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May 2011 ADP National Employment Report®

Employment in the nonfarm private business sector rose 38,000 from April to May on a seasonally adjusted basis, according to the latest [ADP National Employment Report](#)® released today. The estimated change of employment from March 2011 to April 2011 was revised down slightly to 177,000 from the previously reported increase of 179,000.

Today's ADP National Employment Report suggests that employment growth slowed sharply in May. Employment in the nonfarm private-business sector rose 38,000 from April to May on a seasonally adjusted basis.

A deceleration in employment, while disappointing, is not entirely surprising. In the first quarter, GDP grew at only a 1.8% rate and only about 2¼% over the last four quarters. This is below most economists' estimate of the economy's potential growth rate and normally would be associated with very weak growth of employment.

May's *ADP Report* estimates employment in the service-providing sector rose by 48,000, marking 17 consecutive months of employment gains while employment in the goods-producing sector fell 10,000 following six months of increases. Manufacturing employment fell 9,000 in May following seven consecutive monthly gains.

Employment among large businesses, defined as those with 500 or more workers, decreased by 19,000, while employment among medium-size businesses, defined as those with between 50 and 499 workers, increased by 30,000. Employment for small businesses, defined as those with fewer than 50 workers, rose 27,000 in May.*

Employment in the construction industry dropped 8,000 in May, completely reversing April's increase. The total decrease in construction employment since its peak in January 2007 is 2,124,000.

Employment in the financial services sector decreased 6,000 in May.

For information on the construction sector 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 size 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)

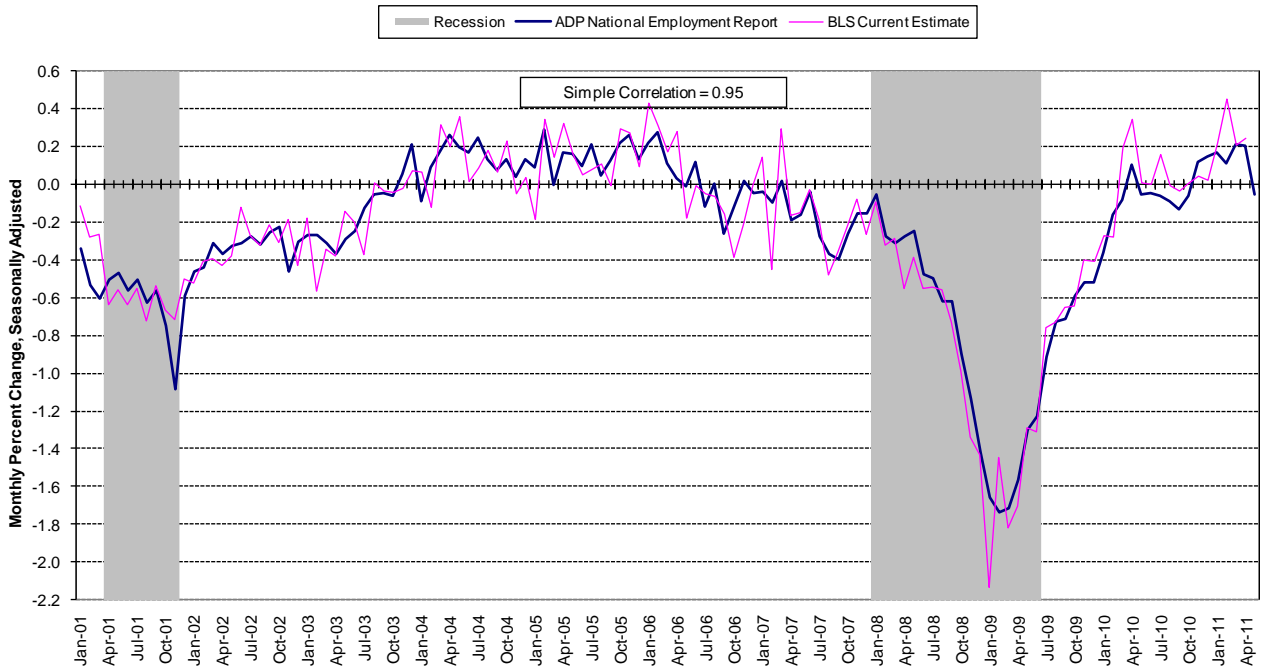
Size of Payroll	Seasonally Adjusted						Change from: Apr.2011 - May 2011p
	Dec. 2010	Jan. 2011	Feb. 2011	Mar. 2011	Apr. 2011p	May 2011p	
Total nonfarm private	107,693	107,883	108,088	108,291	108,468	108,506	38
Small (1-49).....	48,722	48,824	48,920	49,017	49,101	49,128	27
Medium (50-499).....	41,552	41,634	41,734	41,819	41,902	41,932	30
Large (> 499).....	17,419	17,425	17,434	17,455	17,465	17,446	-19
Goods-producing	17,688	17,718	17,738	17,776	17,812	17,802	-10
Small (1-49).....	6,594	6,604	6,609	6,620	6,631	6,633	2
Medium (50-499).....	7,666	7,683	7,703	7,724	7,751	7,758	7
Large (> 499).....	3,428	3,431	3,426	3,432	3,430	3,411	-19
Service-providing	90,005	90,165	90,350	90,515	90,656	90,704	48
Small (1-49).....	42,128	42,220	42,311	42,397	42,470	42,495	25
Medium (50-499).....	33,886	33,951	34,031	34,095	34,151	34,174	23
Large (> 499).....	13,991	13,994	14,008	14,023	14,035	14,035	0
Addendum:							
Manufacturing.....	11,561	11,587	11,605	11,641	11,661	11,652	-9

