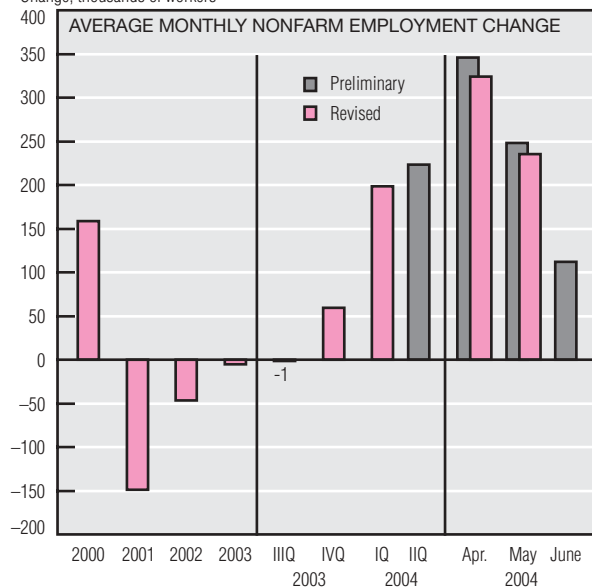


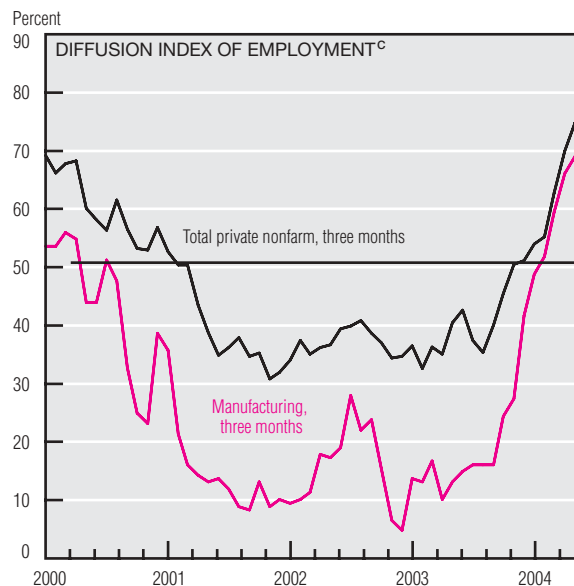
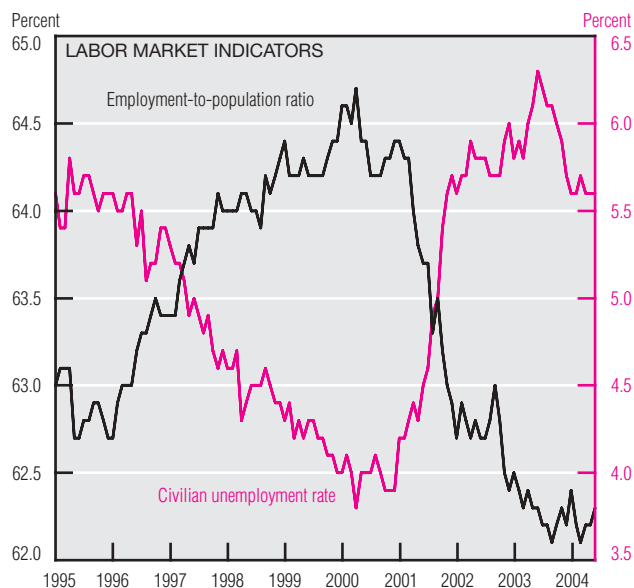
Labor Markets

Change, thousands of workers



Labor Market Conditions

	Average monthly change (thousands of employees, NAICS)				
	2001	2002	2003	YTD	June 2004
Payroll employment	-149	-47	-5	211	112
Goods producing	-124	-76	-42	35	-10
Construction	-1	-8	7	23	0
Manufacturing	-123	-67	-48	9	-11
Durable goods	-88	-48	-30	14	3
Nondurable goods	-35	-19	-18	-5	-14
Service providing	-25	29	37	176	122
Retail trade	-24	-11	-5	31	7
Financial activities ^a	8	6	6	10	6
PBS ^b	-63	-17	23	52	39
Temporary help svcs.	-37	2	15	18	12
Education & health svcs.	50	40	28	33	37
Leisure and hospitality	-1	-11	8	25	8
	Average for period (percent)				
Civilian unemployment rate	4.8	5.8	6.0	5.6	5.6



NOTE: All data are seasonally adjusted.

a. Financial activities include the finance, insurance, and real estate sector and the rental and leasing sector.

b. Professional and business services include professional, scientific, and technical services, management of companies and enterprises, administrative and support, and waste management and remediation services.

c. Percent of total private nonfarm (or manufacturing) industries with increased employment over three months plus half of those with unchanged employment.

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

Nonfarm payroll employment slowed after three months of robust growth, reporting a net increase of only 112,000 jobs in June. However, the average monthly jobs gain in 2004:IIQ was 224,000, up slightly from 198,000 in 2004:IQ. Since its decline of 2.7 million jobs between March 2001 and August 2003, nonfarm payroll employment has increased by more than 1.5 million jobs, gaining nearly 1.3 million since the beginning of 2004.

Goods-producing industries lost 10,000 net jobs in June, largely because of nondurable manufacturing's

net loss of 14,000 jobs. Total manufacturing jobs, which increased for four consecutive months by a total of 75,000 after nearly four years of contraction, declined by 11,000 jobs in June. Service-providing industries added 122,000 net jobs, down from the 236,000 average net gain in the previous three months. Jobs growth in the services industry was broad-based, with the most significant gains in the professional and business and the education and health services sectors. The unemployment rate remained at 5.6% for the third consecutive month, while the employment-to-population ratio

rose 0.1 percentage point to 62.3% in June. The labor force participation rate remained at 65.9%, its lowest in more than 15 years.

The diffusion index of employment gauges the share of industries where employment rose. Reflecting recent robust job growth, the three-month diffusion index in May reached its highest level since early 1998 for private nonfarm (74.8%) and manufacturing (69.0%) industries. Corresponding with June's lackluster growth, the diffusion index for private nonfarm and manufacturing industries declined to 66.4% and 62.5%, respectively.