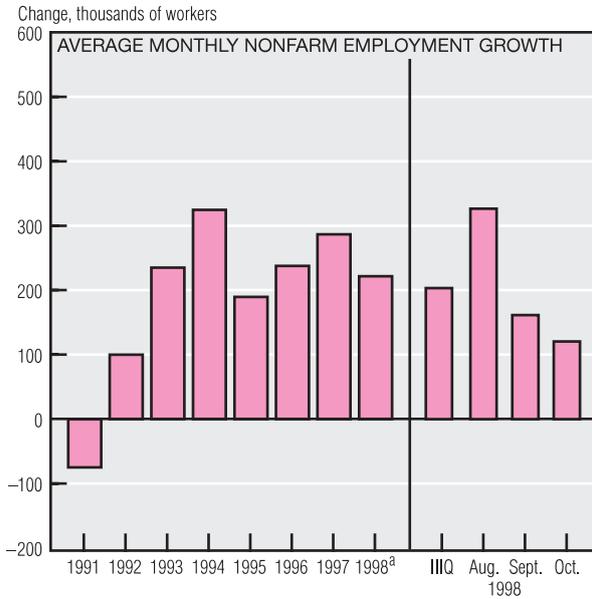
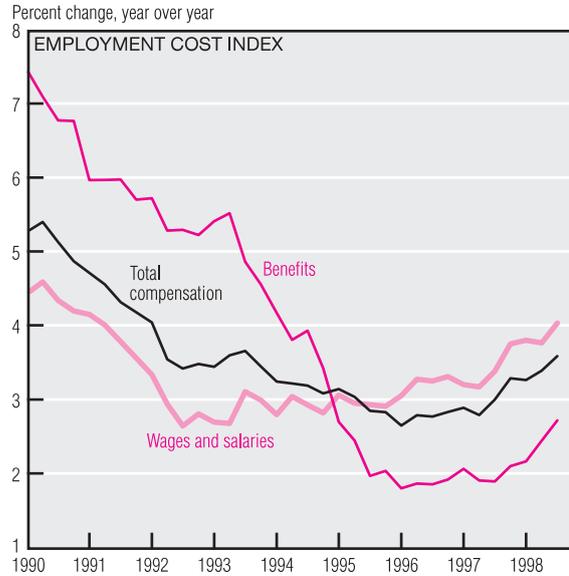
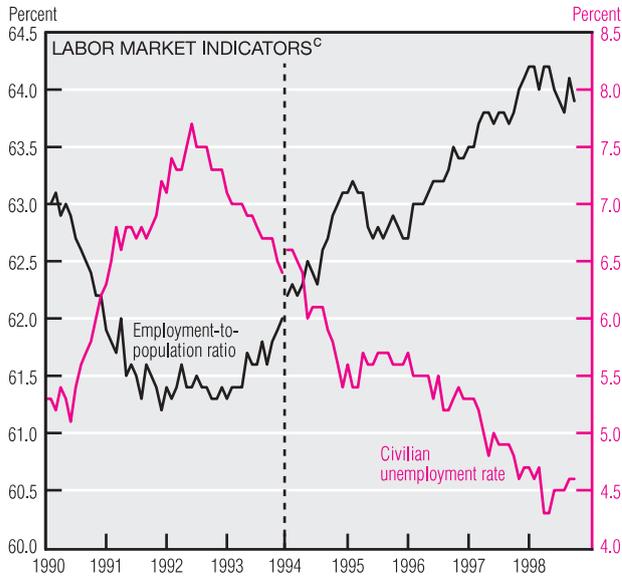


Labor Markets



Employment	Average monthly change (thousands of employees)				
	1995	1996	1997	YTD ^a	Oct. 1998
Payroll survey	185	233	282	218	116
Goods-producing	8	31	42	-1	-38
Manufacturing	-1	3	21	-16	-52
Electronic equipment	4	2	4	-4	-12
Motor vehicles	2	0	3	0	7
Construction	10	28	20	18	19
Service-producing	178	202	240	219	154
Business services	38	45	61	36	58
FIRE ^b	-1	14	17	22	25
Household survey	32	232	240	90	-88
	Average for period (percent)				
Civilian unemployment	5.6	5.4	5.0	4.5	4.6



a. Year to date.
 b. Finance, insurance, and real estate.
 c. Vertical line indicates break in data series due to survey redesign.
 NOTE: All data are seasonally adjusted.
 SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Most employment indicators held steady in October, but employment costs implied labor-market tightness in the third quarter. The number of jobs in the economy increased moderately, and the unemployment rate held constant. Wage and salary rates grew faster than they have in more than six years.

Nonfarm payrolls increased 116,000 for the month. This small addition brings average monthly payroll growth for the year to a level that is about 64,000 lower than last year's average. Employment in the goods-producing sector, which has been curbed by

manufacturing losses, decreased for the second consecutive month. The largest drops were in apparel (14,000) and electronic equipment (12,000) manufacturing. The service-producing sector added 154,000 jobs. Employment growth was strong in business services, especially computer services and engineering and management services.

The household survey (used to calculate the unemployment rate) recorded a drop of 88,000 in October, following an unusually strong gain of 597,000 the previous month. The unemployment rate was unmoved at 4.6%, despite large fluctua-

tions in employment. The household and payroll employment surveys generally do not diverge for very long, but October marks the sixth month in which differences between the two series exceeded 200,000.

While jobs growth continued to slow, accelerated growth in the employment cost index suggests tightness in the labor market. In the largest increase since the current expansion began (1991:IIQ), the index of straight-time wages and salaries rose 4% in the year ending this September. Increases in the index of benefits costs, while lower, are rising rapidly.