The downward trend in payroll employment continued in May, with a net loss of 19,000 jobs, but this was a considerable improvement over April’s loss of 182,000 jobs. After Bureau of Labor Statistics revisions to previous monthly figures, May was the second consecutive month of net job losses.

Manufacturing’s large job losses continued, bringing that industry's year-to-date net loss to 470,000. The slowdown in services seems to have moderated in May, with a net gain of 70,000 jobs. Losses in business services (due to areas other than help supply services) persisted, as did weakness in hotel and lodging employment. Growth in social, health, and educational services remained strong. Growth in finance, insurance, and real estate (a net gain of 22,000 jobs) was concentrated in commercial and mortgage banking.

The unemployment rate fell 0.1 percentage point in May, leaving the employment-to-population ratio virtually unchanged. The civilian labor force dropped a modest 485,000 jobs to 141.3 million, and the labor force participation rate fell to 66.8%.

Manufacturing employment has fallen almost continuously since April 1998, when it reached its peak for the current expansion. Over the same period, services employment has grown at an average annualized rate of 3.4%. Services employment growth has moderated in recent months, presumably reflecting the loss of jobs that formerly supported the manufacturing sector.