p = preliminary; subject to revision

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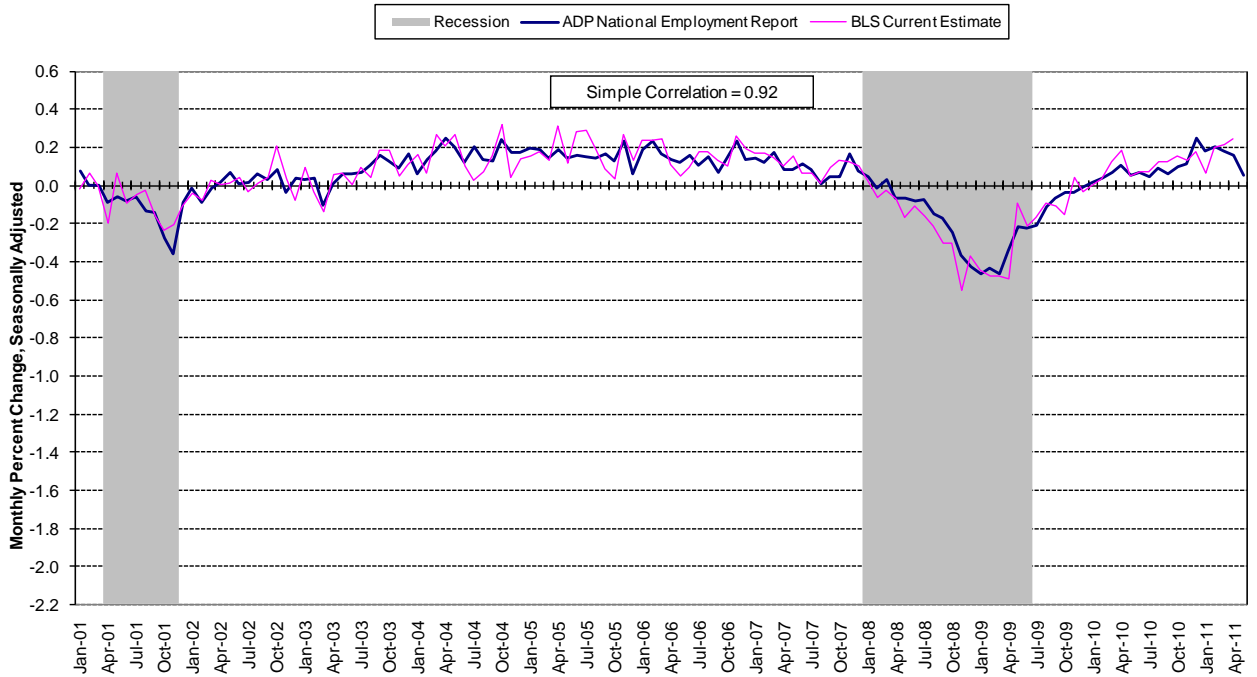
The matched sample used to develop the *ADP National Employment Report* was derived from ADP® data which, during the twelve-month period through June 2010, averaged over 340,000 U.S. business clients and represented over 21 million U.S. employees. This approximately represents the size of the matched sample used this month.

