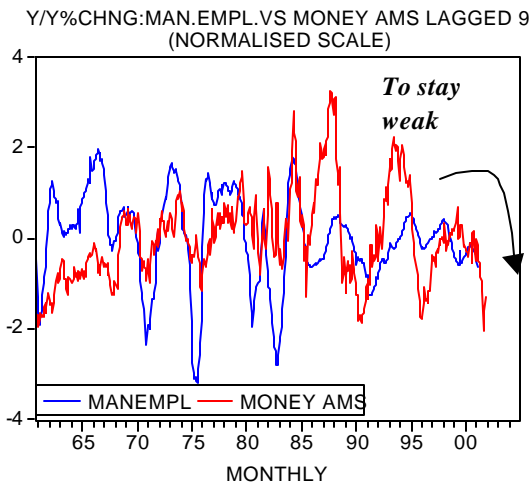
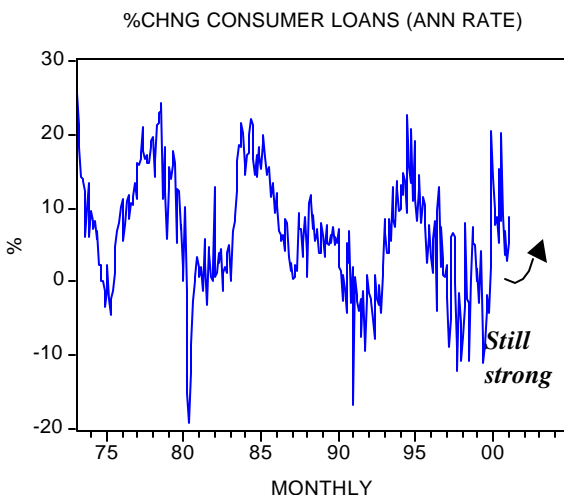


US employment rises strongly in February

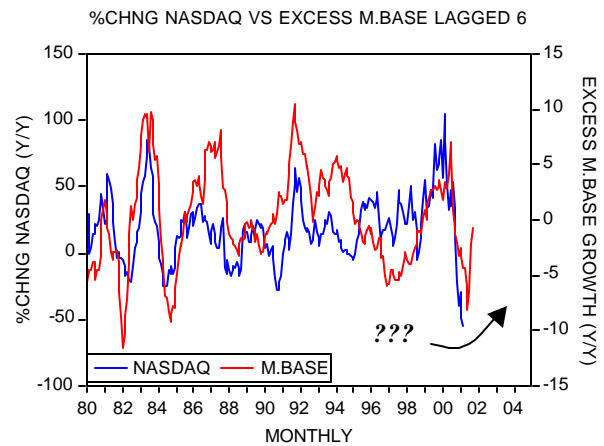
Seasonally adjusted non-farm employment increased by **135,000** in February after rising by **224,000** in January. The February increase was above market expectations for a **75,000** rise. Manufacturing employment however, fell by **94,000** in February after losing **96,000** in the previous month. Using the yearly rate of growth in money AMS we can suggest that for the time being it is quite likely that employment in the manufacturing sector will remain subdued (see chart).



Meanwhile consumer borrowing remains strong. At the end of February consumer loans by commercial banks increased by an annual rate of **8.9%** after rising by **5.1%** in January (see chart). The continued strength in consumer loans implies strong consumer spending and hence pressure on the pool of funding.



On Friday the Nasdaq composite fell **115.95** points, or **5.3%**. The share price index is down **59%** from the high of **5048.62** reached in March last year and it is off **17%** for the year. The latest strong monetary pumping by the FED raises the likelihood that the pace of Nasdaq's decline will ease (see chart). Year-on-year the rate of increase in the money base stood at **4.4%** in early March against **3.2%** in February. Consequently in relation to nominal economic activity the money base fell by **0.7%** in early March against a fall of **2.1%** in February. Also the yearly rate of growth of money AMS jumped to **1.4%** in February from **0.4%** in January. Obviously if the pool of funding is stagnating or falling, then the rebound in monetary growth is not going to be effective.



Financial News

- Japan introduced an emergency economic package - the 12th such package in a decade.
- UK industrial production was unchanged in Jan after a fall of **0.6%** in Dec.
- German industrial prod up **0.9%** in Jan vs **+0.2%** Dec
- Canada's employment fell by **23,500** in Feb.
- The ECRI weekly leading index fell for its 4th consecutive week in w/e March 2.
- The ECRI inflation gauge fell to **111.3** in Feb from **112.4** in Jan.

Thought for today

Get the facts first. You can distort them later.

Mark Twain