
Advance copies of this statement are made available to the press under lock-up conditions with the explicit understanding that the data are embargoed until 8:30 a.m. Eastern Standard Time.

Statement of

Kathleen P. Utgoff
Commissioner
Bureau of Labor Statistics

Friday, January 10, 2003

Nonfarm payroll employment declined by 101,000 in December, following a loss of 88,000 jobs in November (as revised). The unemployment rate held at 6.0 percent, after increasing in November. Despite modest growth in the spring and summer of 2002, payroll employment showed a net loss of 181,000 over the year.

The recent weakness partly reflects steeper job losses in manufacturing. In December, employment in the nation's factories declined by 65,000. Job losses in the industry deepened in recent months following more moderate declines in the spring and early summer. The bulk of the employment reductions in manufacturing have been in durable goods production, notably in the electrical equipment, fabricated metals, industrial machinery, and transportation equipment

industries. Nondurable goods industries, however, have not been immune to job loss. In December, there were sizable job losses in rubber and plastics and in printing and publishing. Over the year, overall manufacturing employment was down by nearly 600,000.

The manufacturing workweek increased by 0.3 hour to 40.9 hours in December, and factory overtime rose by 0.2 hour to 4.2 hours; both figures are about in line with the levels that prevailed for most of 2002.

There was a particularly large drop in retail trade employment in December (-104,000); many retailers hired fewer workers than usual for the month. The largest decline occurred in eating and drinking places, but there also were sizable job losses in food stores, auto dealerships, general merchandise stores, and miscellaneous retailers (such as toy stores). Over the year, employment in retail trade fell by 173,000. At the wholesale trade level, employment continued to drift down in December and declined by 65,000 over the year; these job losses occurred among distributors of durable goods.

Other industries ending the year with substantial job losses included the transportation industry, where employment fell by 23,000 in December, mostly in air transportation. Employment in communications also

continued to trend downward over the month. In recent months, the rate of job loss in this industry has slowed, but, for the year as a whole, the communications industry lost 100,000 jobs.

In December, job losses were partially offset by job growth in a few areas of the economy. The services industry added 73,000 jobs over the month and nearly 600,000 jobs over the year. In December, there was a large gain in amusement and recreation services (+28,000) and in hotels and other lodging places (+16,000). Health services continued to add jobs (+10,000), albeit at about half its average monthly pace for the past year. Within business services, there was a job gain of 19,000 in help supply services, on the heels of three consecutive monthly declines.

In the finance industry, mortgage bankers continued to bring on workers to cope with continued high levels of refinancing activity and the ongoing strength in the housing market. Real estate employment continued to trend upward, also boosted by the high volume of home sales. Together, these two industries added 82,000 jobs in 2002. Construction employment was little changed in December and has held at about 6.5 million since April 2002. The

industry continues to be supported by robust homebuilding activity.

Government employment changed little over the month but expanded by 257,000 over the year, compared with an increase of 463,000 in 2001. Over the past year, more than two-thirds of the growth was in local government with much of the remainder attributable to hiring for the Federal Government's Transportation Security Administration.

Average hourly earnings of production or nonsupervisory workers in the private sector rose by 5 cents to \$14.98 in December. Over the year, hourly earnings increased by 3.0 percent.

Moving on to the data from our survey of households, the unemployment rate held at 6.0 percent in December and the number of unemployed persons was essentially unchanged at 8.6 million. The jobless rate for adult women edged up over the month, but the rates for other major demographic groups were little changed. The number of persons jobless for 27 weeks or longer continued to trend upward; at 1.9 million in December, the ranks of the very long-term unemployed were up by 741,000 over the year. Total employment, as measured by the household survey, edged down in December, and the employment-to-population ratio declined to 62.3 percent.

In summary, data from our monthly establishment and household surveys suggest that the labor market weakened somewhat as the year 2002 came to a close. Nonfarm payroll employment declined in December for the second month in a row, and the jobless rate held at 6.0 percent, after increasing in November. In December, sizable job losses occurred in manufacturing and retail trade, more than offsetting job growth that was confined largely to services and industries that benefit from low mortgage interest rates and a robust housing market.