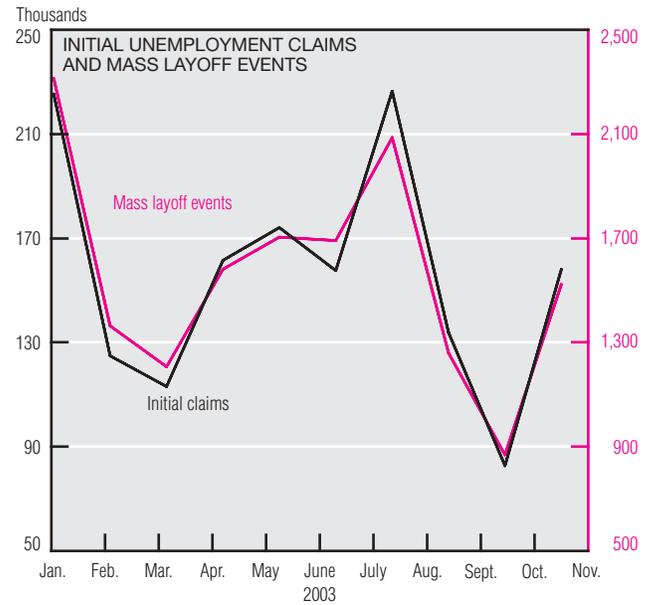
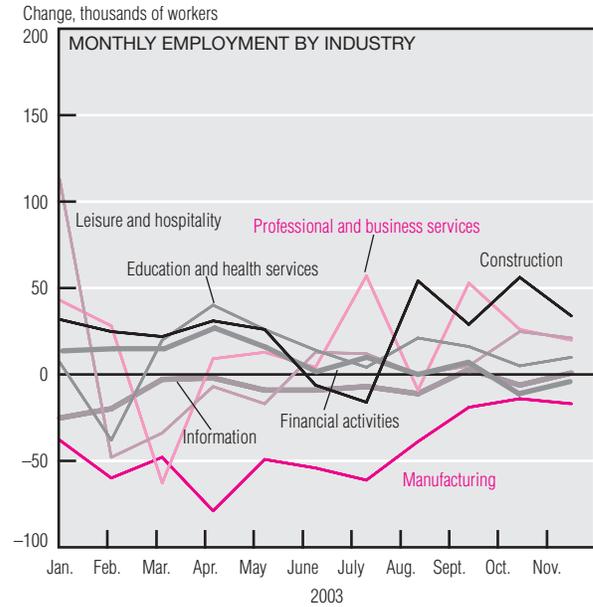
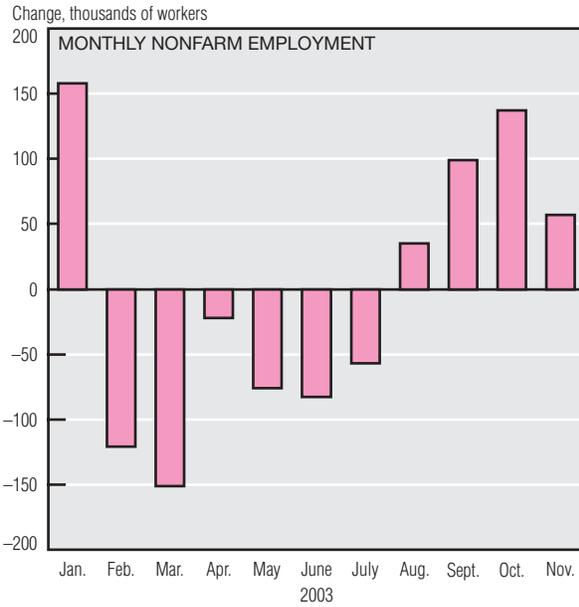


Employment Trends



NOTE: All data are seasonally adjusted unless otherwise noted.

