Labor Markets

Nonfarm payroll employment posted a net loss of 40,000 jobs in November. Employment numbers for October and September, however, have been revised upward by 11,000 and 9,000, respectively. Instead of a loss, it now appears that 6,000 jobs were added in October.

The goods-producing industries continued their decline with a net loss of 51,000 jobs in November, while service-producing industries continued their rise with a net gain of 11,000 jobs. Manufacturing employment fell 45,000, consistent with the industry’s average monthly decline since the beginning of 2002. Over the past two years, manufacturing as a whole has shown a net loss of 388,000 jobs. Construction declined only slightly in November, in comparison to its net loss of 22,000 jobs the previous month. Jobs in help supply services declined for the second consecutive month, this time by 23,000. Health services added 27,000 jobs, accounting for about half of all services gains. Employment in wholesale and retail trade fell sharply for a net loss of 44,000. After posting large gains in October, government added only 8,000 jobs in November. Finance, insurance, and real estate continued to gain jobs, although the gains were smaller than in recent months.

The unemployment rate rose to 6.0%, 0.3 percentage points higher than last month. This matches the level reached in April of this year. The employment-to-population ratio fell 0.4 percentage points to 62.5, the lowest so far this year.

Total compensation, as measured by the Employment Cost Index, rose at a rate of 3.7% between 2001:IIIQ and 2002:IIIQ. This was its slowest rate in three years. The wage component grew at a 3.2% rate, its slowest since early 1996. Benefits increased at a 4.9% rate, far outpacing wage cost growth.