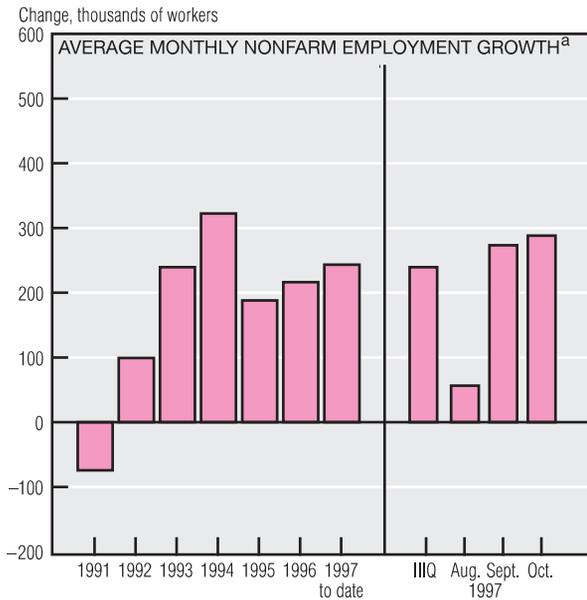
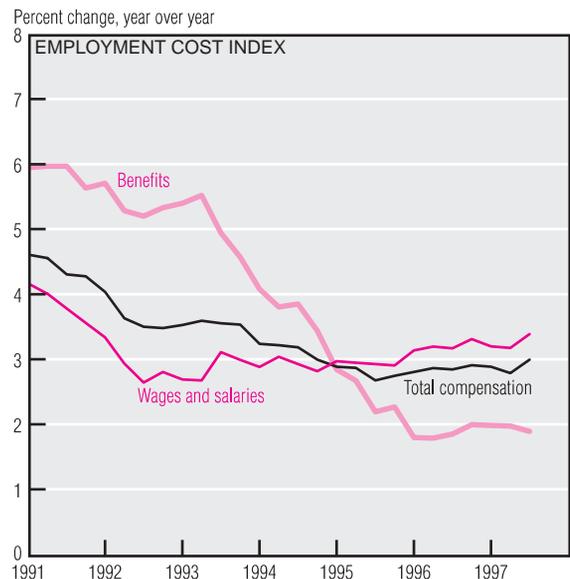


# Labor Markets



	Average monthly change (thousands of employees)				
	1996	1997			
	Year	IIIQ	Aug.	Sept.	Oct.
Payroll employment	212	235	52	269	284
Goods-producing	19	14	52	-9	71
Construction	24	5	12	0	20
Manufacturing	-5	8	41	-12	54
Service-producing	192	221	0	278	213
Services	99	102	18	126	100
Health services	18	19	15	19	26
Retail trade	48	43	30	19	37
Government	14	35	85	-61	2
Local	19	24	91	-73	15
Household employment	232	117	96	-89	179
Average for period					
Civilian unemployment rate (%)	5.4	4.9	4.9	4.9	4.7
Manufacturing workweek (hours) <sup>b</sup>	41.5	41.8	41.8	41.8	42.0



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

October was characterized by widespread strength in the nation's labor markets, as nonfarm payrolls gained an unexpectedly high 284,000 workers. The unemployment rate hit a 24-year low (4.7%), although part of the decline came from a 106,000-person reduction in the labor force. Meanwhile, the ratio of employment to population stayed at 63.7%.

The manufacturing industry set the pace with an increase of 54,000 jobs, concentrated in durables pro-

duction. This was the largest advance since February 1990 and reversed a string of weak reports. Growth in manufacturing employment was accompanied by upticks in both the length of the workweek (up 0.2 hour) and overtime (up 0.1 hour). In addition to above-average growth in manufacturing, construction posted its largest increase since May (up 20,000 jobs). Notable employment gains were also seen in health services (up 26,000) and retail trade (up 37,000).

Wages and salaries of civilian workers rose 3.4% in the year ended in September, outpacing a 2.2% rise in the CPI over the same period. Hourly earnings in October averaged \$12.41—up 4.2% from a year ago and the biggest increase since July 1989. On the other hand, growth in benefit costs (which account for roughly one-third of total compensation) declined slightly.