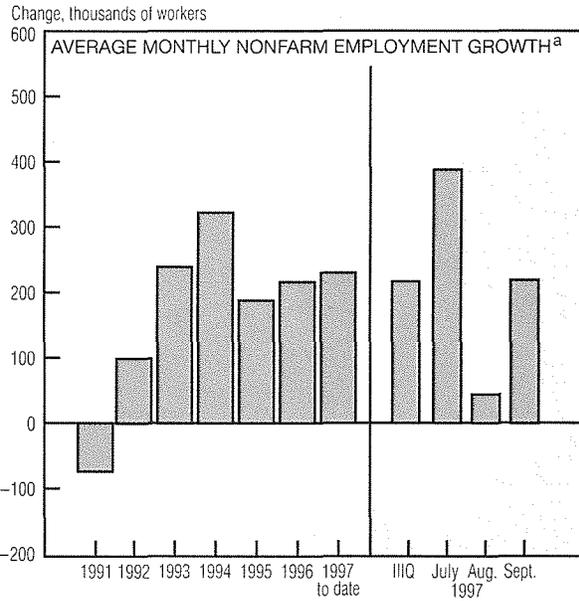
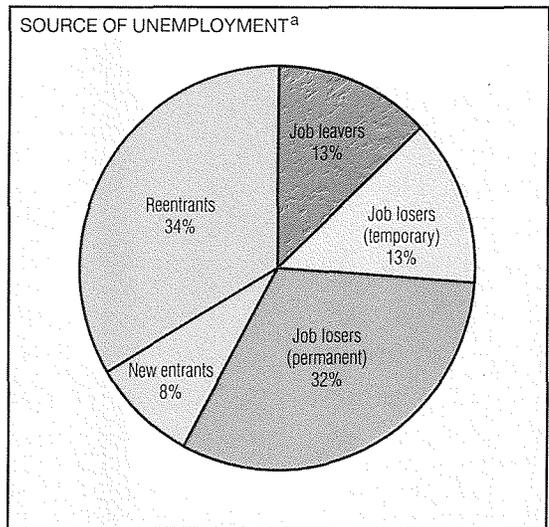


Labor Markets



Labor Market Conditions^a

	Average monthly change (thousands of employees)				
	1996	1997			
	Year	IIIQ	July	Aug.	Sept.
Payroll employment	212	213	384	40	215
Goods-producing	19	14	-1	58	-14
Manufacturing	-5	9	-4	48	-16
Service-producing	192	199	385	-18	229
TPU ^b	9	6	9	-159	167
Services	99	92	162	15	98
Business services	33	20	37	-22	46
Retail trade	48	45	80	32	23
Government	14	26	80	76	-78
Local	19	22	54	78	-65
Household employment	232	117	344	96	-89
Average for period					
Civilian unemployment rate (%)	5.4	4.9	4.8	4.9	4.9
Participation rate (%)	66.8	67.1	67.1	67.1	67.0



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

Labor market growth in September appeared to recover from August's sluggish pace, with nonfarm payroll employment rising 215,000 nationwide. However, when one factors in the return to work of the former UPS strikers, the estimate is closer to 53,000—much lower than expected. Indeed, September was characterized by weakness in a variety of industries, eclipsing the strike effects and the difficulty of measuring education employment now that many districts have switched to year-round schooling.

The federal government trimmed 9,000 jobs last month, mainly postal workers hired during the strike. Manufacturing payrolls also shrunk (-16,000), primarily because of layoffs in the transportation equipment industry (-20,000). This reverses the 30,000 gain seen in August. Another loser was local education (a subset of local government), which pared 47,000 jobs after adding 63,000 a month before. This wide swing largely reflects seasonal variations in the data, not real effects.

The unemployment rate stood at 4.9% in September, and the employment-to-population ratio fell slightly, to 63.7%. Of those who are currently jobless, 55% are new entrants, reentrants, or workers who left their jobs voluntarily. This implies that Americans still believe job opportunities are plentiful. Average hourly earnings were up four cents—3.6% above last year's level—another indicator that some workers are realizing solid gains.