



## National Employment Report

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### ADP NATIONAL EMPLOYMENT REPORT SHOWS UNITED STATES ADDED 106,000 PRIVATE SECTOR JOBS IN OCTOBER

ROSELAND, New Jersey – October 31, 2007 – According to today's [ADP National Employment Report<sup>SM</sup>](#), private sector employment increased by 106,000 in October. The *ADP National Employment Report*, created by ADP<sup>®</sup> Employer Services, a division of [Automatic Data Processing, Inc. \(ADP\)](#), in partnership with [Macroeconomic Advisers, LLC](#), is based on actual payroll data and measures the change in total nonfarm private employment each month.

#### Nonfarm Private Employment Highlights – October Report:

- Total employment: +106,000
- Small businesses\* +63,000
- Medium businesses\*\* +50,000
- Large businesses\*\*\* -7,000
- Goods-producing sector: -28,000
- Service-providing sector: +134,000

#### Addendum:

- Manufacturing industry: -14,000

\* *Small businesses represent payrolls with 1-49 employees*

\*\* *Medium businesses represent payrolls with 50-499 employees*

\*\*\* *Large businesses represent payrolls with more than 499 employees*

“Producing the *ADP National Employment Report* on a monthly basis has enabled us to reveal and substantiate a number of timely trends that are of great importance to financial markets,” said Gary Butler, President and CEO, ADP. “The *ADP Report* confirms that small- and medium-size businesses continue to be the engine for employment growth. We are happy to be able to share such topical labor trends with the public as they evolve, as we did with the inclusion of information about employment in the financial activities and construction sectors in last month's *ADP Report*.”

“Nonfarm private employment grew 106,000 from September to October of 2007 on a seasonally adjusted basis, according to the *ADP National Employment Report*,” said Joel Prakken, Chairman of Macroeconomic Advisers, LLC. “October’s increase of 106,000 marked an acceleration of private nonfarm employment after three months (July through September) during which the average monthly change was just 43,000.”

Prakken added, “In October, employment in the service-providing sector of the economy grew a healthy 134,000. Employment in the goods-producing sector declined 28,000, the eleventh consecutive monthly decline. Employment in the manufacturing sector fell 14,000.”

“Small- and medium-size businesses more than accounted for the increase in total employment in October, with employment among these businesses advancing by 113,000. In contrast, employment among large businesses fell by 7,000 in October, the fifth consecutive monthly decline. The gains in employment at small- and medium-size businesses were concentrated in the service-providing sector of the economy, and showed a gain of 132,000. However, employment among these same-size businesses in the goods-producing sector fell 19,000,” said Prakken.

Prakken added, “Two sectors of the economy hit hardest by recent problems in mortgage markets have been residential construction and financial activities related to home sales and mortgage lending. In October, employment in the construction sector fell 16,000, the thirteenth decline in the last fourteen months, bringing the cumulative decline since August of 2006 to 173,000. In addition, employment in the financial activities sector dropped 1,000 in October, the third consecutive monthly decline after nearly six years of uninterrupted growth.”

Prakken went on to say, “As many are aware, last month the Bureau of Labor Statistics released its preliminary estimates of benchmark revisions to the establishment survey through March 2007. These estimates indicate a downward revision of the establishment survey to a level consistent with the *ADP Report* for the same time period.”

**DERIVED FROM ADP PAYROLL DATA**

**Table 1. Employees on nonfarm private payrolls by selected industry sector and size**  
(In thousands)

Industry / Size of Payroll	Seasonally Adjusted						Change from: Sep. 2007 - Oct. 2007p
	May. 2007	Jun. 2007	Jul. 2007	Aug. 2007	Sep. 2007	Oct. 2007p	
<b>Total nonfarm private</b> .....	115,376	115,519	115,560	115,587	115,648	115,754	106
Small (1-49).....	50,598	50,687	50,725	50,760	50,811	50,874	63
Medium (50-499).....	45,375	45,437	45,454	45,478	45,514	45,564	50
Large (> 499).....	19,403	19,395	19,381	19,349	19,323	19,316	-7
<b>Goods-producing</b> .....	22,321	22,303	22,258	22,206	22,168	22,140	-28
Small (1-49).....	8,102	8,107	8,098	8,088	8,085	8,084	-1
Medium (50-499).....	9,849	9,844	9,826	9,807	9,785	9,767	-18
Large (> 499).....	4,370	4,352	4,334	4,311	4,298	4,289	-9
<b>Service-providing</b> .....	93,055	93,216	93,302	93,381	93,480	93,614	134
Small (1-49).....	42,496	42,580	42,627	42,672	42,726	42,790	64
Medium (50-499).....	35,526	35,593	35,628	35,671	35,729	35,797	68
Large (> 499).....	15,033	15,043	15,047	15,038	15,025	15,027	2
<b>Addendum:</b>							
Manufacturing.....	13,997	13,984	13,958	13,926	13,905	13,891	-14

