Nonfarm payroll employment grew 112,000 in November after increasing 303,000 in October. Employment gains for September and October were revised down a total of 54,000. Following a drop of 2.7 million from April 2001 to August 2003, employment has grown 2.3 million.

Manufacturing employment fell 5,000 in November and has changed little since its increase of 75,000 from March through May. Construction added 11,000 net jobs following October’s hurricane-related increase of 65,000. Employment in service-providing industries grew 104,000 in November after October’s 241,000 increase. About half of this drop-off was in professional and business services, which added 28,000 net jobs in November, compared to the 100,000 net jobs gained the month before. Retail trade employment fell 16,000 in November; since its increase of 179,000 in the first half of the year, it has fallen 23,000. The leisure and hospitality industry added 34,000 net jobs in November, the second-largest gain since January 2003.

In November, the civilian unemployment rate fell 0.1 percentage point and the employment-to-population ratio rose 0.2 percentage point. Over the year, both indicators have improved 0.3 percentage point.

Increased employment growth in the 2003:IVQ and the 2004:IQ resulted largely from rising gross job gains (gains at opening and expanding firms). Gross job gains and equipment and software investment have followed similar patterns since 1992, consistent with the hypothesis that investment and hiring decisions are related.