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February 2010 National Employment Report

Nonfarm private employment decreased 20,000 from January to February 2010 on a seasonally adjusted basis, according to the *ADP National Employment Report*[®]. The estimated change of employment from December 2009 to January 2010 was revised down, from a decline of 22,000 to a decline of 60,000. The February employment decline was the smallest since employment began falling in February of 2008.

Two large blizzards smothered parts of the east coast during the reference period for the BLS establishment survey. The adverse weather had only a very small effect on today's *ADP Report* due to the methodology used to construct it. However, the adverse weather is widely expected to depress the BLS estimate of the monthly change in employment for February, but boost it for March. Therefore, it would not be unreasonable to expect the BLS estimate for February (due out this Friday) to be less than today's *ADP Report* even though the BLS estimate will include the hiring of temporary Census workers not captured in the *ADP Report*.

February's *ADP Report* estimates nonfarm private employment in the service-providing sector increased by 17,000, the second consecutive monthly increase. However, this employment growth was not enough to offset continued losses in the goods-producing sector. Employment in the goods-producing sector declined 37,000, with employment in the manufacturing sector increasing by 3,000. The employment increase in the manufacturing sector was the first since January of 2008.

Large businesses, defined as those with 500 or more workers, saw employment decline by 10,000 while small-size businesses with fewer than 50 workers, declined 18,000. Employment among medium-size businesses, defined as those with between 50 and 499 workers, increased by 8,000, the first increase in employment since January of 2008.*

In January, construction employment dropped 41,000. This was the smallest decline since July of 2008, but only slightly better than the decline of 48,000 during January. Employment in the financial services sector dropped 6,000.

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>.

*All data included in the *ADP National Employment Report* is based on size of payroll. In some cases, small and medium-size payrolls belong to businesses employing more workers than indicated by the size grouping.

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: Jan.2010 - Feb.2010p
	Sep. 2009	Oct. 2009	Nov. 2009	Dec. 2009	Jan. 2010p	Feb. 2010p	
Total nonfarm private.....	107,300	107,103	106,978	106,829	106,769	106,749	-20
Small (1-49).....	48,405	48,328	48,287	48,236	48,210	48,192	-18
Medium (50-499).....	41,255	41,179	41,137	41,081	41,071	41,079	8
Large (> 499).....	17,640	17,596	17,554	17,512	17,488	17,478	-10
Goods-producing.....	18,032	17,911	17,818	17,730	17,660	17,623	-37
Small (1-49).....	6,668	6,621	6,583	6,549	6,516	6,491	-25
Medium (50-499).....	7,803	7,758	7,728	7,697	7,679	7,674	-5
Large (> 499).....	3,561	3,532	3,507	3,484	3,465	3,458	-7
Service-providing.....	89,268	89,192	89,160	89,099	89,109	89,126	17
Small (1-49).....	41,737	41,707	41,704	41,687	41,694	41,701	7
Medium (50-499).....	33,452	33,421	33,409	33,384	33,392	33,405	13
Large (> 499).....	14,079	14,064	14,047	14,028	14,023	14,020	-3
Addendum:							
Manufacturing.....	11,584	11,529	11,486	11,449	11,427	11,430	3

p = preliminary

The matched sample used to develop the *ADP National Employment Report* was derived from ADP data, which during the twelve month period through December 2009, averaged over 360,000 U.S. business clients and represented over 22 million U.S. employees. This approximately represents the size of the matched sample used this month.

