Total nonfarm payroll employment increased by 126,000 jobs in October. Employment numbers for September and August have been revised upward considerably: Instead of a net loss in August, there was a net gain of 35,000 jobs; for September, the net gain was revised upward by 68,000, reaching a total of 125,000 jobs.

Service providers showed a net gain of 143,000 jobs in October, with 56,000 jobs from education and health services alone. Professional and business services and leisure and hospitality services both remained strong, increasing by 43,000 and 23,000 jobs, respectively. Government employment increased by 10,000 jobs in October, and gains for both August and September were revised upward substantially. Employment in manufacturing continued its downward trend but at a much slower pace, losing 24,000 jobs in October, well below the monthly average net loss of 53,000 in the previous 12 months.

Information services, another industry that has been weak throughout 2003 so far, continued to shed jobs, posting a net loss of 8,000 in October.

The unemployment rate in October fell 0.1 percentage point to 6.0%, and the employment-to-population ratio rose 0.2 percentage point to 62.2%.

Another positive feature of this report is the greater breadth of employment gains. The three-month diffusion index reports the share of detailed industries in which employment is increasing. For total private employment, the index measured 48.2% in October, the highest since the March 2001 peak. The manufacturing index rose to 26.8%, its strongest reading since July 2002.