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Statement of

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Commissioner  
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The labor market remained sluggish in June. The unemployment rate rose to 6.4 percent, and total nonfarm payroll employment was essentially unchanged. Construction and some service-providing industries added jobs. These gains, however, were offset by the continuing erosion of employment in manufacturing, telecommunications, and air transportation, as well as losses in other industries. Thus far in 2003, payroll employment has decreased, on net, by 236,000.

Manufacturing employment was down by 56,000 in June. This is in line with its trend for the prior 12 months. Nearly all manufacturing industries have been shedding jobs for more than 2 years, and total factory employment has declined by 2.6 million since its most recent peak in July 2000. Over the month, manufacturing job losses were

widespread, with notable declines in primary metals, fabricated metals, machinery, textile mills, and plastics. Manufacturing hours and overtime were unchanged.

Employment in several other industries continued to trend down in June. Job losses occurred in the air transportation and telecommunications industries. Since March 2001, these industries have lost 123,000 and 202,000 jobs, respectively. In June, employment in wholesale and retail trade continued to wane; in retail, this decline occurred despite a job gain in building material and garden supply stores.

Elsewhere in the economy, employment in construction edged up in June for the fourth month in a row. Since February, the number of jobs in the industry has increased by 101,000. Within construction, residential building activity has been buoyed by low interest rates. These low rates also have benefited the credit intermediation industry, which includes mortgage banking. Employment in the credit industry continued to trend up in June and has risen by 249,000 since July 2000.

Job growth also continued in health care and social assistance; the industry has added 306,000 jobs over the year. In June, the largest employment gain was in ambulatory health care services (24,000). This industry

includes offices of physicians, outpatient care centers, and home health care services. Employment in educational services was little changed over the month. Over the past year, the industry added 44,000 jobs, one quarter the number gained in the prior 12 months.

In the leisure and hospitality sector, food services employment edged up in June and has increased by 139,000 over the past year. Employment in accommodations and in amusements, gambling, and recreation was little changed over the month.

In professional and business services, the overall job total was essentially unchanged in June. Employment rose by 38,000 in the temporary help industry, following a gain of 44,000 in May. June's increase in temporary help employment, however, was offset by employment declines in accounting services and in other professional and business service industries. Accounting and bookkeeping experienced a large seasonal buildup for the tax season followed by even larger layoffs. After seasonal adjustment, employment in this industry was down 36,000 from last November.

Turning to the data from our household survey, the unemployment rate increased to 6.4 percent in June. From the end of 2001 through the first quarter of this year, the jobless rate held at or near 5.8 percent. In the second

quarter of the year, however, the rate has trended upward. This movement in unemployment has coincided with an increase in the labor force participation rate from its recent low of 66.2 percent in March to 66.6 percent in June.

In recent months, jobless rates have increased for adult men and teenagers. The rate for adult men, 6.1 percent in June, is 0.8 percentage point higher than in March. The teenage unemployment rate, at 19.3 percent, is up 2.5 percentage points since January. Over the month, the unemployment rate for blacks rose to 11.8 percent. Overall, nearly 9.4 million people were unemployed in June, about a fifth of whom had been unemployed for more than 6 months.

In summary, the labor market remained weak in June. Job gains in construction, health care, and temporary help services were offset by continued losses in manufacturing and some other industries. The unemployment rate increased to 6.4 percent.