality, the U.S. economy added approximately 133,000 new jobs in April, according to Trim Tabs Investment Research, which uses daily income tax deposits to the U.S. Treasury as well as other real-time and near real-time employment indicators to calculate U.S. employment growth. In contrast, the BLS initial reports on monthly job growth is based on the results of a survey developed decades ago for a manufacturing-based economy.

Madeline Schnapp, director of TrimTabs Macroeconomic Research, noted that although highly inaccurate, the BLS numbers have potentially put the brakes on a vibrant economy during the last two years by frightening investors away from U.S. equity markets, while corporations use growing cash flow to do buyouts and buybacks instead of making capital expenditures that would create even more jobs.

“Moderate employment growth is being driven primarily by small and medium-sized corporations, which are grossly underrepresented in the BLS survey sample,” said Madeline Schnapp, Director of Macroeconomic Research. “Despite the slowdown in the housing market, the U.S. economy created far more jobs in recent months than government statistics indicate.”

The initial results of the BLS establishment survey understated employment growth in each of the past six months. For example, the BLS initially estimated that the economy added only 111,000 jobs in January. Then it upwardly revised this estimate to 146,000 jobs in February and 162,000 jobs in March. In other words, job growth in January was a whopping 46% higher than what the BLS originally estimated!

Such inaccuracies add up over the course of a year. The BLS initially estimated that the economy added 1.52 million jobs in 2006. After completing its benchmark revisions, the BLS now estimates that job growth in 2006 was 2.26 million jobs, which is 49% higher than what it originally estimated.

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It is impossible for the BLS to produce accurate initial estimates of employment growth for the following reasons:

- The BLS establishment survey completely ignores self-employment and does not fully capture employment at small and medium-sized corporations.
- The BLS establishment survey is heavily biased towards manufacturing employment and government employment and does not fully reflect changes in service sector employment.
- Huge BLS seasonal adjustments often distort actual trends in employment.
- The company “birth/death” adjustments the BLS applies to its data are nothing more than guesses.
- Only 60% of the BLS establishment survey for the latest month is complete at the time the data is initially released.

The BLS corrects most of these shortcomings by benchmarking its initial results to actual payroll data a year later. By that time, however, the damage to the economy has already been done. “When the BLS understates job growth month after month, it inflicts tremendous harm on the economy,” Ms. Schnapp explained. The resulting fear about an economic slowdown causes corporate executives to scale back on hiring and capital expenditures. At the same time, it can cause global investors to invest less in the U.S. than they would otherwise.

“If more accurate data about employment growth were available, investors would realize that the U.S. economy is strong, and they would invest more here. As a result, overall U.S. stock prices would be at least 20% higher,” concluded Ms. Schnapp.

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*TrimTabs Investment Research is the only independent research service that publishes detailed daily coverage of U.S. stock market liquidity, including mutual funds and exchange-traded funds, as well as weekly withheld income and employment tax collections. Founded by Charles Biderman, TrimTabs has provided institutional investors with trading strategies since 1990. For more information, please visit [www.TrimTabs.com](http://www.TrimTabs.com).*

Contact Information:

Alison Simard  
Media Relations  
Stern & Company  
+1 323-650-7117  
[arsimard@sternco.com](mailto:arsimard@sternco.com)

Madeline Schnapp  
Director of Macroeconomic Research  
TrimTabs Investment Research  
+1 707-829-8811  
[madeline.schnapp@trimtabs.com](mailto:madeline.schnapp@trimtabs.com)