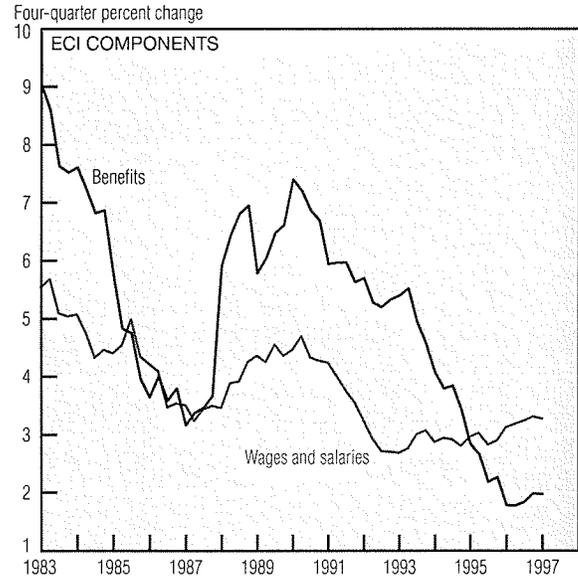
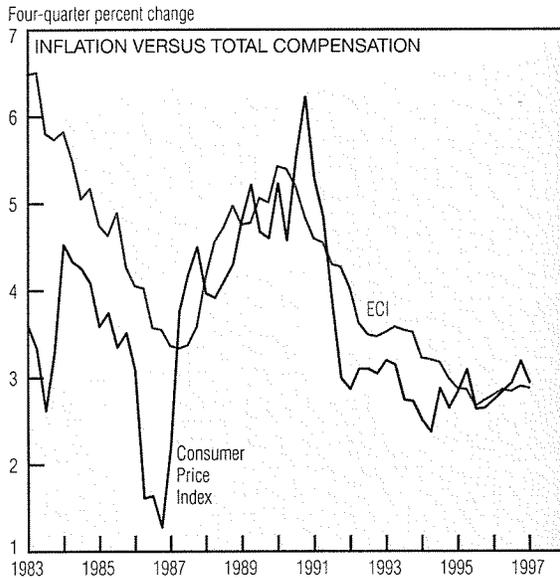


Employment Costs



Occupation	Average annual percent change, last:		
	Quarter ^a	1 year	3 years
White-collar workers	3.4	3.1	3.1
Blue-collar workers	1.2	2.4	2.6
Service occupations	3.5	3.1	2.9
Region			
Northeast	n.a.	2.6	2.9
South	n.a.	3.0	3.0
Midwest	n.a.	2.9	2.9
West	n.a.	3.5	3.0

Industry	Average annual percent change, last:		
	Quarter ^a	1 year	3 years
Private industry	2.5	3.0	2.9
Construction	2.2	2.3	2.4
Manufacturing	0.6	2.6	2.7
Transportation and public utilities	1.2	2.7	3.4
Wholesale trade	6.9	4.2	4.2
Retail trade	3.5	3.2	3.1
FIRE ^b	8.5	3.3	3.1
Services	2.7	3.0	2.7
State and local governments	2.1	2.5	2.9

a. Seasonally adjusted annualized data.
 b. Finance, insurance, and real estate.
 SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Concerns about inflationary pressures in the labor market have made the Employment Cost Index (ECI) one of the most anticipated economic indicators. However, the 1997:1Q release showed little indication of any labor market overheating.

Total compensation was up just 0.6% in the first quarter, bringing the total gain over the last year to only 2.9%. Wage and salary growth continued to increase at a slightly stronger clip (3.3% in the last year), but benefits rose only 2.0%. The

benefits index measures the price of a fixed benefits package. When the cost of providing benefits slows, employers can offer the same package and higher salaries without raising their total labor costs.

Although overall compensation growth has been restrained, relative gains or losses are evident for certain groups. Compensation growth was particularly slow for blue-collar workers in the first quarter (1.2%), although this was partly due to a reduction in benefit costs for this

group. The industries that typically employ blue-collar workers (construction and manufacturing) also reported minimal increases, again in part because of falling benefit costs.

Workers in the wholesale and retail trades and in the finance, insurance, and real estate industries continue to enjoy higher-than-average compensation growth. Regionally, the reinvigorated western states are reporting the highest overall compensation gains.