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Statement of

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Commissioner
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Nonfarm payroll employment was unchanged (+1,000) in December following gains totaling 277,000 in the 4 previous months. The unemployment rate, at 5.7 percent in December, continued to trend down from its recent peak of 6.3 percent in June.

Over the month, job losses in retail trade and manufacturing were offset by small gains in several service industries and construction. The number of jobs in retail trade fell by 38,000 on a seasonally adjusted basis, as hiring for the holidays was less than usual in general merchandise stores and some other retail industries.

Employment in manufacturing continued to decline in December. The loss of 26,000 jobs was about in line with the average monthly decrease for September through November (21,000) but well below the average decrease for the first

8 months of the year (54,000). During 2003, manufacturers shed about half a million jobs. In December, the average workweek in manufacturing edged down by 0.1 hour and factory overtime was up by 0.1 hour.

Employment edged down in the transportation and warehousing industry over the month, largely due to a strike in warehousing. Banks and mortgage companies also reduced payrolls in December, reflecting reduced mortgage refinancing activity.

Within government, seasonal hiring in the postal service was smaller than usual, resulting in an employment decline after seasonal adjustment. Over the year, total government employment was down by 88,000, reflecting declines at the Federal and state levels. Local government employment was little changed over the year, compared with gains of 182,000 in 2002 and 368,000 in 2001.

Several industries added jobs over the month. Employment in professional and business services rose by 45,000. Within this industry, temporary help firms, which supply workers to other employers, added jobs for the 8th straight month, with employment increasing by 194,000 over the period. Job growth continued in education and health services in December. This industry gained 301,000 jobs in 2003, well below the increases of the prior 2 years.

Construction employment continued on the upward trend that began early in 2003. Since February, the industry has added 173,000 jobs, mostly in specialty trade contractors.

Average hourly earnings for production or nonsupervisory workers rose by 3 cents in December after a 1 cent gain the prior month. Over the 12 months ending in December, hourly earnings increased by 2.0 percent.

Turning to data from our survey of households, the number of unemployed persons, 8.4 million, and the unemployment rate, 5.7 percent, continued to trend downward in December. Since June, the rate has declined by 0.6 percentage point, and the number of unemployed has fallen by 847,000.

The labor force declined by 309,000 in December; the labor force participation rate—the number of people in the labor force as a percent of the population—declined by 0.2 percentage point to 66.0 percent. In December 2002, the participation rate was 66.4 percent.

It should be noted that this is the month in which we revise previously published seasonally adjusted household survey estimates. Data going back 5 years—to January 1999—are subject to revision. All of the seasonally adjusted household data in today's news release reflect these revisions.

In addition, beginning with this release, BLS has converted to the use of concurrent seasonal adjustment to produce seasonally adjusted labor force estimates from the CPS. Concurrent seasonal adjustment uses all available monthly estimates, including those for the most current month, in developing seasonal factors. This is a change from the previous practice of projecting seasonal factors for the CPS data twice a year. As a result of this change in methodology, BLS will no longer project seasonal factors for the CPS estimates. Historical seasonally adjusted household survey data will continue to be revised only at the end of each calendar year. BLS introduced the use of concurrent seasonal adjustment for the establishment survey data from the Current Employment Statistics program in June 2003.

In summary, nonfarm payroll employment was flat in December after 4 months of gains totaling 277,000. Job losses occurred over the month in retail trade and manufacturing, while there were gains in temporary help services and several other industries. The unemployment rate continued to trend down from its midyear high to 5.7 percent.