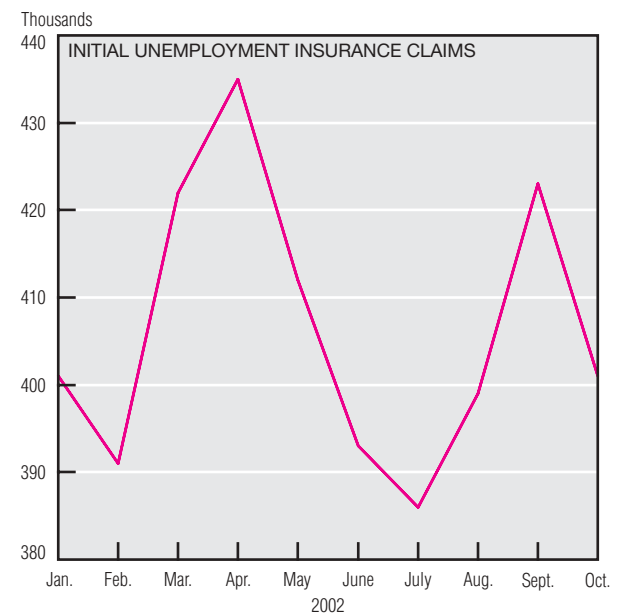
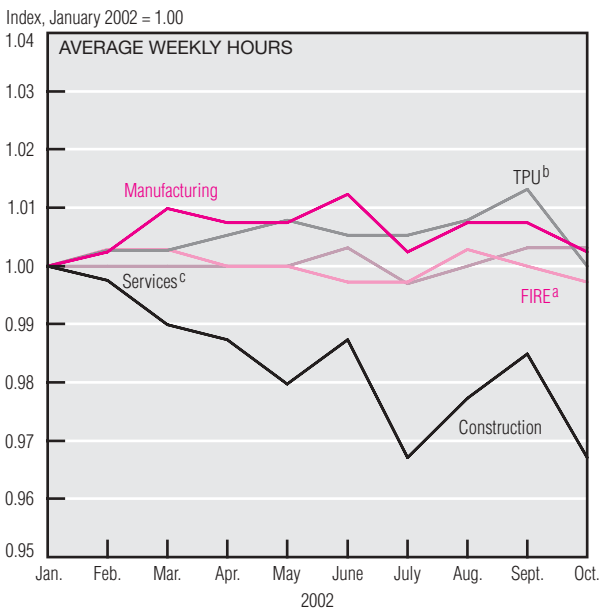
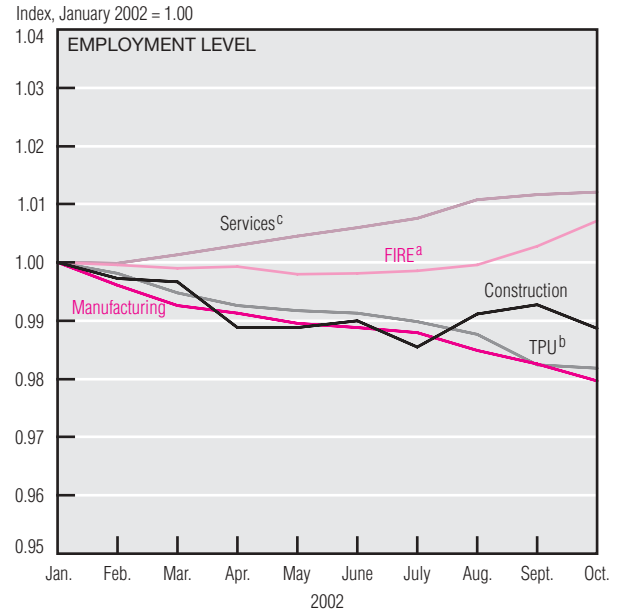
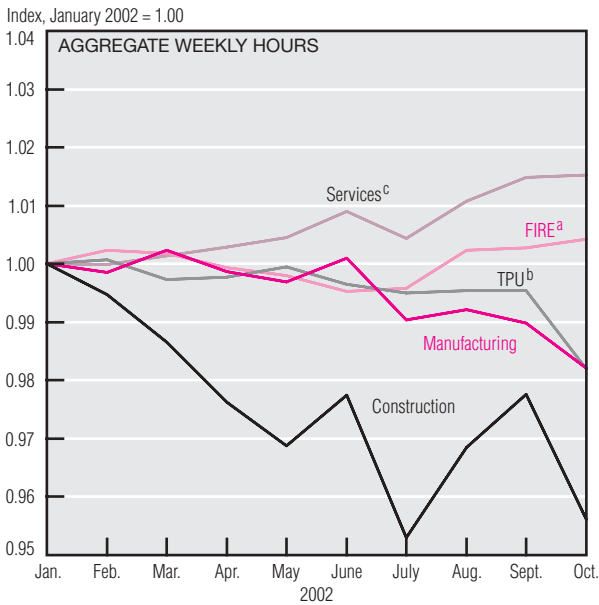


The Economy's Health



NOTE: All data are seasonally adjusted.

a. Finance, insurance, and real estate.

b. Transportation and public utilities.

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.

Some have argued that the economy entered the recovery or expansion phase of the business cycle in January 2002; others say it is still too early to tell. These mixed signals are certainly evident in the labor market.

The economy's industries have behaved in various ways over the first 10 months of the year. To compare industries more clearly, the charts show each industry's employment, hours, and aggregate hours indexed to 1.0 for January 2002.

Aggregate weekly hours show how differently these industries have performed so far this year. For the

services industry, aggregate weekly hours have risen approximately 1.5%; for construction, they have fallen about 4%; for manufacturing as well as transportation and public utilities, they have fallen roughly 1%.

Aggregate hours are the product of the employment level and average hours per week. Employment has fallen in manufacturing; construction; and transportation and public utilities. In finance, insurance, and real estate, employment has been mostly flat but has begun rising in the past few months. The services industry is the only one to show sustained employment growth. Some of these

changes may result from longer-run secular rises or declines, especially in manufacturing.

In terms of hours per week, the construction industry has declined substantially. In manufacturing and in transportation and public utilities, hours have risen moderately for much of the year. In every industry except construction, however, the level is about what it was at the beginning of the year.

Unemployment insurance claims, after bouncing around for the first 10 months of the year, are close to the level posted when 2002 began.