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Statement of

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Nonfarm payroll employment continued to trend down in July. Job losses persisted in manufacturing and a number of other industries. These declines were partly offset by employment gains in temporary help and other service-providing industries. Since January, payroll employment has decreased by 486,000. Over the month, the unemployment rate edged down to 6.2 percent.

Manufacturing employment decreased by 71,000 in July, with job losses continuing to be widespread throughout the industry. The largest decline occurred in transportation equipment, where more auto workers than usual were off payrolls because of seasonal retooling. Other manufacturing industries with large over-the-month employment losses included computer and electronic products, fabricated metals, apparel, and textile mills.

In addition to shedding jobs, many manufacturing industries cut hours in July. The overall factory workweek decreased by 0.2 hour to 40.1 hours.

Several other industries experienced employment declines over the month. Air transportation lost another 9,000 jobs, bringing the total reduction since its recent peak in March 2001 to 136,000. Wholesale trade employment continued to trend down in July. The industry has lost 415,000 jobs, or about 7 percent of its total, since March 2000. Within retail trade, employment continued to decline in food stores, which have lost 209,000 jobs since April 2000.

In July, employment increased in the temporary help industry for the third straight month. This industry, which provides workers to businesses on an as-needed basis, has added 122,000 jobs since April. In recent months, employment also has increased in services to buildings and dwellings. Since March, the industry has added 36,000 jobs. Accommodations employment rose for the second straight month. The number of jobs in finance continued to trend up, although at a slower pace. For the past 2 months, job gains in the industry averaged about 7,000 per month, compared with 16,000 per month from August 2002 to May 2003.

The unemployment rate, as measured by our household survey, edged down in July to 6.2 percent. The jobless rates for adult men, teenagers, and blacks eased back from levels reached in June.

Over the month, the labor force decreased by 556,000, offsetting a gain of similar magnitude in June. July's drop in the labor force reflects marginal declines in both employment and unemployment. The labor force participation rate declined to 66.2 percent, the same as in March.

In summary, the labor market remained weak in July. Manufacturing and several other industries continued to lose jobs, while employment rose again in temporary help. The unemployment rate edged down to 6.2 percent.