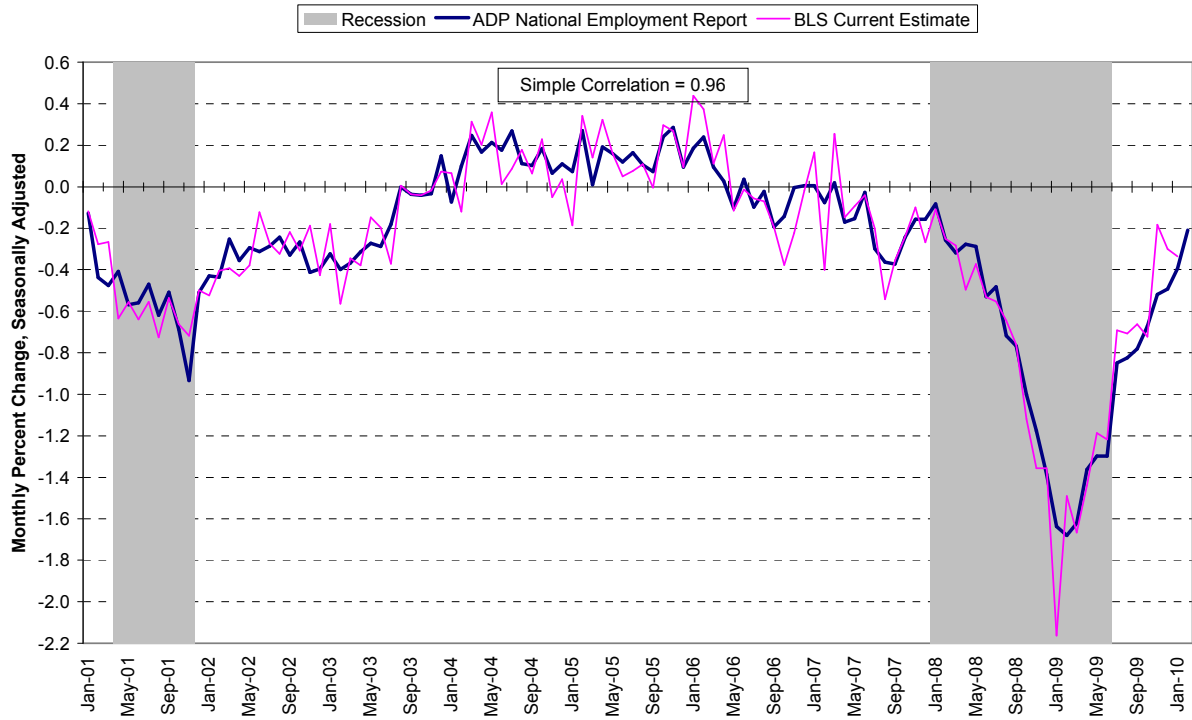
Notice of Annual Revisions to the *ADP National Employment Report*[®]

Automatic Data Processing, Inc., in conjunction with *Macroeconomic Advisers, LLC*, has published the scheduled annual revisions to the estimates of employment shown in the *ADP National Employment Report*. This month's *ADP Report* incorporates revised historical estimates based on the 2010 benchmark revisions to establishment employment published by the Bureau of Labor Statistics on February 6, 2010. The main sources of revision to the *ADP National Employment Report* are:

- Updated regression estimates used to adjust for historical differences in the variances of the monthly growth rates of employment reported by the Bureau of Labor Statistics and computed from ADP data.
- Updated estimates of the differences in the historical averages of the growth rates of employment reported by the Bureau of Labor Statistics and computed from ADP data.
- Updated estimates of historical seasonal factors.
- The reference month for establishing the levels of employment shown in the *ADP National Employment Report* will be advanced from March 2008 to March 2009.
- There are no revisions to the methodology of computing the estimates of employment shown in the *ADP National Employment Report*.

