Nonfarm payroll employment fell 124,000 in December, a much smaller decline than those of October and November. In addition, revisions to the October and November data show larger declines than initially reported. Preliminary estimates for 2001 show an average monthly loss of 90,000 jobs, the highest such figure since 1982. In 2001:IVQ, average monthly losses were the steepest posted since 1980:IIQ. Employment in goods-producing industries continued to fall, with net job losses amounting to 133,000. Service-producing industries added 9,000 jobs, but the gains that occurred in the service and government sectors were offset by substantial losses in wholesale and retail trade (87,000 jobs). Most of these losses were in retail, which did not follow its typical holiday hiring pattern. In 2000, only manufacturing posted average monthly job losses; in 2001, transportation and public utilities as well as retail trade joined manufacturing in posting such losses. The service-producing industries’ job gains in 2001 were far below the levels achieved in the three earlier years.

The civilian unemployment rate is now at 5.8%, which is 0.1 percentage point higher than November’s level and the highest reached since April 1995. The employment-to-population ratio has dropped to 63%, its lowest point since May 1996.

Since the beginning of 2001, initial unemployment insurance claims have increased across industries. While monthly increases in claims follow seasonal business and production cycles, their peaks and troughs were generally at higher levels during 2001 than in previous years.