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Statement of

Philip L. Rones
Acting Commissioner
Bureau of Labor Statistics

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Nonfarm payroll employment increased by 113,000 in July, and the unemployment rate rose to 4.8 percent. The increase in payroll employment was in line with the average monthly gain for the second quarter of this year (+112,000), but was down from the average monthly gain for the 12-month period ending in March (+169,000). Average hourly earnings increased by 7 cents, or 0.4 percent, in July.

In the service-providing sector, employment in professional and business services rose by 43,000 over the month. Job gains occurred in a number of component industries, including architectural and engineering services, computer systems design services, and management and technical consulting services. Employment was flat over the month in temporary help services.

Employment in leisure and hospitality increased by 42,000 in July, mainly due to continued job growth in food services and drinking places (+29,000). Health care employment also continued on an upward trend, with an increase of 23,000. Job gains occurred in hospitals and in nursing and residential care facilities.

The number of jobs in retail trade was unchanged in July; employment in general merchandise stores declined by 8,000 over the month and has fallen by 74,000 since August 2005. Wholesale trade employment, which generally has been expanding since the summer of 2003, held steady in July. The job totals in other major service-providing industries showed little or no change over the month.

In the goods-producing sector of the economy, employment in mining continued to trend upward in July (+8,000), largely because of continued job growth in oil and gas extraction and in related support activities. Construction employment was little changed for the fifth month in a row; over the period, job growth in nonresidential construction has been offset by job losses in residential and heavy construction.

Manufacturing employment edged down by 15,000 in July, largely offsetting an increase in June. Over the month,

manufacturing hours increased by 0.2 hour, while factory overtime was down by 0.1 hour.

Average hourly earnings for private production and nonsupervisory workers rose by 7 cents (0.4 percent) for the second month in a row. Over the 12 months ending in July, average hourly earnings have risen by 3.8 percent.

Looking at some of the major labor market indicators from our household survey, the number of unemployed persons edged up in July, and the unemployment rate increased from 4.6 to 4.8 percent. The number of persons unemployed for 27 weeks or more returned to 1.3 million, following a dip in June. Total employment (144.3 million) and the employment-population ratio (63.0 percent) essentially held steady in July. The labor force participation rate was unchanged at 66.2 percent.

In summary, payroll employment rose by 113,000 in July, and the unemployment rate increased to 4.8 percent.