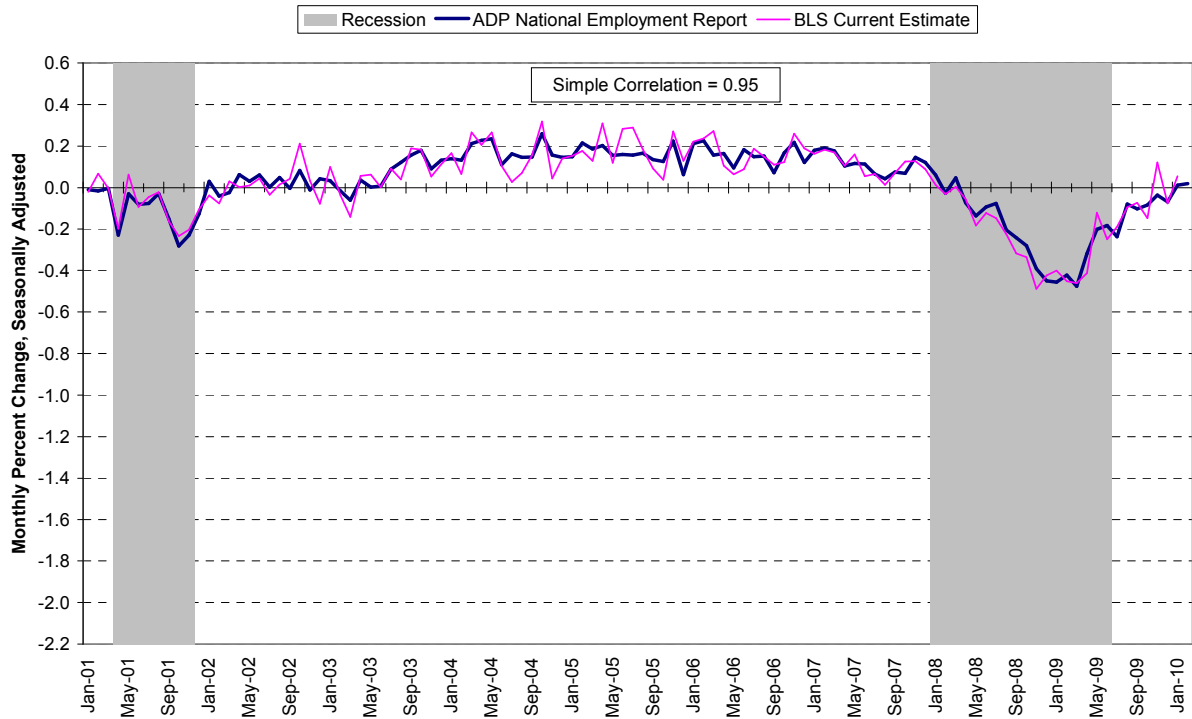
Visit www.adpemploymentreport.com for details.

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



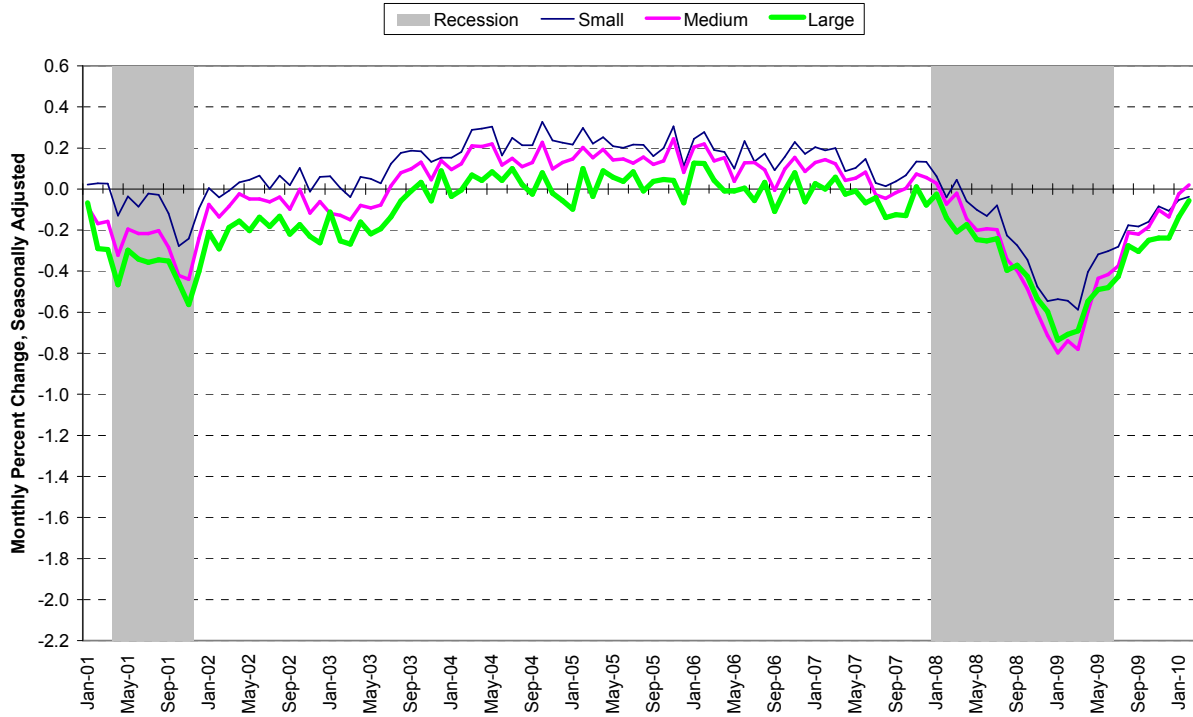
Source: Automatic Data Processing, Inc., Macroeconomic Advisers, LLC., Bureau of Labor Statistics