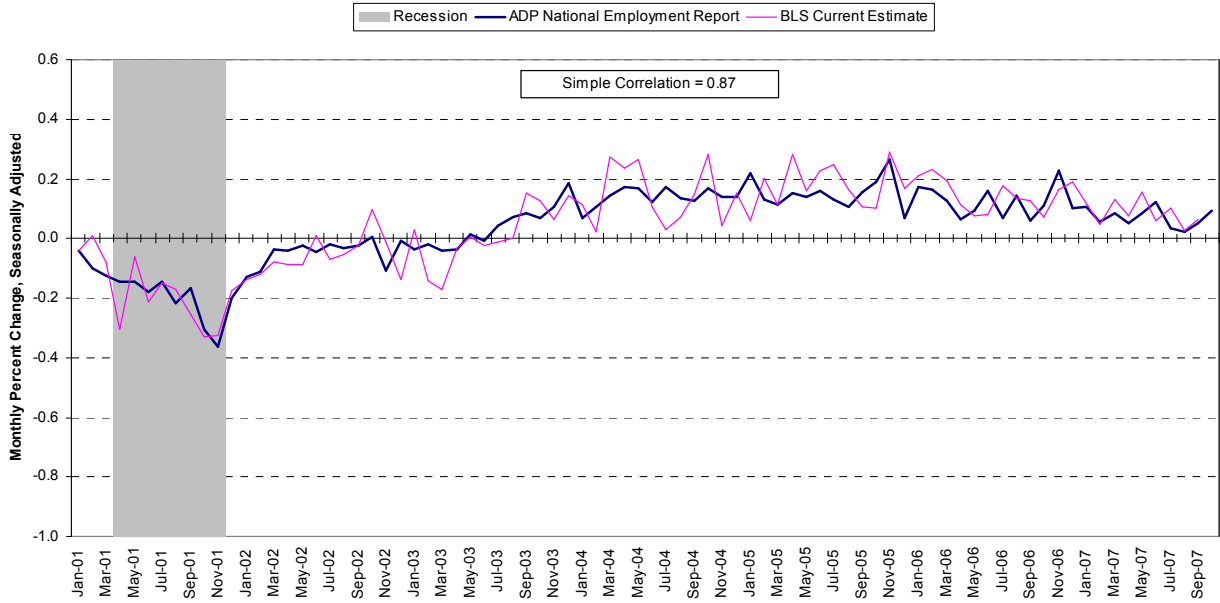
p = preliminary

The matched sample used to develop the *ADP National Employment Report* was derived from ADP data which, during the first six months of 2007, averaged approximately 383,000 payrolls representing nearly 23 million U.S. employees. This approximately represents the size of the matched sample used this month.

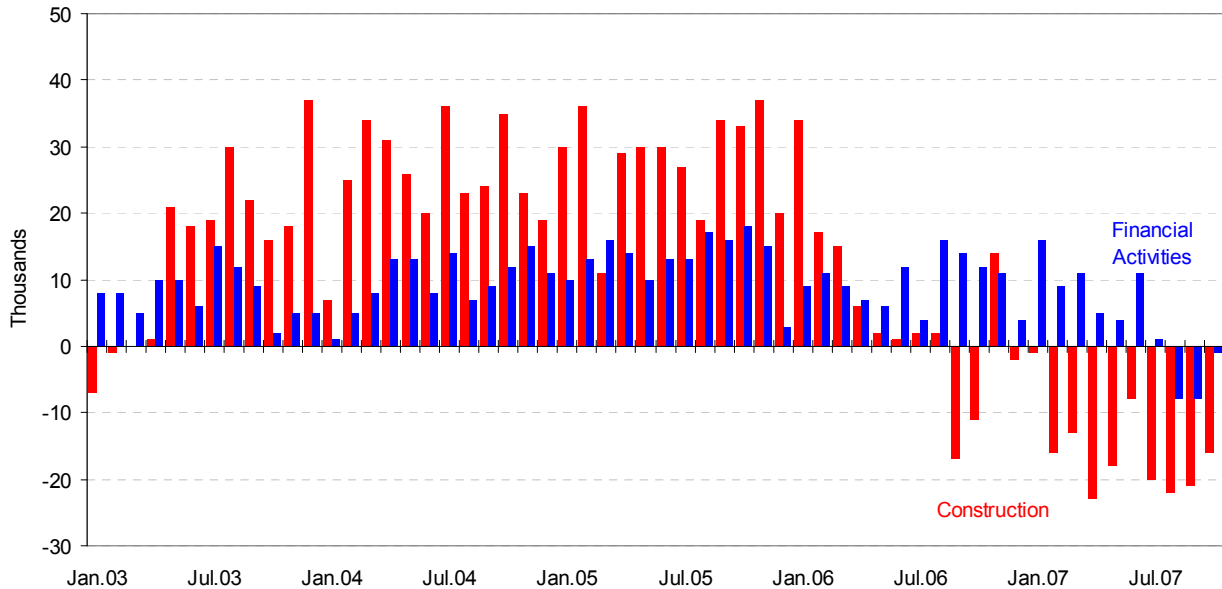
**Increase in the Number of Payrolls Used to Prepare the *ADP National Employment Report***

