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Statement of

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Nonfarm payroll employment was essentially unchanged in August (-4,000), and the unemployment rate held at 4.6 percent. Payroll employment has grown little during the past 3 months (44,000 per month on average), following downward revisions to June and July estimates. In contrast, payroll employment growth averaged 147,000 per month for the first 5 months of the year. Continuing job losses in manufacturing and construction, slower job growth in some service-providing industries, and declines in local government education contributed to the recent weakness in payroll employment.

In August, manufacturing employment fell by 46,000. Job losses were widespread throughout the industry and included notable declines in motor vehicles, machinery, wood products, and semiconductors. Construction employment

continued to trend down over the month (-22,000), with most of the decline among residential specialty trade contractors. Construction employment peaked last September; since then, 96,000 jobs have been lost.

Employment in health care remained on a strong growth trend in August, increasing by 35,000. Social assistance employment rose by 14,000.

Over the month, employment continued to trend up in professional and technical services (which includes industries such as architectural services and management consulting). The pace of job growth in professional and technical services has slowed to an average of 17,000 per month in the past 3 months compared with 25,000 per month during the first 5 months of this year.

In the leisure and hospitality industry, food services added 24,000 jobs in August. Over the past 3 months, average employment growth in food services was 21,000, down from an average of 31,000 for the first 5 months of the year. Employment in accommodations has trended down over the past 3 months.

Employment in local government education declined by 50,000 in July and by 32,000 in August. Employment estimates for local government education can be volatile, particularly during the summer months.

Average hourly earnings for production and nonsupervisory workers increased by 5 cents in August to \$17.50. Over the year, average hourly earnings rose by 3.9 percent.

Turning to measures from the survey of households, the unemployment rate was unchanged at 4.6 percent in August. The jobless rate has remained in the narrow range of 4.4 to 4.6 percent since last September. The unemployment rates for the major worker groups showed little or no change in August.

The labor force participation rate decreased to 65.8 percent in August, largely reflecting a decline in participation among teens. The labor force participation rate of teenagers declined by 1.5 percentage points to 39.7 percent. The household survey reference period fell relatively late this August (covering the week from Sunday, August 12 through Saturday, August 18) and, as a result, a larger-than-usual number of teens had left the labor force to return to school when surveyed. While the movement in August may have been exaggerated by the timing of the survey week, the labor force participation rate of teenagers had been declining recently--from 43.4 percent in December 2006 to 41.2 percent in July 2007.

Total employment, as measured by the household survey, has been flat thus far in 2007. The employment-population ratio was 62.8 percent in August, 0.6 percentage point lower than in December.

In summary, nonfarm payroll employment was essentially unchanged in August, and the unemployment rate held at 4.6 percent.