The labor market's 2003 performance was mixed, with disappointing numbers for the first half of the year and significant improvement in the final four months. From the beginning to the middle of the year, total nonfarm employment posted net losses; after August, payroll employment increased by 328,000 jobs. Employment trends across industries such as professional and business services, education and health services, and construction have strengthened in 2003. In recent

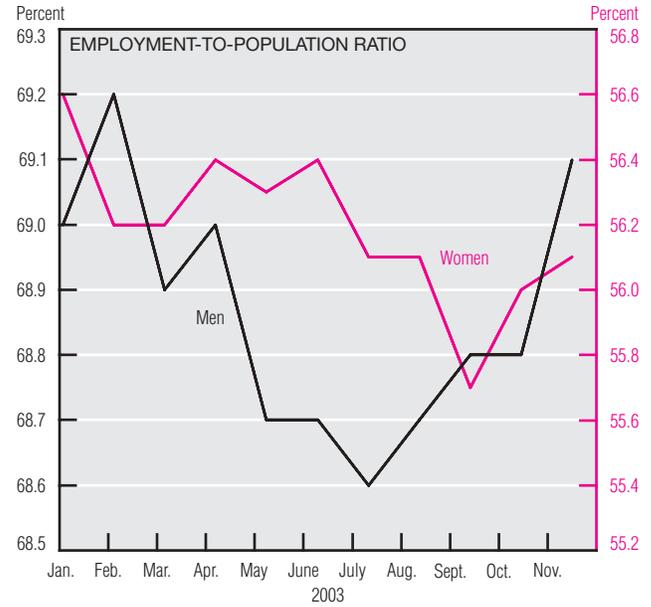
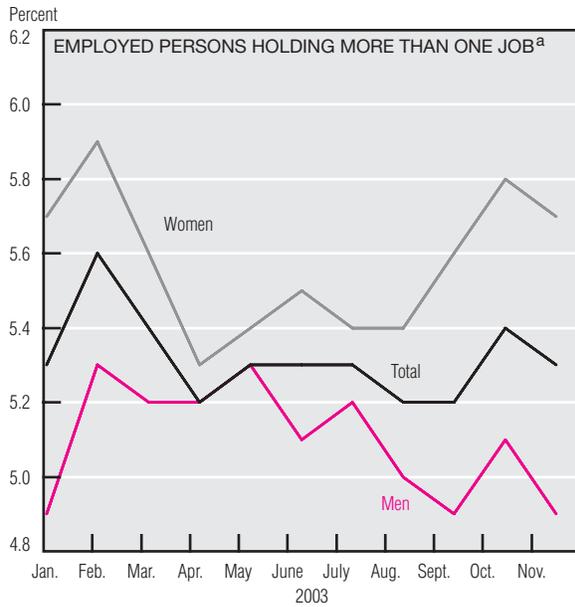
months, job gains have been increasingly broad based. By November 2003 (the latest available data), the share of industries that reported a net increase in employment was at its high for the year. Since 2001, the long-suffering manufacturing industry has posted a net loss of 2.5 million jobs; in recent months, that number has begun to decline.

The diffusion index of employment shows whether establishments' payroll has increased, decreased, or stayed

the same. An index score of 50 means that the number of establishments where employment increased equaled the number where it decreased. The diffusion index' one-month span for total private employment approached 50 in September for the first time in 2003, then continued to rise, reaching 54.7 in November. The manufacturing sector's index varied between 19 and 42 in 2003 until hitting 42.3 in November. Over the course of the year, the numbers of

(continued on next page)

Employment Trends (cont.)



NOTE: All data are seasonally adjusted, unless otherwise noted.

a. Not seasonally adjusted.

layoff events and initial unemployment insurance claims declined. Although they trended upward again in recent months, they remained below the levels recorded at the beginning of 2003.

In January 2003, the share of men holding more than one job increased, then decreased, until the year-end figure was close to January's. From February to April, the corresponding figure for women declined precipitously but it regained its share over

the course of the year. The employment-to-population ratio for men fell in the first few months of 2003 and then rose to 69.1 by November. For women, it fell over the course of the year. The overall unemployment rate varied between 5.7% and 6.4%, reaching 5.9% in November. The jobless rate for all groups rose in the first half of 2003. Although it trended downward in the second half of the year (except for teenagers), it was nonetheless higher in November than in January

2003. The share of those unemployed for a short duration (less than five weeks) and those with a medium duration (five to 14 weeks) fell over the past year, but the share of those unemployed for a longer duration (15 weeks or more) rose significantly. At the beginning of 2003, 37% were unemployed for 15 weeks or more; by year's end that number had risen to 41%; for those unemployed less than five weeks, the share fell from 32.6% to 30.1% over the same period.