Job growth was robust in 2005: Payroll employment, having increased by 2.0 million jobs during the year, finally exceeded the level it reached at the peak of the most recent economic expansion, in March 2001. (In previous economic recoveries, employment typically took no more than two years to regain the level it posted at the previous peak.) After its upwardly revised net gain of 305,000 in November 2005, nonfarm payroll employment rose by 108,000 in December. That was less than the average monthly job gain of 165,000 for October and November, as well as the average monthly gain of 168,000 for the year.

December employment growth was sustained in the service-providing industries (except retail trade, which lost 16,000 jobs). The month’s largest job gains came from professional and business services (33,000), education and health services (25,000), and leisure and hospitality (23,000). Manufacturing employment, which in 2004 posted its first calendar-year increase since 1997, declined by 51,000 in 2005. The unemployment rate, which has fluctuated between 5.1% and 4.9% over the past nine months, ticked down 0.1 percentage point to 4.9% in December after data revisions. The employment-to-population ratio remained at 62.8 for the fourth consecutive month.