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Statement of

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Commissioner  
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The unemployment rate was essentially unchanged at 5.5 percent in July, and nonfarm payroll employment was little changed (+32,000). Since August 2003, nonfarm payroll employment has risen by 1.5 million; about three-fifths of this growth occurred during March, April, and May of this year. In July, employment gains in health care and social assistance and in professional and business services were partly offset by a decline in finance and insurance.

Health care and social assistance added 20,000 jobs in July; employment in the industry has risen by 292,000 over the year. Over the month, job growth continued in ambulatory health care services, hospitals, and child day care services.

Employment continued to trend up in professional and business services (+42,000) in July. This sector has added 622,000 jobs since its most recent low in March 2003.

Employment in temporary help, which provides workers to other industries, has changed little since May. Temporary help employment had increased by 293,000 from April 2003 through May 2004.

Employment in finance and insurance decreased by 25,000 in July, with the largest job loss (-16,000) in credit intermediation. The decline in credit intermediation, an industry that includes mortgage brokerages, largely offset the employment gain of 21,000 during the first half of 2004. Security and commodity brokerages also shed jobs over the month.

In the goods-producing sector, manufacturing employment edged up in July (+10,000), after showing no movement in June (-1,000, as revised). The sector has added 91,000 jobs since January, with virtually all of the gain in durable goods manufacturing. Over the month, employment grew in machinery, computer and electronic products, and furniture. Employment in transportation equipment fell in July (-21,000), due to larger-than-usual shutdowns in auto and parts plants for annual retooling.

The factory workweek edged up by 0.1 hour to 40.9 hours and factory overtime, at 4.6 hours, was unchanged.

Mining employment continued to trend up in July. Since April 2003, the industry has added 29,000 jobs. In July, construction employment was flat for the second month in a row, after adding an average of 18,000 jobs per month from March 2003 through May 2004.

Average hourly earnings for private production or nonsupervisory workers rose by 5 cents over the month, following a 2-cent increase in June. Over the year, average hourly earnings grew by 1.9 percent.

Turning now to information from our survey of households, the unemployment rate and the number of unemployed persons were essentially unchanged in July, at 5.5 percent and 8.2 million, respectively. After declining during the second half of 2003, the jobless rate has shown little movement since December. The labor force participation rate rose in July to 66.2 percent.

The trend in employment growth depicted by our household and establishment surveys had been roughly similar for over a year but the employment series from the two surveys showed a large divergence in July. As measured by the household survey, employment rose by 629,000 over the month, compared with a change of 32,000, as measured by

the establishment survey. Even after adjusting household survey employment to make it conceptually similar to the establishment survey measure, household survey employment increased by 434,000 in July.

The estimate of over-the-month change in employment from the establishment survey is less volatile than that from the household survey for a variety of reasons. The establishment survey has a much larger sample. Moreover, the household survey is not designed to optimize the measurement of month-to-month employment change, but rather to optimize the accuracy of the unemployment rate--something that cannot be measured from the establishment survey.

To put this month's change in household survey employment in context, there have been 14 other months over the past 10 years when the over-the-month change was nearly 600,000 or more. (This figure is based on data as originally published, and omits months when there were breaks in data comparability.) In contrast, the payroll survey registered only one over-the-month change greater than 500,000 during the same time period, and that movement was due to an unusual weather event in the prior month (again using data as originally published.) Not surprisingly, unusually large over-the-month movements in

household survey employment often result in substantial discrepancies between the two surveys' measures of employment change in those months.

In recent years, BLS has studied the differences in employment trends as measured by our household and establishment surveys. This information is summarized on our website at [http://www.bls.gov/cps/ces\\_cps\\_trends.pdf](http://www.bls.gov/cps/ces_cps_trends.pdf). We will continue our research and issue additional findings as appropriate. As always, we recommend that users avoid focusing too much on any single month's estimates when examining labor market developments.

In summary, the unemployment rate was essentially unchanged in July, at 5.5 percent, although it was down substantially from a year earlier. Nonfarm payroll employment was little changed at 131.3 million in July and has risen by 1.5 million since August 2003.