Nonfarm payroll employment posted a net loss of 114,000 jobs in June, a dramatic reversal of May’s (revised) net gain of 8,000 jobs. June’s preliminary figure shows the second considerable loss in the last three months. Average payroll employment showed a net loss of 103,000 jobs from 2001:IQ to 2001:IIQ.

Goods-producing industries once again reported substantial net losses (another 113,000 jobs in manufacturing and 7,000 in construction). On the other hand, growth in retail trade (up 18,000) and government employment (up 24,000) contributed to a net gain of 5,000 jobs in the service-producing jobs, a relatively small gain for that sector. The decline in service industry jobs between the ends of calendar quarters (a net loss of 19,000 from March 31 to June 30) marked the first such period in 40 years that the industry failed to add jobs.

The June unemployment rate of 4.5% held steady; the rate has equaled either 4.4% or 4.5% in each of the last three months. The rate is a slight increase over the average of 4.2% for 2001:IQ. The employment-to-population ratio has continued its slow but steady decline, falling to 63.7% in June.

The numbers of initial unemployment insurance claims and layoff events over the past four months have been higher than in previous years. While seasonality contributes to December job-loss peaks, last year’s were higher than usual (326,743 claimants and 2,677 events) due to layoffs in auto manufacturing, motion pictures, and department stores.