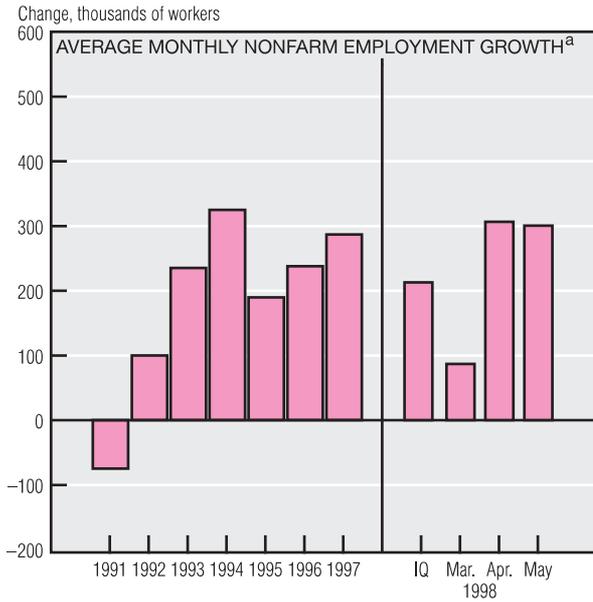


Labor Markets



	Average monthly change (thousands of employees)				
	1994	1995	1996	1997	1998 to date
Payroll employment	320	185	233	282	245
Goods-producing	57	8	31	42	21
Construction	25	10	28	20	21
Manufacturing	34	-1	0	16	-4
Service-producing	264	178	202	240	224
Services	135	112	117	142	110
Retail trade	69	37	42	34	34
Government	23	9	9	20	25
	Average for period				
Civilian unemployment rate (%)	6.1	5.6	5.4	5.0	4.5
Manufacturing workweek (hours) ^b	41.9	41.6	41.6	42.0	41.8



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

Labor markets remained strong in May, according to the latest report from the Bureau of Labor Statistics. Nonfarm payrolls rose 296,000 for the month, a far bigger increase than was widely expected. All the jobs growth came from the service-producing sector, which added over 300,000 positions. Specifically, services (narrowly defined) and retail trade showed big gains, increasing their payrolls by 135,000 and 69,000, respectively. The goods-producing

sector actually cut payrolls by 36,000. Manufacturers eliminated 19,000 jobs in May, for a net loss of 3,800 so far this year.

The unemployment rate for May stayed at its 28-year low of 4.3%. When the jobless figure first reached this level in April, many people suspected that it was artificially low. However, this month's release confirmed that the unemployment rate has reached a new modern nadir. The unemployment rate for 1998

thus far is 4.5%, the best five-month average since May 1970.

Average hourly earnings continued to grow at a strong pace last month, increasing 4.3% from May of last year. For the current business expansion, which began in March 1991, this May's strong earnings growth is second only to April's. Earnings of workers in the goods-producing sector increased 1.5 percentage points more slowly than those in the service-producing sector.