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



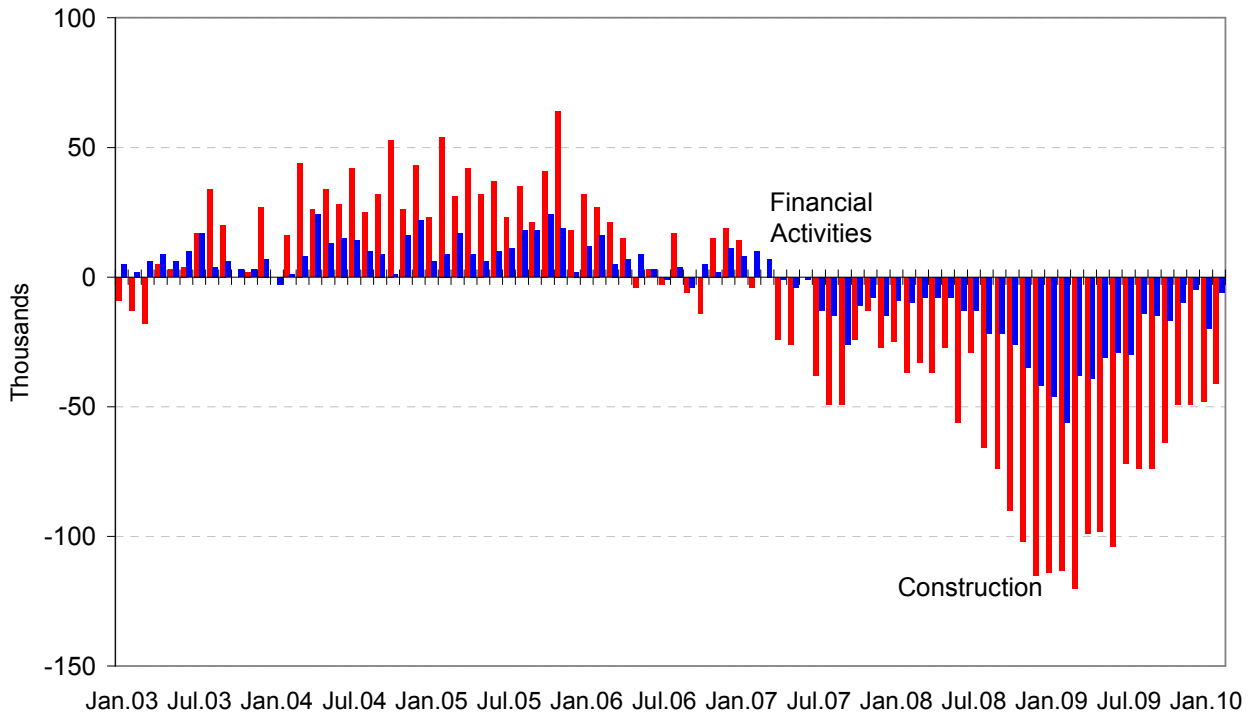
Source: Automatic Data Processing, Inc., Macroeconomic Advisers, LLC., Bureau of Labor Statistics

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



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

Monthly Changes of Employment in Construction and Financial Activities



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

About the *ADP National Employment Report*[®]

The *ADP National Employment Report*, sponsored by ADP[®], 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 twelve month period through December 2009, this subset averaged over 360,000 U.S. business clients and over 22 million U.S. employees working in all private industrial sectors. The *ADP Small Business Report*[®] is a monthly estimate of private nonfarm employment among companies in the United States with 1-49 employees and is a subset of the *ADP National Employment Report*. The data for both reports 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.

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

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