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Statement of

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The decline in the nation's nonfarm payroll employment continued in April, although at a more moderate pace, and the unemployment rate rose to 6.0 percent. The modest decrease of 48,000 in payroll employment (-80,000 in the private sector) follows steep declines in February and March that totaled nearly half a million jobs.

Manufacturing had its largest job loss in 15 months. Travel-related industries, such as air transportation, hotels and lodging places, and amusement and recreation services, also were weak in April.

As measured by our survey of employers, factory payrolls lost 95,000 jobs in April, more than twice the average loss of the prior 12 months. Over-the-month declines were widespread, with notable losses in motor vehicles, fabricated metals, and electronic equipment. The

factory workweek fell by 0.3 hour to 40.5 hours in April, and overtime edged down by a tenth of an hour to 3.9 hours.

Employment declines steepened in airline transportation, which shed 18,000 jobs in April. This industry has lost an average of 11,000 jobs per month since January. Passenger air travel has accounted for most of the decline.

Services employment was little changed in April (+21,000), after losses totaling nearly 150,000 over the prior 2 months. Fewer workers than normal were hired in travel-related service industries in recent months, resulting in job losses on a seasonally adjusted basis in hotels and lodging places and amusement and recreation services. These two industries accounted for a total of 125,000 jobs lost from January to April. Health services, which added 13,000 jobs in April, remains a source of growth, although the pace of that growth has fallen since late last year. Over the month, employment increased in agricultural services and engineering and management services.

Employment was up in mining, which added 4,000 jobs over the month. Construction posted a small increase of 18,000 jobs in April, with a gain in employment in general building contractors. Despite modest job growth among

residential contractors since the recession began in March 2001, construction employment overall has declined by 225,000.

Employment rose by 35,000 in local government in April. The increase was concentrated in education reversing a decline over the prior 2 months.

Finance continued its positive employment trend. However, employment in mortgage banks and brokerages, which had exhibited strength throughout most of the past 2 years, was flat for the second month in a row.

Retail trade employment was little changed in April, following 2 months of decline. Job losses in department stores, largely reflecting store closings, outpaced a gain in eating and drinking places.

Average hourly earnings for production or nonsupervisory workers rose by 2 cents to \$15.11 in April, following a 1-cent increase (as revised) in the prior month. Over the past year, average hourly earnings increased by 3.1 percent.

Turning now to our survey of households, the unemployment rate rose in April to 6.0 percent. The jobless rate has ranged from 5.6 to 6.0 percent since November 2001. Over the month, the unemployment rate

increased for adult men; rates for other major worker groups showed little or no change.

The number of unemployed persons rose by 341,000 over the month to 8.8 million. About 1.9 million unemployed persons had been jobless for 27 weeks or more in April, and some 4.8 million employed persons were working part time even though they would have preferred a full-time schedule.

In April, the labor force increased by 680,000 persons as both employment and unemployment increased. The labor force participation rate rose by two-tenths of a percentage point to 66.4 percent.

In summary, the April data reflect continued weakness in the labor market. Nonfarm payroll employment declines slowed somewhat after 2 months of heavy losses. Notable April employment declines occurred in manufacturing and travel-related industries. The unemployment rate rose to 6.0 percent.