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Statement of

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Nonfarm payroll employment rose by 204,000 in October, and the unemployment rate was little changed at 7.3 percent. Over the prior 12 months, job gains averaged 190,000 per month. In October, employment rose in leisure and hospitality, retail trade, professional and technical services, manufacturing, and health care.

The release of these data comes 1 week later than originally scheduled because of the recent partial federal government shutdown, which began on October 1st and ended on October 16th. All data collection activities for both the household and payroll surveys were suspended during the shutdown. Shortly after the shutdown ended, October data collection for both surveys began. BLS delayed the release of the October estimates by 1 week to allow enough time to collect data. The October reference period for each survey was unchanged. Although data collection was delayed, the response

rate for the household survey was within its normal range, and the response rate for the establishment survey was above average.

Looking at the October payroll survey estimates, there were no discernible impacts of the partial federal government shutdown on the estimates of employment, hours, and earnings.

Leisure and hospitality employment increased by 53,000 in October, following little change in the previous month. Job growth in the industry averaged 34,000 per month over the prior 12 months. Most of the gain in October, as well as over the year, occurred in food services and drinking places.

In October, retail trade gained 44,000 jobs, with increases in food and beverage stores (+12,000), electronics and appliance stores (+10,000), sporting goods and hobby stores (+8,000), general merchandise stores (+8,000), and building material and garden supply stores (+7,000). Clothing and accessories stores lost 13,000 jobs.

Professional and technical services employment rose by 21,000 in October. The management and technical consulting services component added 8,000 jobs.

In October, manufacturing employment rose by 19,000. On net, factory employment has been about unchanged since a recent peak in February 2013. Within manufacturing, job growth in

October occurred in motor vehicles and parts (+6,000), wood products (+3,000), and furniture and related products (+3,000).

Health care employment was up by 15,000 in October, following little change in September. Thus far in 2013, monthly job growth has averaged 17,000 in the sector, compared with an average monthly gain of 27,000 in 2012.

Elsewhere in the private sector, employment showed little or no change in October.

Within government, federal government employment declined by 12,000 in October. Over the year, job losses in federal government have totaled 94,000. Federal employees on furlough during the partial government shutdown were still considered employed in the payroll survey because they worked or received pay for the pay period that included the 12th of the month. In the establishment survey, workers who are paid for any part of a pay period are defined as employed.

Average hourly earnings of all employees on private nonfarm payrolls edged up by 2 cents in October. Over the past 12 months, average hourly earnings have risen by 52 cents, or 2.2 percent. From September 2012 to September 2013, the Consumer Price Index for All Urban Consumers (CPI-U) rose by 1.2 percent.

Turning to our survey of households, the unemployment rate, at 7.3 percent, was little changed in October, and the number of unemployed persons remained at 11.3 million.

Unlike the establishment survey, some of the estimates from the household survey clearly reflect an impact of the partial government shutdown. This is due to differences in the concepts and definitions used in the two surveys. In the household survey, workers who indicate that they were not working during the entire reference week due to a shutdown-related furlough and expect to be recalled to their jobs should be classified as unemployed on temporary layoff, whether or not they are paid for the time they were off work. In October, many furloughed federal employees were so classified, contributing to a rise in the overall number of persons unemployed on temporary layoff.

However, some federal workers who were not at work during the entire reference week in October were not classified as unemployed on temporary layoff. Rather, they were classified as employed but absent from work. Our review of the data indicates that most of these workers should have been classified as unemployed on temporary layoff. Such a misclassification is an example of nonsampling error and can occur when respondents misunderstand questions or interviewers record answers incorrectly. According to usual practice, the data from the household survey are accepted as recorded. To maintain data integrity, no ad hoc actions are taken to reassign survey responses.

If the federal workers who were recorded as employed but absent from work had been classified as unemployed on temporary layoff, the overall unemployment rate would have been slightly, but not substantively, higher than reported.

Returning to the indicators from the household survey for October, the labor force level fell by 720,000 to 154.8 million, and the labor force participation rate decreased by 0.4 percentage point to 62.8 percent. The number of employed persons fell by 735,000 to 143.6 million, and the employment-population ratio declined by 0.3 percentage point to 58.3 percent. The October decrease in employment in the household survey was due partly to federal workers on furlough from the partial government shutdown. As always, subsequent months of data may provide further insights into underlying trends in the job market.

In summary, nonfarm payroll employment increased by 204,000 in October, and the unemployment rate, at 7.3 percent, changed little.