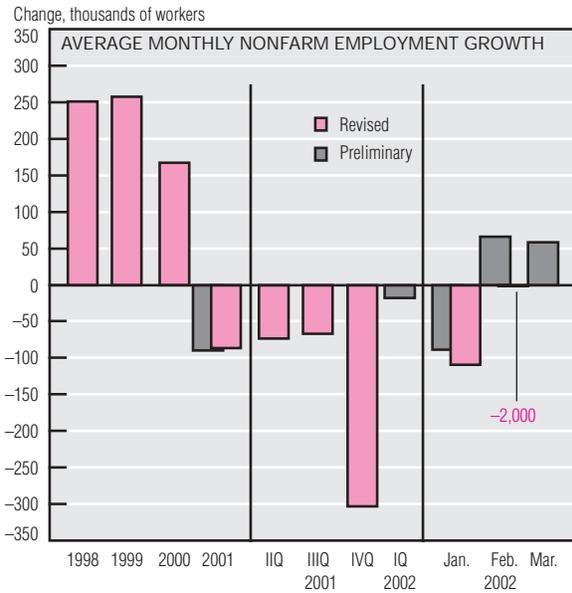
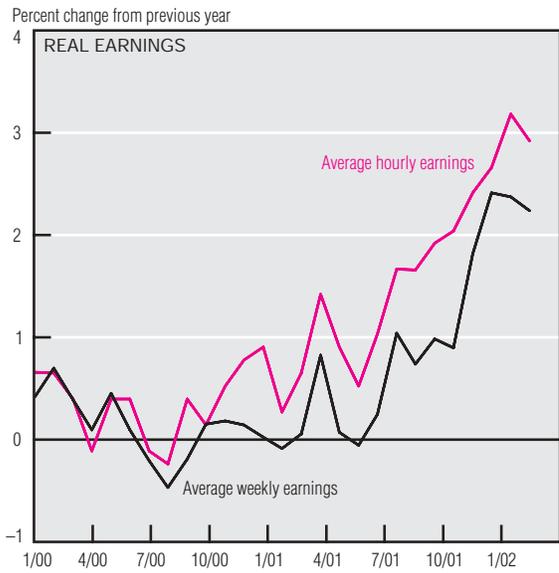
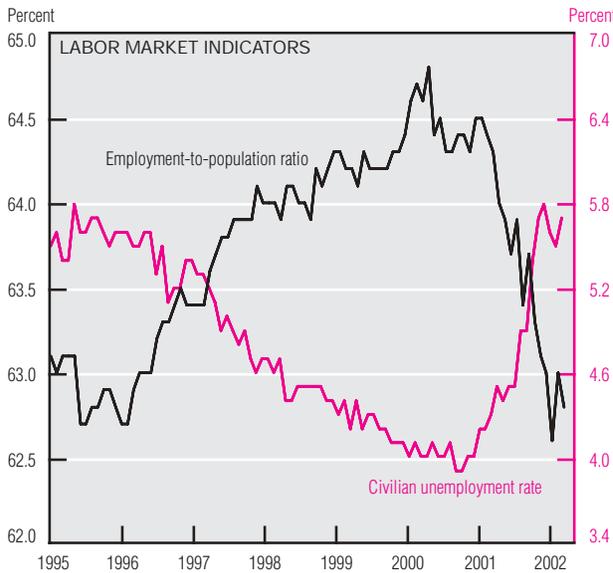


Labor Markets



| | Average monthly change (thousands of employees) | | | | |
|------------------------------|---|------|------|------|------------|
| | 1998 | 1999 | 2000 | 2001 | March 2002 |
| Payroll employment | 251 | 257 | 167 | -87 | 58 |
| Goods-producing | 22 | 7 | 8 | -103 | -77 |
| Mining | -3 | -3 | 1 | 1 | -2 |
| Construction | 37 | 26 | 18 | 5 | -37 |
| Manufacturing | -13 | -16 | -12 | -109 | -38 |
| Durable goods | -2 | -5 | 1 | -79 | -31 |
| Nondurable goods | -11 | -11 | -13 | -31 | -7 |
| Service-producing | 230 | 250 | 159 | 16 | 135 |
| TPU ^a | 20 | 18 | 14 | -16 | -6 |
| Wholesale and retail trade | 40 | 59 | 34 | -14 | -8 |
| FIRE ^b | 22 | 7 | 0.0 | 4 | -6 |
| Services ^c | 120 | 131 | 93 | 5 | 118 |
| Government | 28 | 35 | 18 | 37 | 37 |
| Average for period (percent) | | | | | |
| Civilian unemployment rate | 4.5 | 4.2 | 4.0 | 4.8 | 5.7 |



NOTE: All data are seasonally adjusted.

a. Transportation and public utilities.

b. Finance, insurance, and real estate.

c. The services industry includes travel; business support; recreation and entertainment; private and/or parochial education; personal services; and health services.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Although nonfarm payroll employment added 58,000 jobs in March, the indicators still appear weak. In the most recent Labor Department estimate, February employment change was revised downward from a net gain of 66,000 to a net loss of 2,000. Preliminary data suggest that throughout 2002:IQ, there was an average monthly loss of 18,000 jobs, but this was much less than the average monthly loss of 303,000 jobs posted in 2001:IVQ.

In March, as in previous months, service-producing industries added

employment, while goods producers continued to cut it. Goods-producing industries posted a net loss of 77,000 jobs, with construction declining almost as much as manufacturing. However, this is the smallest monthly loss for manufacturing since December 2000. The gains in service-producing employment result from the combined increase of more than 150,000 jobs in services and government, while the other components declined slightly.

Reversing February's improvement, the unemployment rate rose

again to 5.7% (up 0.2 percentage points) and the employment-to-population ratio fell to 62.8%. Since October 2001, the unemployment rate has remained within 0.2 percentage point of 5.6%.

Year-over-year real earnings increased steadily throughout 2001. Real average hourly earnings in January 2002 were more than 3% higher than in the same month in 2001, although the percent increase from February 2001 to February 2002 was smaller. Real average weekly earnings followed a similar trend.