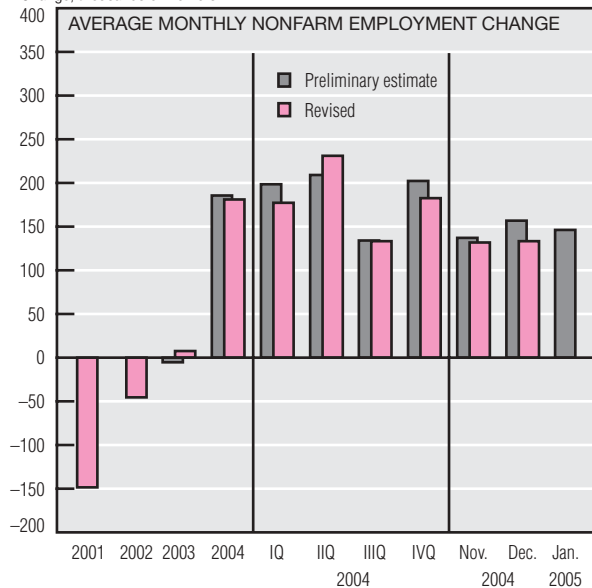


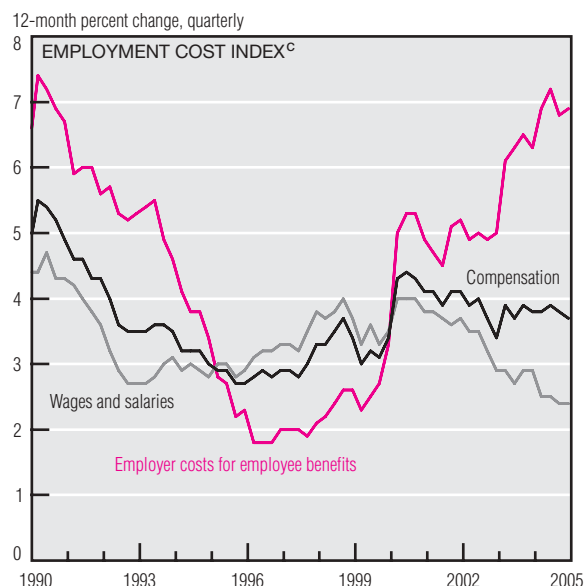
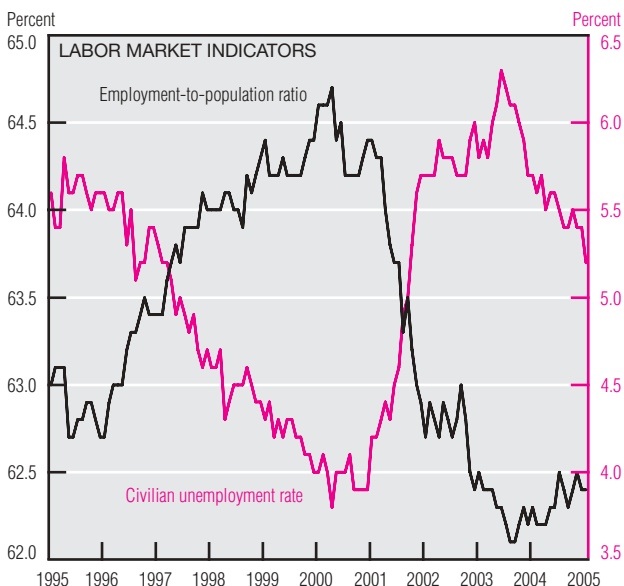
Labor Markets

Change, thousands of workers



Labor Market Conditions

	Average monthly change (thousands of employees, NAICS)				
	2001	2002	2003	2004	Jan. 2005
Payroll employment	-148	-45	8	181	146
Goods producing	-124	-76	-42	27	-31
Construction	-1	-7	10	22	-9
Manufacturing	-123	-67	-51	3	-25
Durable goods	-88	-48	-32	8	-12
Nondurable goods	-35	-19	-19	-5	-13
Service providing	-25	30	50	154	177
Retail trade	-24	-10	-5	13	19
Financial activities ^a	8	6	7	12	21
PBS ^b	-63	-17	22	43	25
Temporary help svcs.	-37	2	12	16	18
Education & health svcs.	50	40	30	34	35
Leisure and hospitality	46	21	-4	22	20
	Average for period (percent)				
Civilian unemployment rate	4.8	5.8	6.0	5.5	5.2



NOTE: All data are seasonally adjusted unless otherwise noted.

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. Data not seasonally adjusted.

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

Nonfarm payroll employment increased 146,000 in January. December's growth was revised down 24,000, although the employment level was raised 161,000 after the benchmark revision and updating of seasonal factors. Payroll employment declined by 2.7 million from February 2001 to May 2003, but has increased by the same number since then.

Service-providing industries increased by 177,000 jobs in January; education and health services contributed 35,000, approximating the monthly gain in 2004. Manufacturing

jobs fell by 25,000 in January, nearly half in the transportation equipment industry. After increasing 85,000 from January through August of last year, manufacturing payrolls have fallen by 61,000. Construction jobs fell 9,000, the first decline since February 2004, possibly because of adverse weather.

In January, the unemployment rate fell 0.2 percentage point (pp) to 5.2%, mostly the result of lower labor force participation. The unemployment rate has fallen more than 1 pp from its 6.3% peak in June 2003. The employment-to-population ratio, which changed

little during the same period, remained at 62.4% in January.

The Employment Cost Index, which measures changes in compensation costs not influenced by employment shifts across industries or occupations, rose 0.7% from 2004:IIIQ to 2004:IV; its components, wages/salaries and benefits costs, increased 0.4% and 1.4%, respectively; benefits accounted for more than 60% of the total compensation increase, continuing recent years' trends of accelerating benefits costs and declining wage and salary growth.