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Statement of

Kathleen P. Utgoff  
Commissioner  
Bureau of Labor Statistics

Friday, July 8, 2005

Nonfarm payroll employment rose by 146,000 in June, and the unemployment rate, at 5.0 percent, continued its recent downward trend. Payroll employment has increased by 2.1 million over the year. In June, job growth continued in several industries, with notable gains in professional and business services and in health care. Manufacturing employment declined over the month.

Professional and business services added 56,000 jobs in June and nearly half a million over the year. Employment continued to trend upward in several component industries, including architectural and engineering services and computer systems design and related services. Temporary help services employment was little changed over the month; job growth in the industry has slowed since last fall.

Employment in health care continued to expand in June with a gain of 25,000. The industry has added 249,000 jobs over the year. Over the month, employment rose in hospitals and in ambulatory health care services, such as doctors' offices.

Employment growth continued in construction in June, with a sizable gain (13,000) in heavy construction. Construction employment has increased by 282,000 over the year. In June, employment in financial activities remained on an upward trend and has increased by 151,000 over the year. More than half of the over-the-year gain occurred in credit intermediation, which rose by 9,000 in June. Real estate also has accounted for a substantial portion of the job growth in financial activities over the year.

Manufacturing employment declined by 24,000 in June. The number of factory jobs has decreased by 96,000 since August 2004, offsetting gains posted earlier in 2004. The June employment decline was concentrated in motor vehicles and parts manufacturing, where production cutbacks occurred in assembly and parts plants. Job losses also occurred in electrical equipment and in paper and paper products. In contrast, employment in computer and electronic products increased in June. Both the factory workweek, at 40.4

hours, and factory overtime, at 4.4 hours, were unchanged over the month.

Average hourly earnings of private production or nonsupervisory workers rose by 3 cents in June to \$16.06, following a 3-cent increase in May. Over the year, average hourly earnings have grown by 2.7 percent.

Turning now to our survey of households, the unemployment rate has trended down in recent months. At 5.0 percent in June, the rate was 0.4 percentage point lower than in February. During the February-through-June period, the employment-population ratio increased from 62.3 to 62.7 percent.

The number of long-term unemployed--that is, persons unemployed for 27 weeks or more--declined to 1.3 million in June. They constituted 17.8 percent of all unemployed persons, down from 20.1 percent in May.

In summary, nonfarm payroll employment increased by 146,000 in June, and the unemployment rate was 5.0 percent.