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



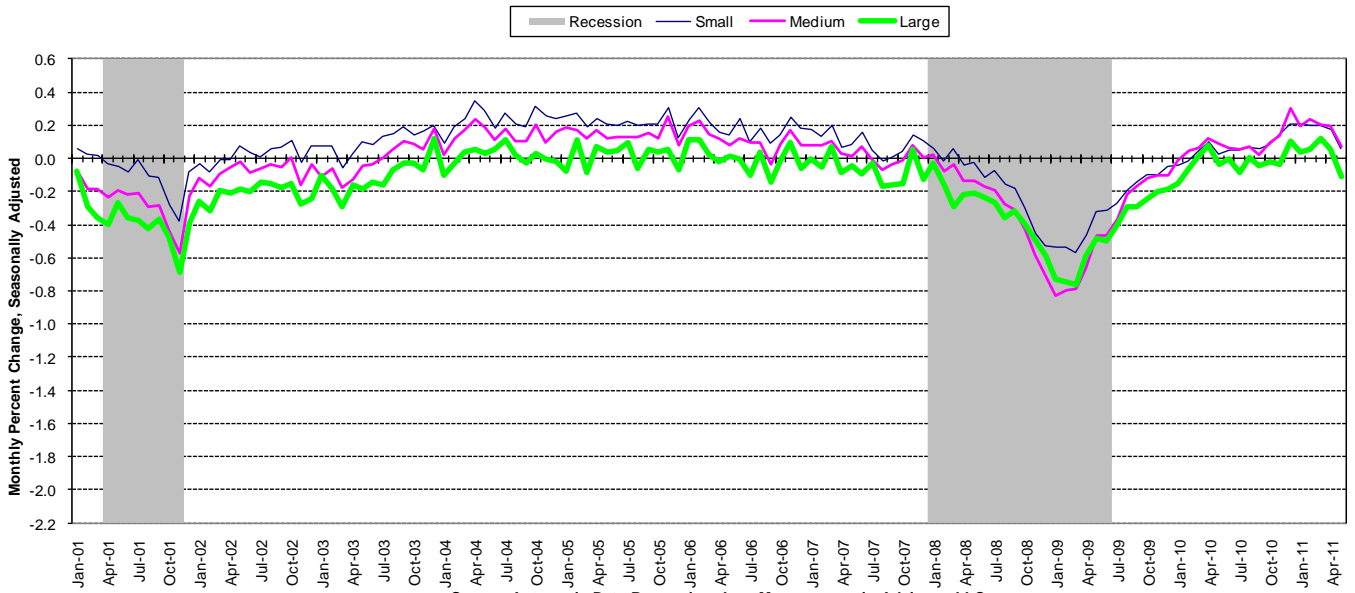
Source: Automatic Data Processing, Inc., Macroeconomic Advisers, LLC., Bureau of Labor Statistics

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



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

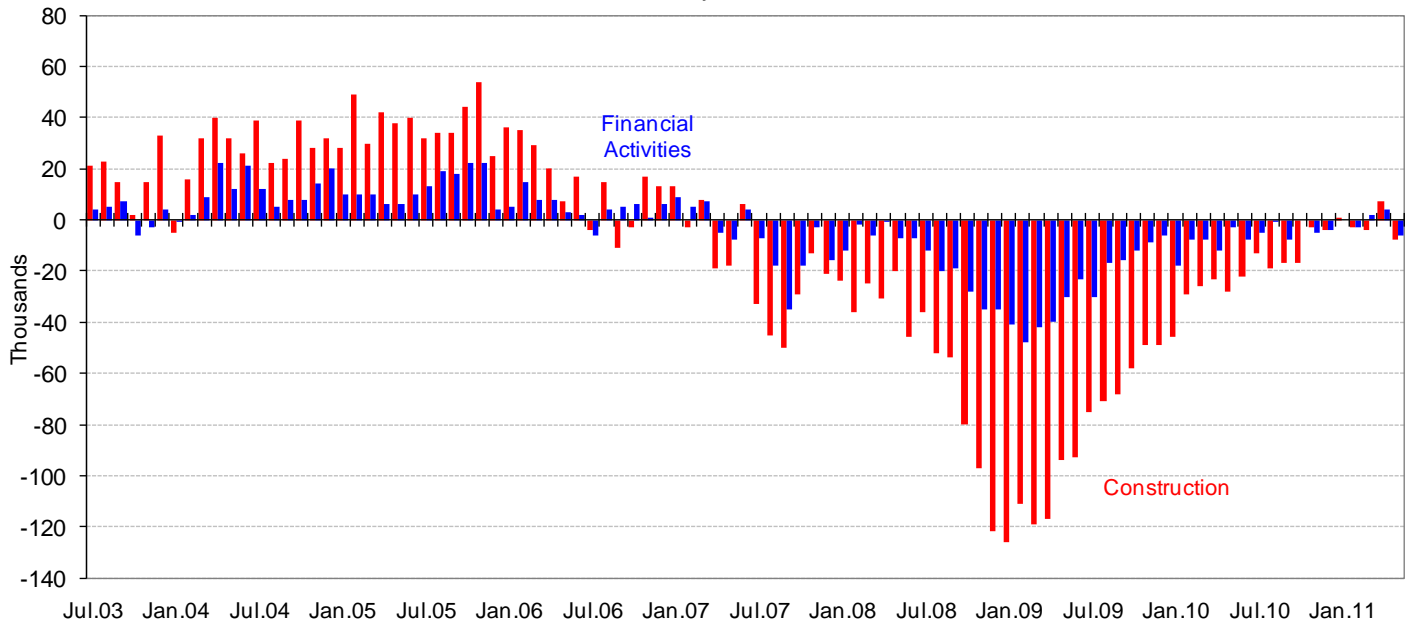
Chart 4. Growth of Private Nonfarm Employment, by Size of Payroll*



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

* All size 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.

Monthly Changes of Employment in Construction and Financial Activities
May 2011



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 June 2010, this subset averaged over 340,000 U.S. business clients and over 21 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>.

The June 2011 *ADP National Employment Report* will be released July 7, 2011 at 8:15 AM ET. For a full schedule of future releases, please visit: www.ADPEmploymentreport.com.

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