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Statement of

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Overall, labor market conditions were little changed in October. The unemployment rate was 5.7 percent, essentially the same as in September, and nonfarm payroll employment held at 130.9 million. The unemployment rate has shown no clear trend since this past spring, and payroll employment appears to have leveled off in recent months following a period of modest growth from May through August.

Although topside payroll employment held steady in October (-5,000), there were offsetting movements among various industries. Employment in manufacturing continued to trend down as the nation's factories shed 49,000 jobs. The rate of job loss in manufacturing has been higher over the past 3 months than it had been from April to July. In

October, job losses were concentrated in durable goods production, with the largest decline occurring in electrical equipment. The manufacturing workweek fell by 0.2 hour to 40.7 hours in October, while factory overtime remained at 4.1 hours.

Employment in construction declined by 27,000 in October, reflecting job losses among special trade contractors. Although there have been some monthly fluctuations, construction employment has hovered close to 6.5 million since the spring of this year, after a relatively modest decline that followed the onset of the recent recession.

Help supply services, which supplies temporary personnel on a contractual basis, lost 56,000 jobs in October. That industry had generally been on an upward trend since early this year. It is possible that some of October's decline reflects recent weakness in manufacturing.

On the positive side, several notable employment gains were scattered within the service-producing sector of the economy in October. There was especially strong growth in mortgage banking (+17,000). Almost 100,000 jobs have been added in the industry since the beginning of 2001, reflecting robust home sales and high levels of refinancing

activity spurred by low interest rates. Similarly, employment in real estate has been partly buoyed by strong housing sales and was up by 11,000 in October. In services, job gains continued in health services (+20,000). In government, Federal employment was up for the fifth month in a row, largely because of hiring in the Transportation Security Administration, and employment in local government continued its upward trend.

Employment in the transportation industry was essentially unchanged over the month. Workers involved in the labor dispute at West Coast ports had returned to work as of the October survey reference period. Thus, the dispute had no direct impact on the employment estimates for this industry.

Average hourly earnings of production or nonsupervisory workers in the private sector rose by 3 cents to \$14.89 in October. Over the year, hourly earnings increased by 3.0 percent.

Data from our survey of households also pointed to little change in the overall job market in October. Both the number of unemployed persons, at 8.2 million, and the unemployment rate, at 5.7 percent, were about the same as in September. The unemployment rate for adult women edged up in October, but jobless rates for other major worker

groups—adult men, teenagers, whites, blacks, and Hispanics—showed little or no change. About 1.7 million unemployed persons had been jobless for 27 weeks or more in October, and some 4.3 million employed persons were working part time even though they would have preferred a full-time schedule. Both of these measures have shown little definitive change in recent months.

In summary, overall payroll employment was little changed in October for the second month in a row. Job declines in manufacturing have increased recently; however, growth continued in health services and mortgage banking. The unemployment rate was 5.7 percent, essentially the same as in September.