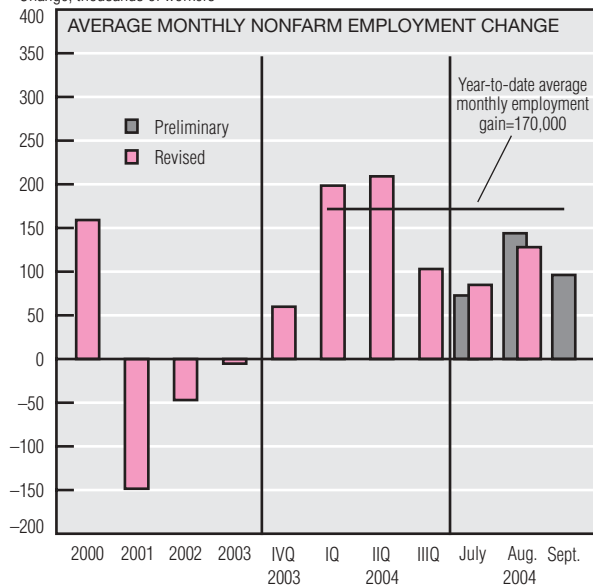


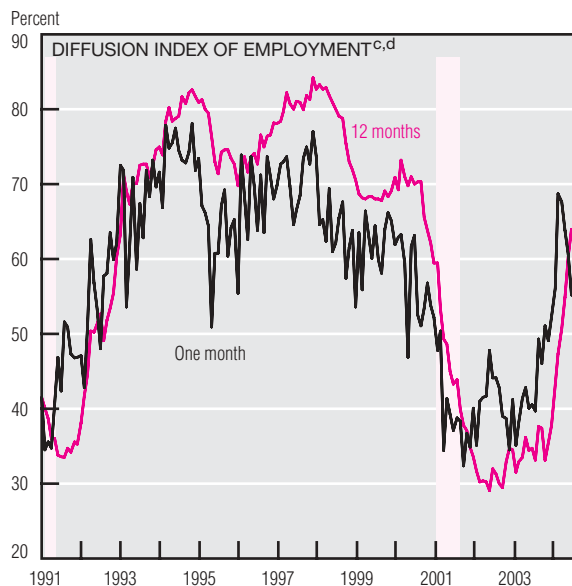
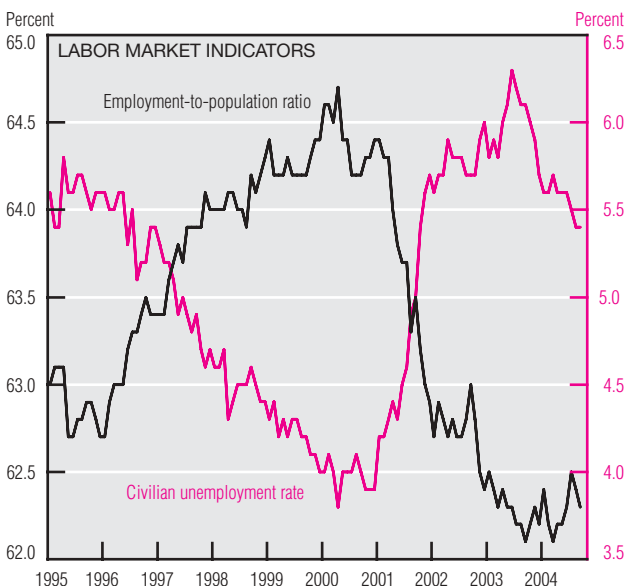
Labor Markets

Change, thousands of workers



Labor Market Conditions

	Average monthly change (thousands of employees, NAICS)				
	2001	2002	2003	YTD	Sept. 2004
Payroll employment	-149	-47	-5	170	96
Goods producing	-124	-76	-42	27	-13
Construction	-1	-8	7	17	4
Manufacturing	-123	-67	-48	7	-18
Durable goods	-88	-48	-30	12	-10
Nondurable goods	-35	-19	-18	-5	-8
Service providing	-25	29	37	144	109
Retail trade	-24	-11	-5	16	-15
Financial activities ^a	8	6	6	12	26
PBS ^b	-63	-17	23	42	34
Temporary help svcs.	-37	2	15	17	33
Education & health svcs.	50	40	28	24	8
Government	46	21	-4	11	37
	Average for period (percent)				
Civilian unemployment rate	4.8	5.8	6.0	5.6	5.4



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 nonfarm industries with increased employment over one month (or 12 months) plus half of those with unchanged employment.

d. Shaded areas indicate recessions as dated by the National Bureau of Economic Research.

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

In September, total nonfarm payrolls increased by 96,000. The Commissioner's Statement from the Bureau of Labor Statistics indicated that the hurricanes had no apparent impact on employment in September. The average monthly employment gain in the third quarter was 103,000, roughly half of the average gain for the first half of the year.

Manufacturing employment fell by 18,000 in September, the largest decline since December 2003. Service-providing industries added 109,000

net jobs, more than half of them in financial activities and temporary help services. Jobs in retail trade declined by 15,000 in September, the third consecutive monthly drop after average gains of 30,000 in the first half of the year. Government payrolls rose by 37,000 in September and 103,000 in the third quarter.

September's unemployment rate remained at 5.4%. It has fallen 0.3 percentage point (pp) this year after dropping 0.6 pp in the second half of 2003. The employment-to-population

ratio fell 0.1 pp in September to 62.3%; in contrast to unemployment, it has not changed significantly in the last 15 months.

The Diffusion Index of Employment measures the share of industries where employment rose in a given period. The one-month diffusion index was near 70 in March and April, when job gains peaked, but has fallen to just over 55 in the last three months. The 12-month index has risen 30 points this year, reaching its highest level since October 2000.