Total nonfarm payroll employment fell by 44,000 jobs in July after dropping a revised 72,000 jobs in June, more than double the June losses reported in the preliminary estimate. Since January 2003, payroll employment has diminished by 486,000 jobs.

Manufacturing continued to shed jobs, posting a large net loss (71,000 jobs) in July, partly because of shutdowns for retooling in the motor vehicle industry. Employment in manufacturing has decreased more than 1.8 million jobs since July 2000. Construction continued to show strength, adding 6,000 jobs in July.

Employment in service-providing industries grew 23,000, with the biggest gain posted by professional and business services (73,000), this industry’s largest gain since April 2000. Leisure and hospitality showed a net increase of 13,000 jobs. Financial services continued adding jobs (7,000). Employment losses in information services persisted (down 8,000 jobs), the ninth consecutive monthly decline; losses also continued in state and federal government (down 10,000); and in education and health services (down 1000).

The unemployment rate in July fell 0.2 percentage points to 6.2% as a result of the labor force contraction. Some 556,000 fewer job seekers were reported as the labor force shrank. The employment-to-population ratio inched down 0.2 percentage points to 62.1.

Initial unemployment insurance claims fell to 388,000 in the week ending July 26, the third consecutive weekly decline and the lowest level since February, which suggests an improving labor market. The number of continued claims remained high, however, reaching about 3.65 million in the week ending July 19.