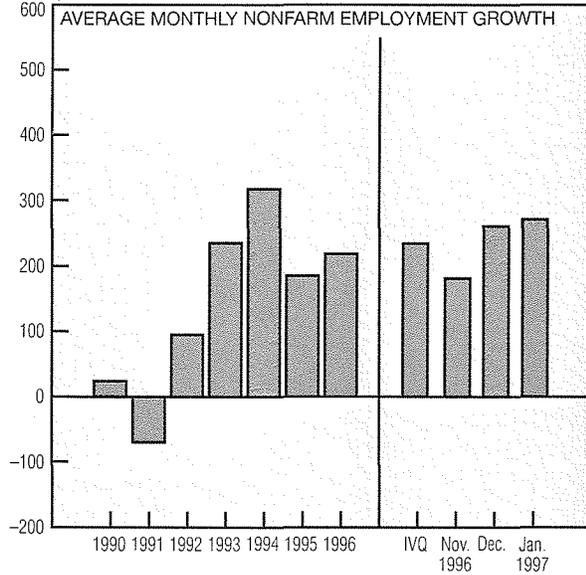


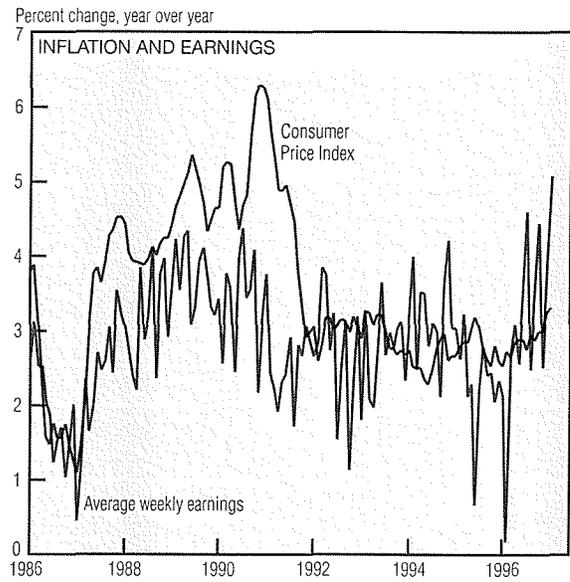
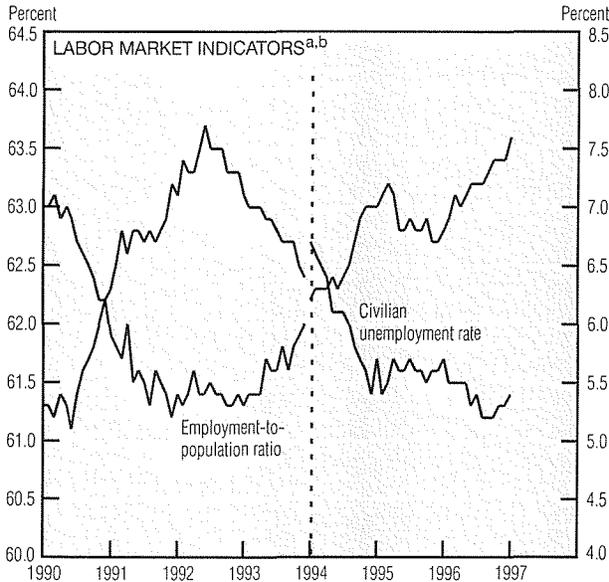
Labor Markets

Change, thousands of workers^d



Labor Market Conditions^a

	Average monthly change (thousands of employees)				
	Year	1996			1997
		IVQ	Nov.	Dec.	Jan.
Payroll employment	218	234	181	261	271
Goods-producing	17	34	35	40	32
Manufacturing	-8	12	8	14	18
Construction	25	23	27	28	14
Service-producing	202	200	146	221	239
Services	102	91	71	100	167
Business services	30	18	-7	36	70
Retail trade	50	76	54	73	19
	Average for period (percent)				
Civilian unemployment rate	5.4	5.3	5.3	5.3	5.4
Employment/population ratio	63.2	63.4	63.4	63.4	63.6
Labor force participation rate	66.8	66.9	66.9	67.0	67.2



a. Seasonally adjusted.
b. Vertical line indicates break in data series due to survey redesign.
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Nonfarm payrolls grew by 271,000 in January, continuing the fourth quarter's string of vigorous increases. The gain was broad-based, with every major sector of the economy adding to its payrolls. Services continued to expand as a fraction of total employment, while manufacturing advanced a solid 2.1% on an annual basis. Strong growth in business services was led by continued expansion of the nation's temporary help agencies.

Although overall employment rose, the jobless rate increased slightly for the month, from 5.3% to 5.4%, a statistically insignificant change. The source of this apparent conflict can be traced to the increasing number of people looking for work who previously were neither employed nor searching for a job. While an influx of people into the labor market is expected when employment prospects are good, the

current business expansion has yielded particularly large inflows. Both the employment-to-population ratio and the labor force participation rate stand at record highs.

Average weekly earnings increased moderately in 1996, up 3.2% over 1995's level and only slightly above the 1996 inflation rate. The January numbers did not break with this pattern, as average hourly pay rose only 1 cent, to \$12.06.