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Statement of

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Overall, labor market conditions remained relatively weak in March. Nonfarm payroll employment declined by 108,000 over the month, following a steep job loss of 357,000 in February (as revised). In March, job losses continued in manufacturing, retail trade, and transportation, and a job loss occurred in government. The unemployment rate held at 5.8 percent.

Looking in more detail at the March data from our survey of employers, manufacturing employment fell by 36,000. Since last July, factory job losses have averaged about 50,000 per month. In March, the losses were again widespread. In fact, there were no significant employment gains in any of the component manufacturing industries. The most notable job decrease occurred in industrial machinery (-8,000), where losses have totaled nearly

100,000 in the past year and more than 330,000 since the recession started 2 years ago. The manufacturing workweek was unchanged in March, at 40.8 hours, and factory overtime edged down by one-tenth of an hour to 4.0 hours.

Construction employment edged up by 21,000 in March, following a decline of 42,000 in February. On net, employment in the industry has been unchanged since April 2002.

Retail trade employment declined by 43,000 in March, mostly in eating and drinking places. Employment in retail trade has been trending downward since its peak in June 2001, and losses have totaled 470,000. Employment in wholesale trade was little changed for the third month in a row.

Employment in services was flat over the month, after sustaining a very large loss of 121,000 in February (as revised). Amusement and recreation services and hotels and other lodging places lost jobs on a seasonally adjusted basis, as each industry fell considerably short of its normal seasonal hiring in March. Agricultural services also failed to meet its normal March hiring, and, as a result, employment declined by 15,000 after seasonal adjustment. Employment in help supply services fell by 48,000 in March, the first loss in 4 months and the largest

since September 2002. Employment declines continued in computer and data processing services (-10,000). Job gains did occur elsewhere in services, however. For example, job growth in health services resumed, following a month in which employment was unchanged. Hiring in auto repair, educational, and social services also helped to moderate job losses in March.

The transportation sector suffered another job loss over the month. Since January 2001, job losses in the industry have totaled 301,000, more than half coming in the 3 months following the September 11 attacks.

Employment growth was quite tepid in mortgage banking in March. This industry accounted for 70 percent of job growth in the finance, insurance, and real estate industry over the past year, as more consumers sought to take advantage of low interest rates by buying homes or refinancing existing mortgages.

From March 2001, when the recession began, to February 2003, the government sector had added an average of 26,000 jobs a month. In March, however, employment declined by 40,000, with most of the loss occurring in local education.

In March, average hourly earnings for production and nonsupervisory workers rose by 2 cents to \$15.10. Combined with an unusually large increase of 9 cents in February (as

revised) and a 1-cent rise in January, the quarterly total of 12 cents is very much in line with its recent pace. Over the year, average hourly earnings grew by 3.1 percent.

Looking at some of our measures obtained from the survey of households, the March unemployment rate of 5.8 percent was the same as in February and within the 5.6-to-6.0-percent range that has prevailed since November 2001. The jobless rates for adult men and adult women were unchanged over the month, and the rates for other major worker groups were little changed.

There was little movement in other measures of unemployment as well. About 8.4 million persons were unemployed in March, of whom nearly 1.8 million had been jobless for 27 weeks or longer.

In summary, labor market conditions remained sluggish in March. Payroll job losses continued and the unemployment rate held at 5.8 percent.