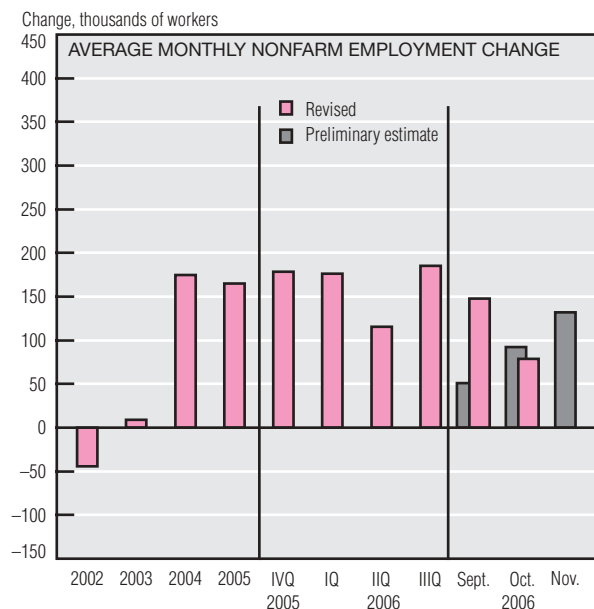
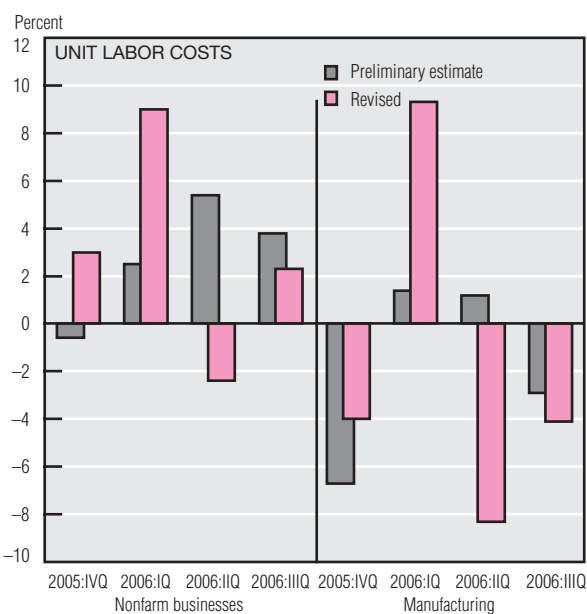


# Labor Markets



## Labor Market Conditions

	Average monthly change (thousands of employees, NAICS)				
	2003	2004	2005	Jan.- Oct. 2006	Nov. 2006
<b>Payroll employment</b>	9	175	165	151	132
<b>Goods producing</b>	-42	28	22	8	-40
Construction	10	26	25	7	-29
Manufacturing	-51	0	-6	-4	-15
Durable goods	-32	9	1	2	-13
Nondurable goods	-19	-9	-7	-6	-2
<b>Service providing</b>	51	147	143	144	172
Retail trade	-4	17	13	-9	20
Financial activities <sup>a</sup>	7	8	12	14	11
PBS <sup>b</sup>	23	40	41	32	43
Temporary help svcs.	12	13	14	-4	5
Education & health svcs.	30	33	31	38	41
Leisure & hospitality	19	26	21	28	31
Government	-4	13	14	23	28
	<b>Average for period (percent)</b>				
Civilian unemployment rate	6.0	5.5	5.1	4.7	4.5



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.

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

Nonfarm payrolls grew by 132,000 in November. This moderate increase was accompanied by the Labor Department's net upward revision of 84,000 jobs for the previous two months. November's increase was above expectations but slightly below the three-month average of 138,000.

Service-providing industries added the most jobs (172,000), led by professional and business services (43,000). Educational and health services (41,000) and leisure and hospitality (31,000) were also buoyant. Goods-producing industry payrolls continued to sink, losing 40,000 jobs in

November. Weakness in the homebuilding and remodeling sectors drained jobs from the construction industry (-29,000). Manufacturing was also weak; its 15,000 payroll reduction occurred mainly in the durables sector (-13,000).

The civilian unemployment rate edged up from 4.4% in October to 4.5% in November, which is still below the first nine months of the year, when the rate ranged from 4.6% to 4.8%. The labor force participation rate was largely unchanged at 66.3% and the employment-to-population ratio held at 63.3%.

Unit labor costs hinted at inflationary pressure in the labor market early in the year, but the recent dramatic revisions do not. Nonfarm business costs fell a net 9.3% in the last two quarters, with the most severe adjustment (from 5.4% to -2.4%) in 2006:IIQ. Manufacturing costs fell a net 10.7% in the last two quarters, most dramatically (from 1.2% to -8.3%) in 2006:IIQ. The revised data suggest that the labor market will exert less pressure on inflation than previously was thought.