



**Wednesday, October 31, 2007, 8:15 A.M. EDT**

Nonfarm private employment grew 106,000 from September to October of 2007 on a seasonally adjusted basis, according to the *ADP National Employment Report*<sup>™</sup>. The estimated change in employment from August to September was revised up 3,000 to 61,000. 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.

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.

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 (see chart 5), 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 (see chart 5).

This month's *ADP Report* includes a comparison of the *ADP Report* to last month's release of the Bureau of Labor Statistics preliminary estimates of benchmark revisions to the establishment survey through March 2007 (see chart 6). This comparison indicates a downward revision of the establishment survey to a level consistent with the *ADP Report* for the same time period.

For information on the construction and use of the *ADP Report*, please visit the methodology section of the *ADP National Employment Report* website at <http://ADPEmploymentreport.com/methodology.aspx>.



## 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

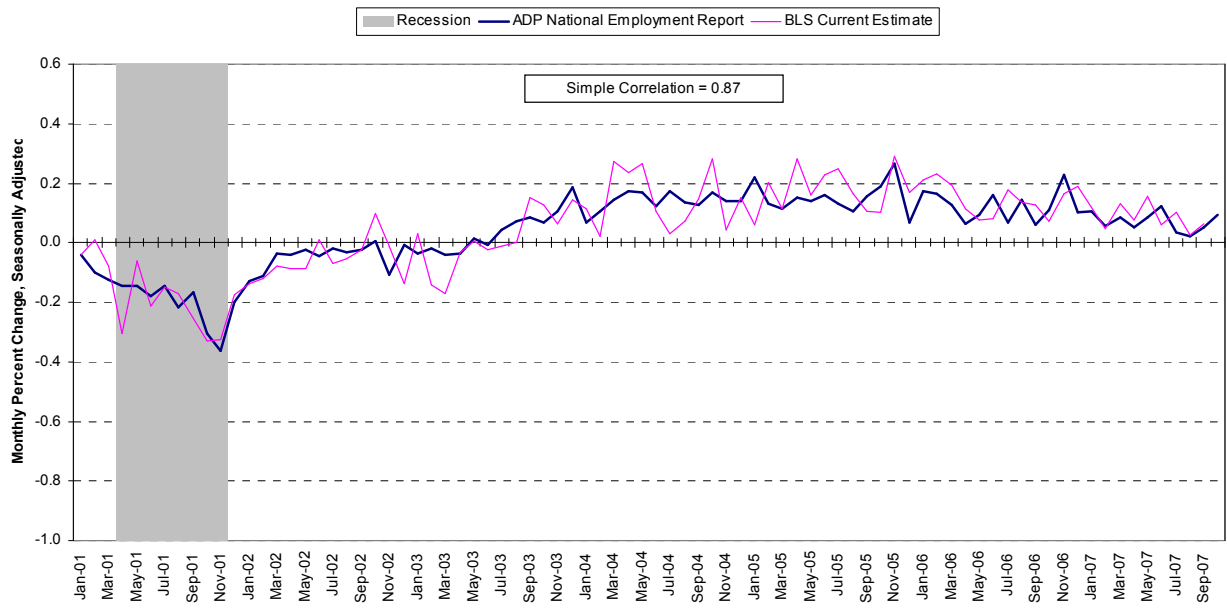


Chart 2. Growth of Private Nonfarm Employment, Goods-Producing Industries

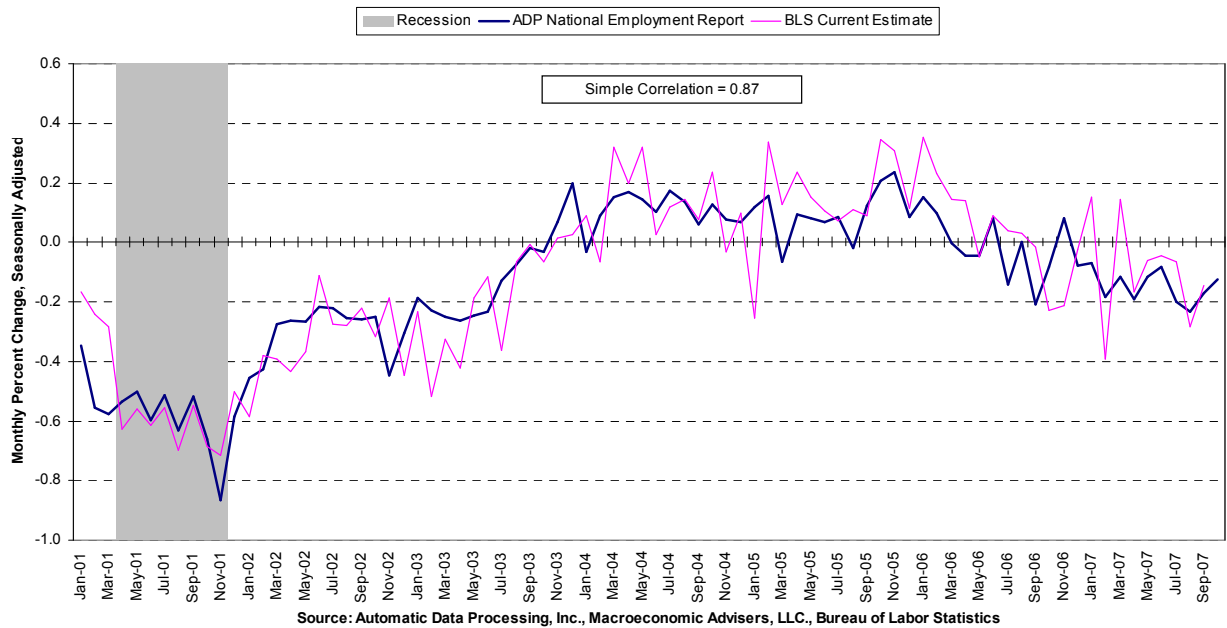




Chart 3. Growth of Private Nonfarm Employment, Service-Providing Industries

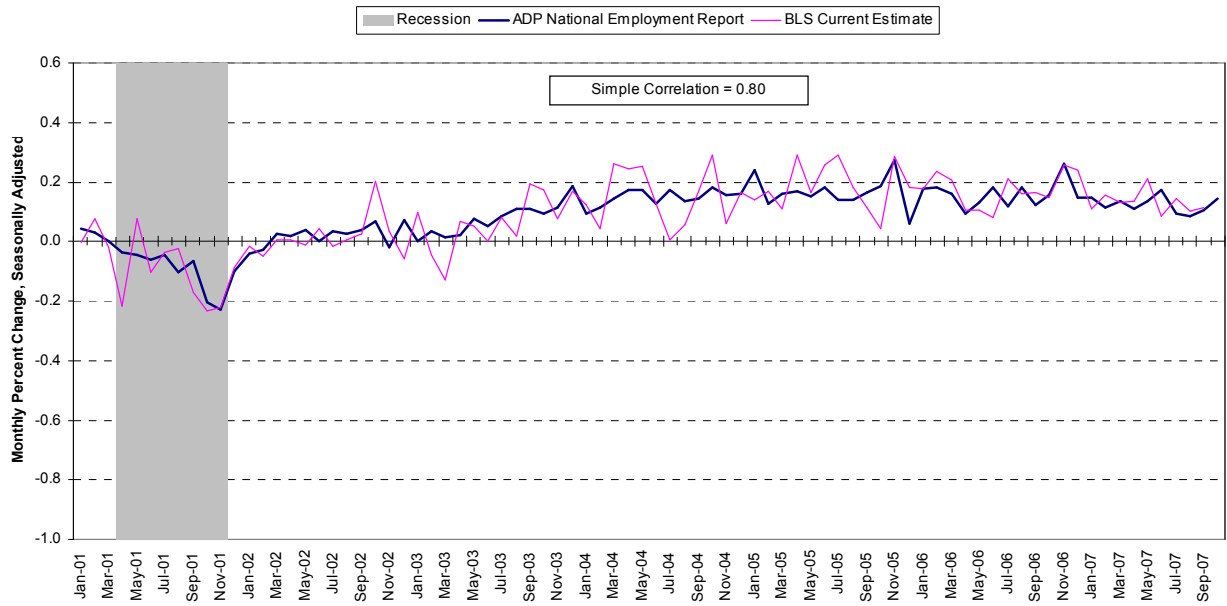
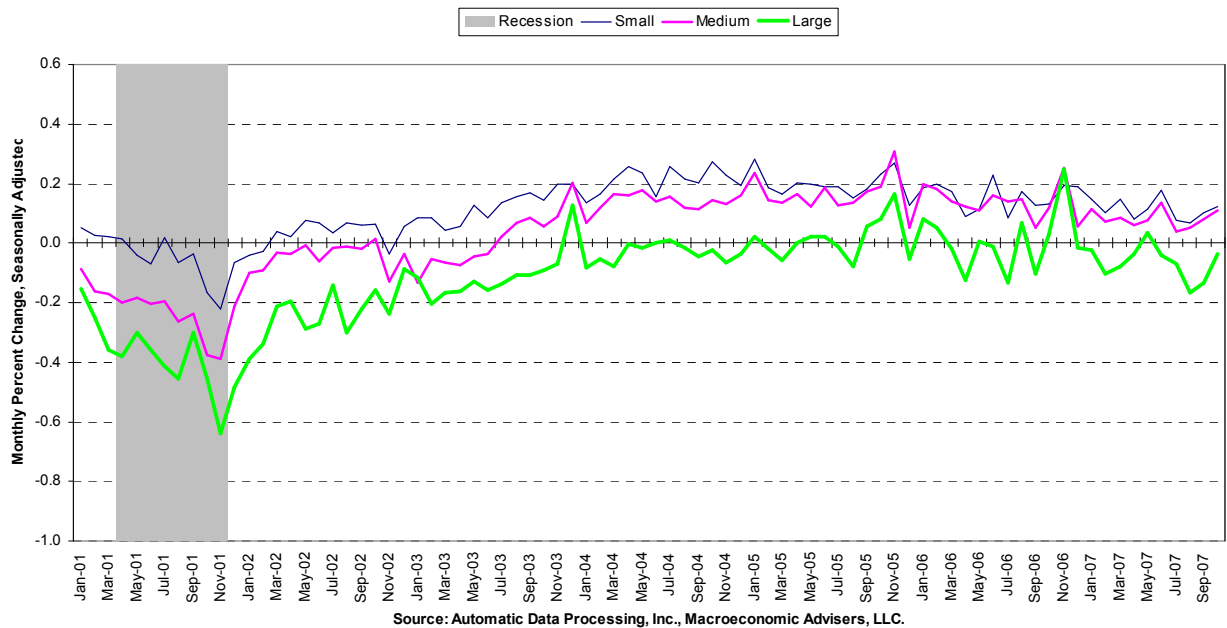
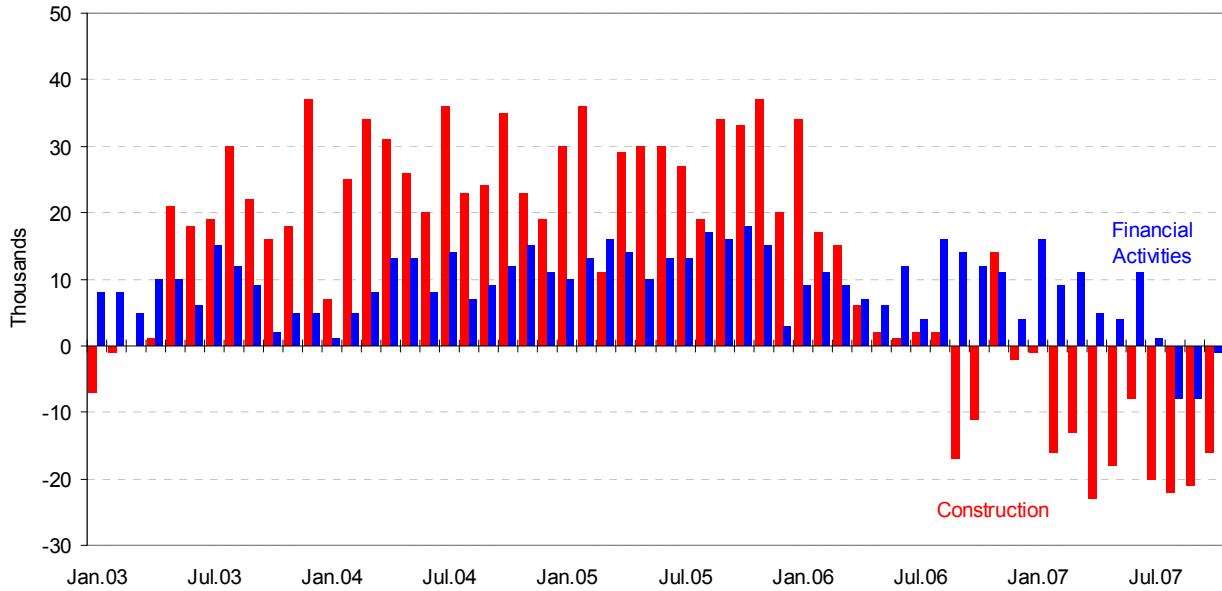


