Labor markets showed no signs of weakening in July. The unemployment rate remained a low 4.3%, and nonfarm payrolls showed a solid increase. The strong labor market report may be the first sign of continued robust economic growth in 1999:IIIQ.

Jobs rose 310,000 in July, the second month of above-average growth. Despite its loss of nearly a half-million jobs since March 1998, the manufacturing sector rebounded in July by adding 31,000 (after seasonal adjustment). This was the first increase since August 1998, when striking General Motors employees returned to work. All of the rise in manufacturing jobs came in durable goods industries, notably electronics equipment and furniture.

Although manufacturing jobs rose, only 42% of 139 manufacturing industries reported payroll increases for the three months ending in July. Service-producing industries continued to make impressive gains, increasing their payrolls about 1.5 million for the year to date. Help-supply services (temporary employment agencies) posted their largest jobs increase in 18 months. Overall, 57% of the industries surveyed reported adding jobs to their payrolls.

The unemployment rate was unchanged in July, while the employment-to-population ratio fell slightly to 64.1%.