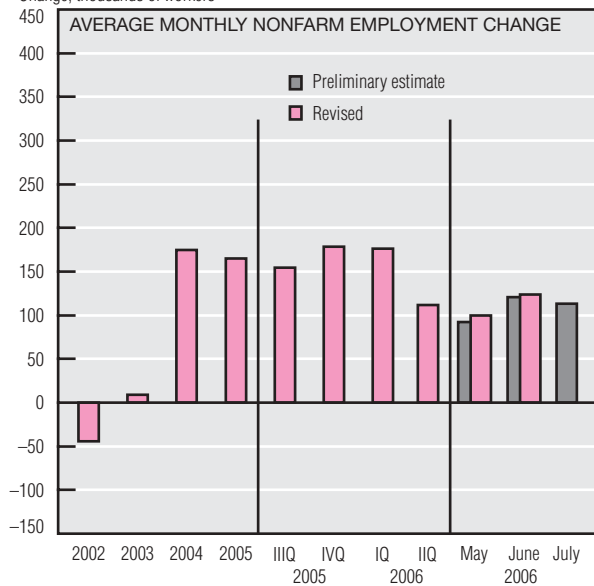


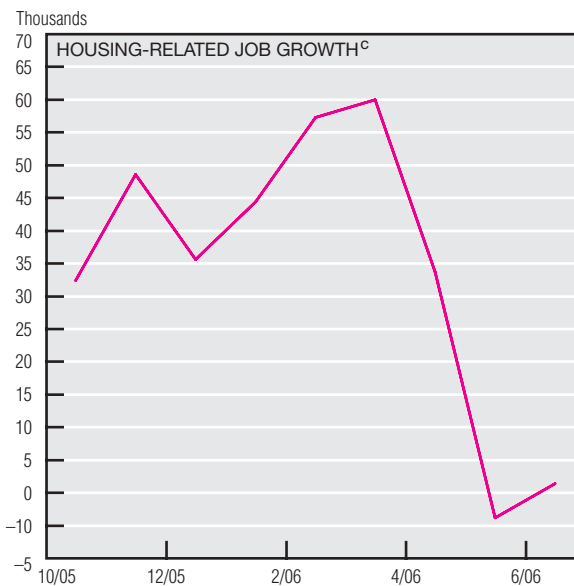
# Labor Markets

Change, thousands of workers



## Labor Market Conditions

	Average monthly change (thousands of employees, NAICS)				
	2003	2004	2005	Jan.-June 2006	July 2006
<b>Payroll employment</b>	9	175	165	144	113
<b>Goods producing</b>	-42	28	22	25	-2
Construction	10	26	25	14	6
Manufacturing	-51	0	-6	6	-15
Durable goods	-32	9	1	11	-10
Nondurable goods	-19	-9	-7	-5	-5
<b>Service providing</b>	51	147	143	120	115
Retail trade	-4	17	13	-13	0
Financial activities <sup>a</sup>	7	8	12	15	6
PBS <sup>b</sup>	23	40	41	32	43
Temporary help svcs.	12	13	14	-4	-2
Education & health svcs.	30	33	31	33	24
Leisure & hospitality	19	26	21	23	42
Government	-4	13	14	10	0
	<b>Average for period (percent)</b>				
Civilian unemployment rate	6.0	5.5	5.1	4.7	4.8



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. Three-month moving average of change in total employment in 10 housing-related industries.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; "U.S. Housing-Related Employment Growth Continues to Soften," [www.dismalscientist.com](http://www.dismalscientist.com), July 21, 2006.

Employment has grown steadily over the past three months. In July, non-farm payrolls increased by 113,000, which was less than the average monthly increase for 2005 (165,000), but in line with the 112,000 average monthly gain for 2006:IIQ.

Service-providing industries drove the increase in employment, adding 115,000 jobs.

The strongest gains were in professional and business services (43,000),

education and health services (24,000), and leisure and hospitality (42,000). Manufacturing created most of the drag on employment growth, decreasing by 15,000 jobs in July and largely offsetting its 22,000 increase in June.

The civilian unemployment rate increased from 4.6% to 4.8% in July. The labor force increased by 213,000, while the participation rate remained unchanged. The employment-to-

population ratio remained largely unchanged at 63.0%.

Weakness in the housing market may be filtering through to the labor market. Housing-related employment growth—comprised of 10 construction, retail and wholesale, finance, and service industries that are sensitive to housing market trends—has slowed dramatically in the last two months.