Chart 4. Growth of Private Nonfarm Employment, by Size of Payroll

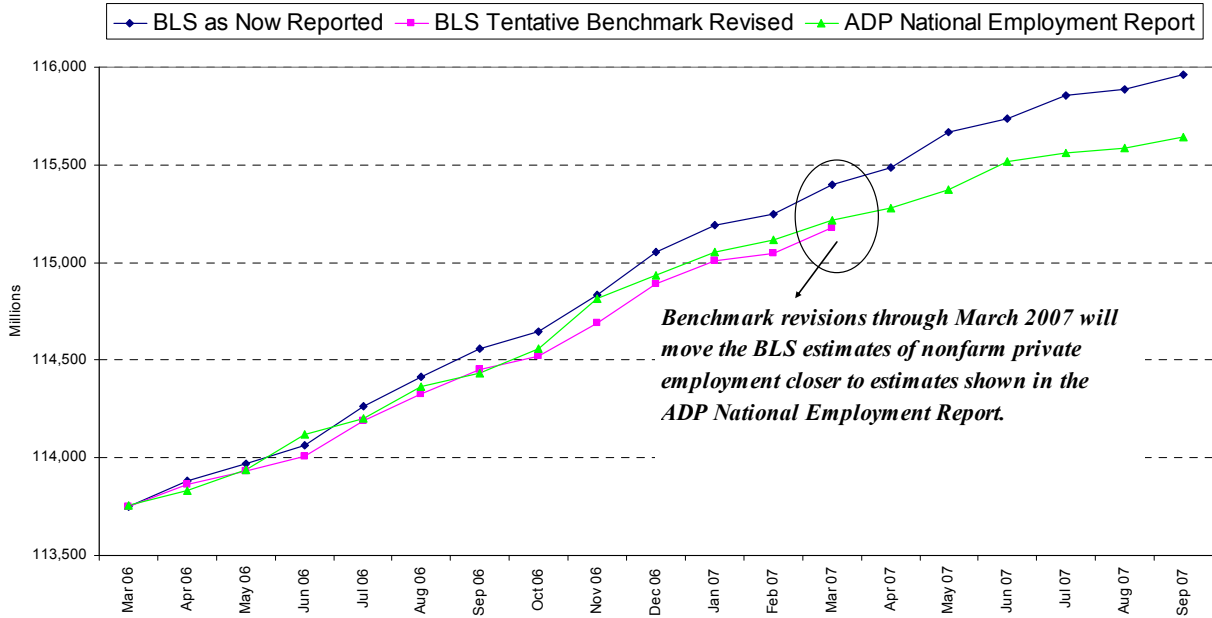


**Chart 5. Monthly Changes of Employment in Construction and Financial Activities**



Source: Automatic Data Processing, Inc., Macroeconomic Advisers, LLC

**Chart 6. Estimates of Private Nonfarm Establishment Employment**



*Benchmark revisions through March 2007 will move the BLS estimates of nonfarm private employment closer to estimates shown in the ADP National Employment Report.*



**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 representing 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 12<sup>th</sup> 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>.

For a full schedule of future releases, please visit: [www.ADPEmploymentreport.com](http://www.ADPEmploymentreport.com)

Media contacts: ADP Public Relations: 973-974-7612

Macroeconomic Advisers: 314-721-4747

Technical information: 314-721-4747

[www.ADPEmploymentreport.com](http://www.ADPEmploymentreport.com)

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