Labor markets were mixed in September. Although the unemployment rate remained at its 29-year low of 4.2%, employers cut 8,000 jobs from payrolls. Hurricane Floyd contributed to the decline, the first in almost four years.

Buoyed by an increase of 370,000 jobs in July, average monthly employment increased 156,000 in the third quarter. This, however, is 50,000 fewer jobs than the 210,000 jobs added per month in the first half of 1999. The employment-to-population ratio remained at a near-record high of 64.1%.

Employment in the service-producing sector, which has averaged gains of 215,000 jobs per month in 1999, declined 9,000 jobs in September. Reductions in retail, help-supply services, and local, state, and federal government employment contributed to the September contraction. Manufacturing employment continued its downward trend, losing 21,000 jobs last month. However, declines in manufacturing employment averaged only 15,000 jobs in the third quarter, down from the 36,000 jobs per month lost over the first half of the year. Employment in construction continued to fluctuate, adding 21,000 jobs in September after losing 29,000 jobs the previous month.

Since September 1998, average hourly earnings have risen 3.8%, compared to a 3.1% increase during the current expansion.