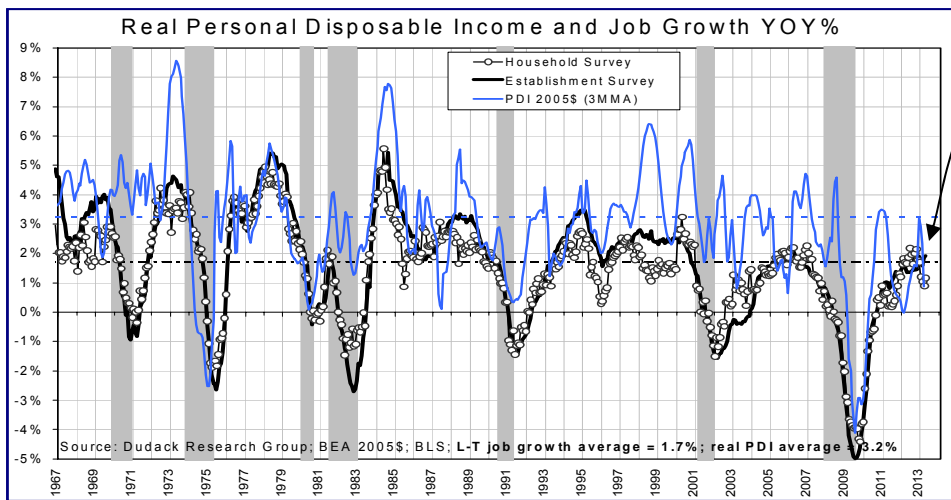




# Direct From Dudack Job Surprise!

The April job increase of 165,000 workers, and the February/March revisions which added 114,000 additional jobs, was a big surprise, particularly after a weak ADP report on Wednesday. Nevertheless, the improvement in the job market is one of the key statistics that we believe can move the stock market higher. There are some divergences in this report. For example, in the chart below, the revisions to the establishment survey data over the last three months results in a YOY increase of 1.9% (above the long term average of 1.8%). However, the household survey shows jobs growing 1.2% YOY, better than the 0.9% rate in March, yet below the long term average of 1.5%. Nevertheless, the deceleration in both growth rates reversed this month. This is significant since a decelerating trend tends to be an early indicator of a recession. Note in the table below that the U6 unemployment rate, the participation rate and the employment population ratio did not improve in April. In short, the job environment is not “fixed” even if it is growing better than previously thought. Nonetheless, this report is sufficient to move the market higher. We will be monitoring our 25-day volume oscillator to see if buying volume is convincing. If not, this rally and a move through SPX 1600 could be short-lived. We will keep you posted.



Employment Surveys (1,000s SA)	Apr-13	Mar-13	Change
<b>Establishment Survey: NonFarm Payrolls</b>	<b>135,474</b>	<b>135,309</b>	<b>165</b>
<b>Household Survey Data</b>			
Employed (A)	143,579	143,286	293
Unemployed (B)	11,659	11,742	-83
Civilian labor force [A+B]	155,238	155,028	210
Unemployment rate [B/(A+B)]	7.5%	7.6%	-0.06%
U6 Unemployment rate	13.9%	13.8%	0.10%
Civilian noninstitutional population (C)	245,175	244,995	180
Participation rate [(A+B)/C]	63.3%	63.3%	0.04%
Employment-population ratio [A/C]	58.6%	58.5%	0.08%
Not in labor force	90,436	89,967	469

Source: Bureau of Labor Statistics

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“Overweight”: Overweight relative to S&P Index weighting

“Neutral”: Neutral relative to S&P Index weighting

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