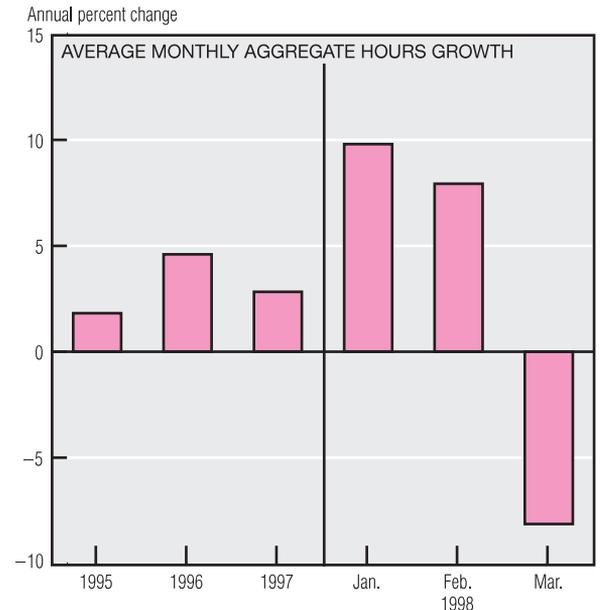
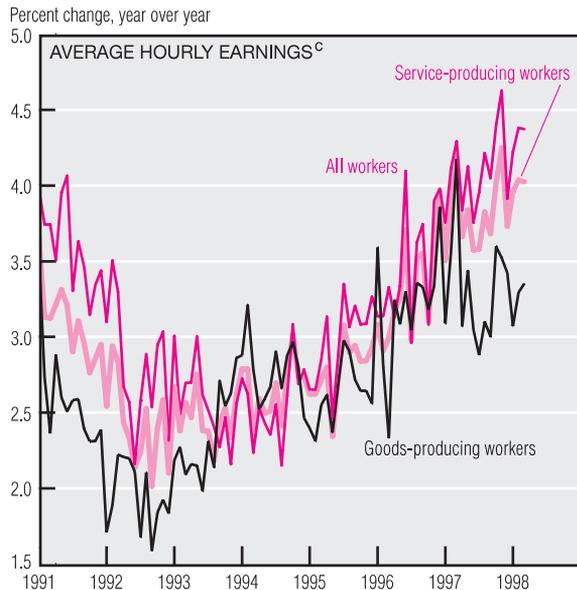
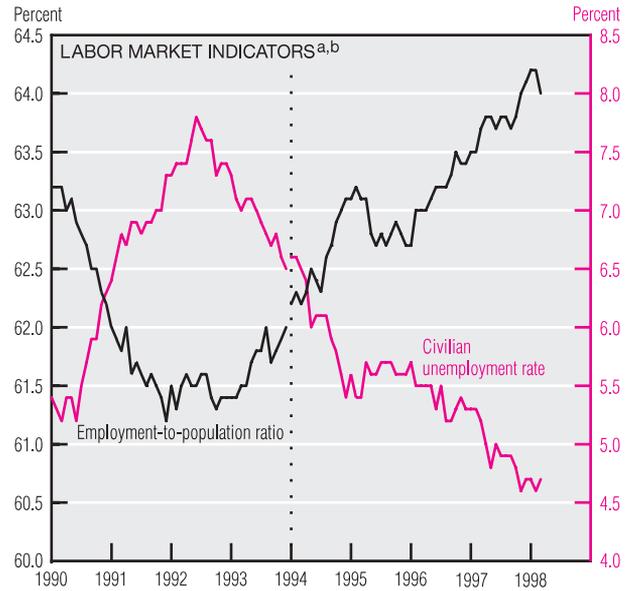
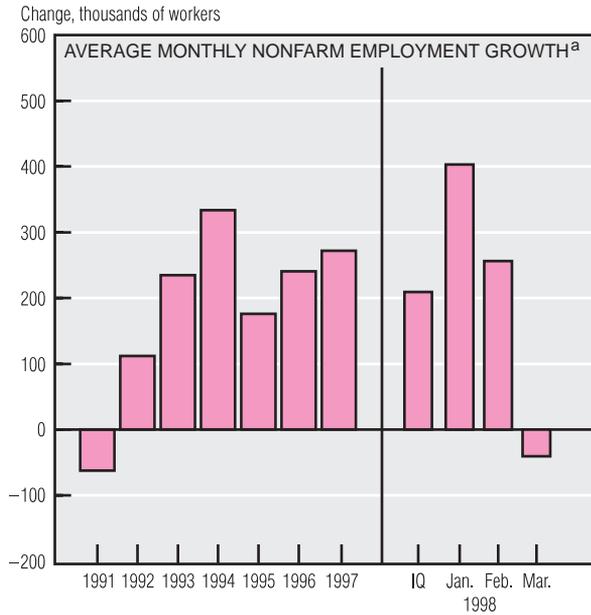


Labor Markets



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

Labor markets eased slightly in March. Nonfarm payrolls fell 36,000 for the month, the first decline in more than a year. The overall decrease was led by dips in construction (88,000), retail (48,000), and restaurant (43,000) employment. The drop in construction was due to unseasonably cold March weather. Monthly employment growth averaged 205,000 in 1998:IQ, down from 358,000 in 1997:IVQ.

A 136,000 increase in the number of people looking for work and a

34,000 decrease in the labor force caused the unemployment rate for the month to inch up from 4.6% to 4.7%. March was the ninth straight month with an unemployment rate of less than 5.0%. The employment-to-population ratio also declined slightly, slipping to 64% from its record high of 64.2%

Even with the increase in available workers, average hourly earnings of nonfarm, nonsupervisory workers rose three cents (4%) in March, the second consecutive

month of 4% increases. Earnings for service workers held steady, while goods-producing workers' earnings went up slightly.

The hours worked by all private workers fell sharply in March, countering large increases in the first two months of the year. The average monthly increase for the first quarter was 3.2%. This implies either that productivity (output per hour) will drop or that the predicted 2.4% gain in first-quarter GDP is too low.