Nonfarm payroll employment fell again in August by 113,000 jobs, reversing the gains made in July. Revised data for July, as for previous months, now show more favorable employment conditions than previously reported: Instead of a net loss of 42,000 jobs, the revised figures show a net gain of 13,000 jobs.

The sharp decline posted in August is attributed to another large drop in manufacturing employment, combined with drops in transportation and retail trade. Manufacturing accounted for a net loss of 141,000 jobs, dwarfing the 5,000 gain in construction to round out the goods-producing sector. Since July 2000, manufacturing has lost more than a million jobs. Most other industries posted small or moderate gains in employment.

The unemployment rate is now 4.9%, a full percentage point higher than October 2000 and its highest level in nearly four years. The unemployment rate took three years to drop a percentage point (from 4.9% in September 1997 to 3.9%), but less than one year to return to 4.9%.

However, consistent with continued growth in the labor force, 4.7 million more people are employed today than in September 1997. The employment-to-population ratio fell half a percentage point in August to 63.4%, its lowest level since February 1997.