Total nonfarm payroll employment increased by 169,000 in August. Although the month’s gains were below the consensus estimate, the economy’s average monthly job gain of 195,000 over the last three months remains strong. June and July payrolls were revised up by a combined 44,000.

Gains in August were fairly widespread across sectors, with the exception of manufacturing. Notable increases were in construction (25,000), accommodations and food services (26,700), and health care (26,300). Manufacturing employment fell by 14,000 jobs in August, its third consecutive monthly decrease. Employment by motor vehicle and parts manufacturers fell by 8,000 jobs; this sector has accounted for almost half of all manufacturing jobs lost since August 2004.

The household survey, from which the unemployment rate is derived, continued to show an improving economy. The unemployment rate dropped to a four-year low of 4.9%, down 1/2 percentage point since February. The employment-to-population ratio rose to 62.9%, having risen 0.6 percentage point over the past six months.

One interesting aspect of the current business cycle is the pattern of average weekly hours. When compared to the previous “jobless” recovery of the early 1990s, the most recent recovery has brought little change in average weekly hours.

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a. Financial activities include the finance, insurance, and real estate sector and the rental and leasing sector.
b. Professional and business services include professional, scientific, and technical services, management of companies and enterprises, administrative and support, and waste management and remediation services.