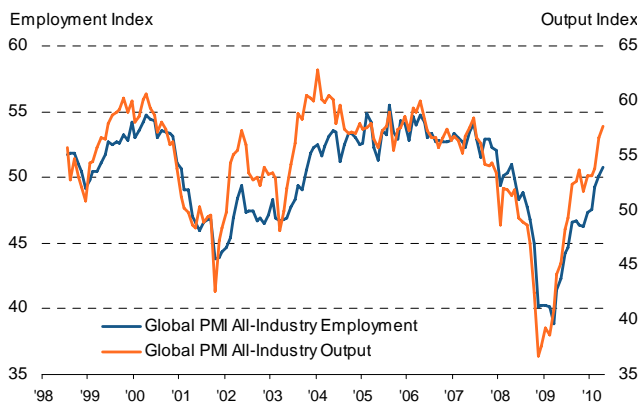


Global employment

Global PMI Employment Index signals highest rate of job creation for two years, led by steep rise in manufacturing employment

The JPMorgan Global PMI survey, compiled by Markit, indicated that world-wide manufacturing and service sector output continued to recover in April, expanding at the fastest pace since mid-2007. Furthermore, with output having now increased globally for nine successive months, employers are at last beginning to take on more staff. The employment index from the Global PMI rose from 50.1 in March to 50.8 in April, registering the first noteworthy increase in staffing levels for two years.

Higher output leads to rising employment



Sources: Markit, ISM.

Faster rise in manufacturing jobs



Sources: Markit, ISM.

Manufacturers, who have led the global recovery, took on additional staff during April at the fastest rate since

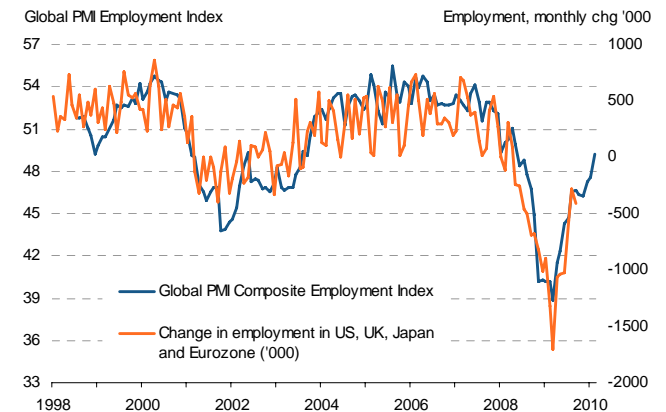
May 2004. Meanwhile, service sector employment stabilised for the first time since May 2008.

Developed world employment stabilises

Emerging market employers reported the highest employment growth since August 2007, taking on more staff for the ninth month running in April. But perhaps more encouraging for the long-term sustainability of the global economic recovery was an increase at developed country employers for the first time since April 2008. Higher employment in countries such as the 'G4' economies of the US, UK, Japan and Eurozone should lead to increased consumer spending in these nations, which has so far acted as a drag on economic growth.

Revised official data now show that job losses in the G4 economies peaked at 1.9m in March of last year (the same month that the Global PMI Employment Index hit a record low). However, April's Employment Index is consistent with a stabilisation of these labour markets, and the recent growth of output signalled by the PMI surveys suggests that job creation should be recorded in coming months.

'G4' employment on the rise

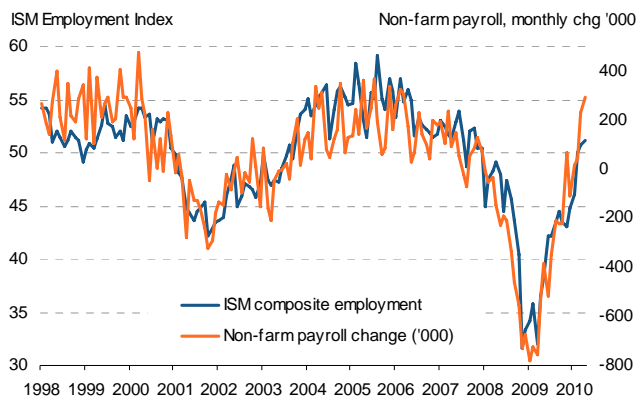


Sources: Markit, ISM, Ecwin.

Looking at the G4 economies individually, marked divergences in labour markets are apparent.

