Despite a slowing in employment growth, labor markets generally remained strong in August. The unemployment rate fell to a 29-year low of 4.2%. Employment growth declined significantly from a healthy 310,000 jobs in July to only 124,000 in August. Although it fell short of expectations, employment growth has increased by over 2% for the last two months, suggesting that the economy will remain robust.

Manufacturing employment returned to its yearly trend by decreasing 63,000 jobs in August, following a significant July increase. Declining employment in apparel and industrial machinery contributed to the August contraction, which was double the 1999 monthly average. However, motor vehicle and electrical equipment manufacturing have added 14,000 and 8,000 jobs, respectively, to their payrolls over the last two months. Construction employment decreased by 29,000 jobs, nearly as many as had been added in the previous two months.

Most employment growth came from the service-producing sector. The slightly above-average increase in narrow services (132,000 jobs) was buoyed by strong increases in computer and health services.

Years of solid employment growth have yielded a strong employment-to-population ratio, which remained unchanged at 64.1%.