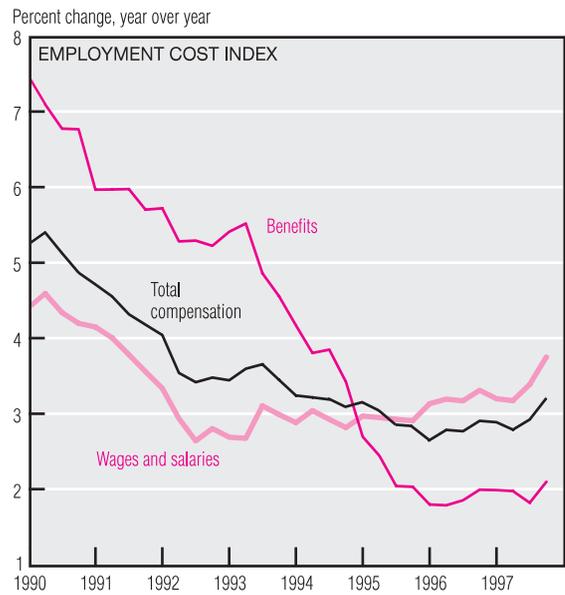
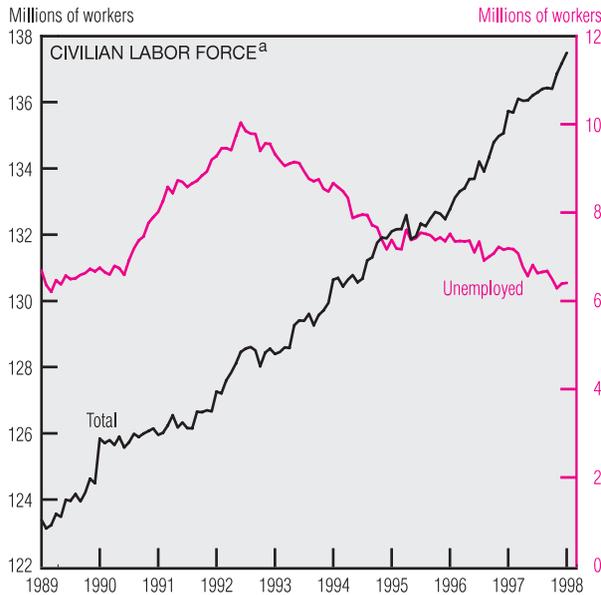
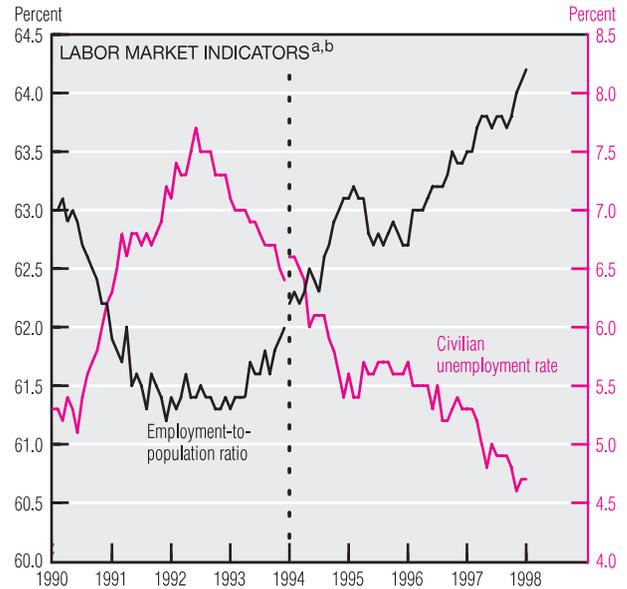


# Labor Markets



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.

The U.S. employment situation was exceptionally strong again in January, as the economy continued to generate jobs for a rapidly expanding labor force. Nonfarm payrolls increased by 358,000, compared with an average monthly gain of 267,000 in 1997. The construction industry added 92,000 workers, the largest rise in nearly two years. This strength can be traced in part to a solid housing market and unseason-

ably warm weather throughout much of the country. The manufacturing sector also posted healthy gains for the fifth month in a row.

The unemployment rate held steady at 4.7% in January, just slightly above the 24-year low (4.6%) reached three months earlier. Total unemployment was little changed, and the labor force swelled by 2.7%. Interestingly, the unemployment rate for high school graduates inched down 0.2% to

3.9%, while the rate for college graduates rose slightly to 1.9%. The employment-to-population ratio hit another record peak of 64.2%.

The employment cost index rose 3.2% in 1997:IVQ, with wages and salaries jumping 3.8% and benefits up a slightly lower 2.1%. Following myriad anecdotal reports of labor shortages—especially for skilled workers—the total compensation numbers came as no surprise.