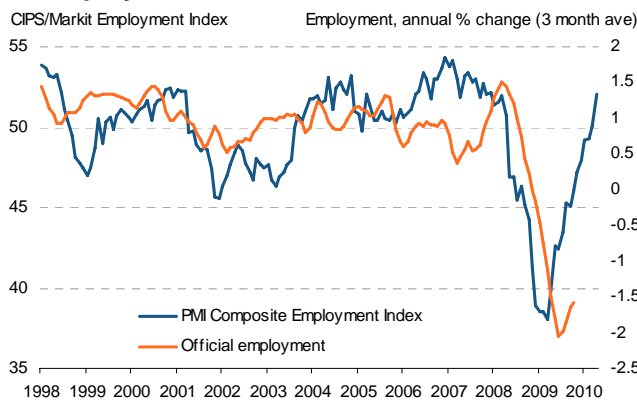
In the **US**, where official data are the most timely of all major developed nations¹, payroll numbers have risen strongly in recent months, with a 290k increase in April pointing to the fastest jobs growth for four years. Data for previous months were also revised up. The improvement had been signalled in advance by the ISM (PMI) surveys, which showed manufacturing employment rising at the fastest pace since January 2005 and the weighted index of manufacturing and non-manufacturing employment rising to the highest since October 2007.

US employment



In the **United Kingdom**, official labour market data have been mixed², but surveys data such as the PMI suggest that private sector employment has started to recover, rising for the first time in two years in April, with the rate of job creation the strongest since December 2007. Both manufacturing and service sector employment rose, the former showing the strongest monthly gain for over three years.

UK employment

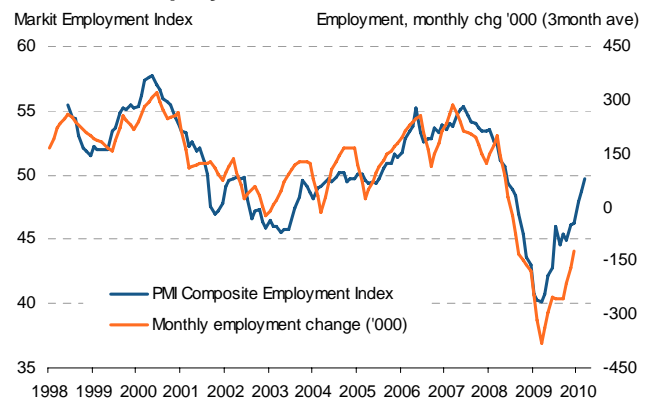


¹ The US payroll count may be the most timely but is also perhaps subject to the greatest revision: a 4k rise in non-farm payrolls in November has been revised up to 64k, and an initial estimate of 85k jobs lost in December was revised to a loss of 109k.

² See http://www.markit.com/assets/en/docs/commentary/markit-economics/2010/may/UK_Jobs_10_05_12.pdf
13/05/2010

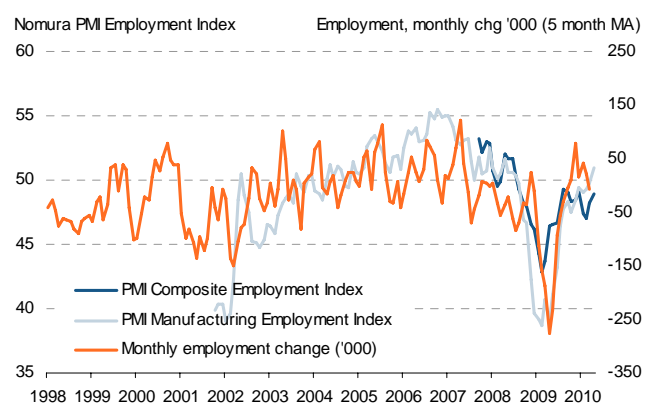
In the **Eurozone**, the composite PMI Employment Index moved closer to the 50.0 neutral level, indicating the smallest cut to headcounts since employment began falling in July 2008. This suggests that the rate of job losses indicated by the official data for the region will continue to slow from the 123k average monthly decline seen in the three months to December and a net increase in jobs could be seen by the second quarter.

Eurozone employment



Finally, in **Japan** official employment data have shown great volatility, recording a 540k increase in jobs during January but 300k drop over the following two months. The PMI data have been more stable, and indicate in advance that a correction from the large January rise looked inevitable. However, the survey data suggest that a stabilisation of the labour market is approaching. While the PMI services survey points to an ongoing fall in employment, keeping the all-sector (composite) index below the 50.0 line, the manufacturing index signalled a return to growth for the first time since mid-2008.

Japanese employment



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