Payroll employment dropped sharply in October, posting an unusually large preliminary loss (415,000 jobs net). This decline is twice as large as September’s and the largest recorded since May 1980. Revisions for August, however, show that job losses were only half of what had been reported earlier, although September’s revisions were minor.

Declines in payroll employment were recorded in every industry except government and finance, insurance, and real estate, which made net gains of 24,000 and 5,000 jobs, respectively. Manufacturing continued its downward slide with a net loss of 142,000 jobs; overall, the goods-producing industries lost 174,000 jobs. Service producers were hardest hit, with a 241,000 net job loss for the month. This was the fourth and most drastic decline this year in a sector that previously had experienced only one monthly decline since 1991. It was the sector’s largest drop since August 1983. Retail employment fell by 81,000; many businesses do not seem to be adding the holiday jobs that typically start in October.

In the household employment survey, the unemployment rate soared to 5.4%, half a percent more than last month and the highest rate in nearly five years. The employment-to-population ratio fell to 63.3%, 0.4% lower than September.

The 52-week percent change in initial unemployment insurance claims shows that every week of 2001 has had more claims than the corresponding week in 2000. In the weeks following September 11, nearly 80% more claims were made than in the corresponding weeks last year.