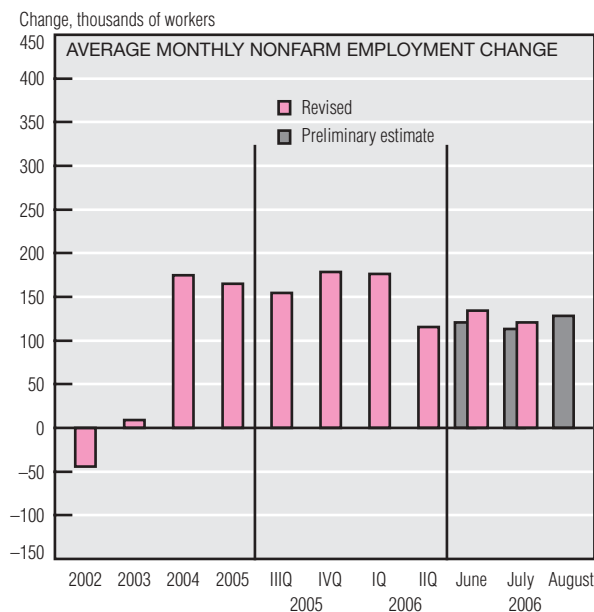
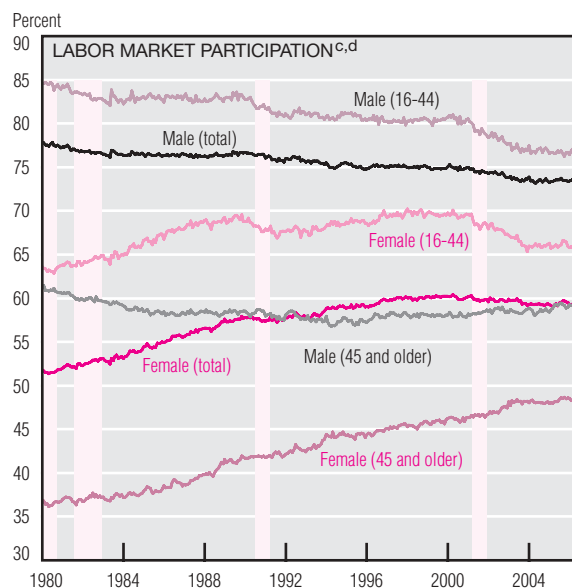


# Labor Markets



## Labor Market Conditions

	Average monthly change (thousands of employees, NAICS)				
	2003	2004	2005	Jan.- July 2006	August 2006
<b>Payroll employment</b>	9	175	165	142	128
<b>Goods producing</b>	-42	28	22	20	10
Construction	10	26	25	13	17
Manufacturing	-51	0	-6	2	-11
Durable goods	-32	9	1	6	-8
Nondurable goods	-19	-9	-7	-4	-3
<b>Service providing</b>	51	147	143	122	118
Retail trade	-4	17	13	-11	-14
Financial activities <sup>a</sup>	7	8	12	14	10
PBS <sup>b</sup>	23	40	41	35	26
Temporary help svcs.	12	13	14	-3	3
Education & health svcs.	30	33	31	32	60
Leisure & hospitality	19	26	21	23	10
Government	-4	13	14	13	17
	<b>Average for period (percent)</b>				
Civilian unemployment rate	6.0	5.5	5.1	4.7	4.7



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. Seasonally adjusted.

d. Shaded bars represent recessions.

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

Nonfarm payrolls increased by 128,000 in August, a number identical to the three-month average of 128,000. Service-producing industries drove the increase, adding 118,000 jobs. Health and education services accounted for almost half of the increase (60,000), largely from an addition of 34,800 jobs in health care. Manufacturing's job losses lessened from -24,000 in July to -11,000 in August, contributing to the overall improvement in employment. The biggest drag on employment was retail trade, which decreased by 13,500

jobs. Temporary help services, often considered an indicator of the labor market's future condition, continues to show little or no growth.

This steady growth is boosting employment by just over 1% per year. Because the U.S. population is also increasing by just over 1% annually, this growth absorbs new workers as long as the participation rate stays fixed.

Indeed, the civilian unemployment rate was essentially unchanged (creeping from 4.8% to 4.7%), and the labor force participation rate held at 66.2%. The employment-to-population ratio

remained almost unchanged at 63.1%.

Labor participation rates have been stable recently, but there have been some important shifts within demographic groups. Young men and women have both been participating at significantly lower rates since the 2001 recession. In contrast, older workers of both sexes have increased their labor force participation. The future path of these supply trends will be an important determinant of how much employment growth will occur from month to month.