Starting with data for October 2007, the monthly change in nonfarm private employment published in the *ADP National Employment Report* is based on a dataset of payrolls that is roughly 14,000, or 4%, larger than in immediately previous months. In addition, a small fraction of payrolls have been reclassified by industry. These changes are expected to improve the reliability of the estimates going forward. Estimates for months before October 2007 are not affected. Additional details are available at [www.ADPemploymentreport.com](http://www.ADPemploymentreport.com).

**Chart 1. Growth of Private Nonfarm Employment, All Industries**



**Chart 2. Monthly Changes of Employment in Construction and Financial Activities**



## **Interpreting the Report**

The forecasts of *total* nonfarm private employment, as well as nonfarm private employment by *industry sector* and *company size* are represented as both a *monthly employment level* and a *monthly change in employment*. The *employment level* represents the number of nonfarm private jobs in the U.S. economy at a common point in time each month. The *change in monthly employment* represents the increase or decrease in employment between these common points in time in two consecutive months.

To obtain additional information about the *ADP National Employment Report* including additional charts, supporting data and the schedule of future release dates, or to subscribe to the monthly e-mail alerts and RSS feeds, please visit

[www.ADPemploymentreport.com](http://www.ADPemploymentreport.com). The November 2007 *ADP National Employment Report* will be released on Wednesday, December 5, 2007 at 8:15 a.m. EST.

## **About the *ADP National Employment Report*<sup>SM</sup>**

The *ADP National Employment Report*, sponsored by ADP<sup>®</sup>, was developed and is maintained by Macroeconomic Advisers, LLC. It is a measure of employment derived from an anonymous subset of roughly 500,000 U.S. business clients. During the first six months of 2007, this subset represented approximately 383,000 U.S. business clients and nearly 23 million U.S. employees working in all private industrial sectors. The data is collected for pay periods that can be interpolated to include the week of the 12th of each month, and processed with statistical methodologies similar to those used by the U.S. Bureau of Labor Statistics to compute employment from its monthly survey of establishments. Due to this processing, this subset is modified to make it indicative of national employment levels; therefore, the resulting employment changes computed for the *ADP National Employment Report* are not representative of changes in ADP's total base of U.S. business clients.

Empirical analysis performed by Macroeconomic Advisers suggests that the *ADP National Employment Report* can be used to develop a forecast of "true" employment that is superior to those resulting from consensus estimates, survey data, or other models of employment that do not incorporate the results of the *ADP Report*.

For a description of the underlying data and the statistical properties of the series, please see "*ADP National Employment Report: Development Methodology*" at <http://ADPemploymentreport.com/methodology.aspx>.

## **About ADP**

Automatic Data Processing, Inc. (NYSE: ADP), with nearly \$8 billion in revenues and approximately 585,000 clients, is one of the world's largest providers of business outsourcing solutions. Leveraging more than 55 years of experience, ADP offers the widest range of HR, payroll, tax and benefits administration solutions from a single source. ADP's easy-to-use solutions for employers provide superior value to companies of all types and sizes. ADP is also a leading provider of integrated computing solutions to auto, truck, motorcycle, marine and recreational vehicle dealers throughout the world.

For more information about ADP or to contact a local ADP sales office, reach us at 1.800.225.5237 or visit the company's Web site at [www.ADP.com](http://www.ADP.com).

**About Macroeconomic Advisers, LLC**

Macroeconomic Advisers, LLC (MA) has been the most trusted source for U.S. macroeconomic forecasts and commentary, monetary and fiscal policy analysis, and econometric modeling for 25 years. MA's clients include leading financial service firms, nonfinancial corporations, key policymaking agencies of the U.S. government, as well as State and Foreign Government agencies. Additional information on Macroeconomic Advisers, LLC is available on the company's Web site, [www.MacroAdvisers.com](http://www.MacroAdvisers.com).

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