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Statement of

Lois Orr
Acting Commissioner
Bureau of Labor Statistics

Friday, April 5, 2002

Good morning. I appreciate this opportunity to comment on the labor market data that we released this morning.

Nonfarm payroll employment was little changed in March (up 58,000) and, after revision, was essentially unchanged (down 2,000) in February. The data for March and for February provide a marked contrast to the average monthly job losses of 144,000 that prevailed from March 2001 through January 2002. Over the month, employment gains in services and local government were tempered by declines in construction and manufacturing. Factory job losses, though, have moderated in recent months, and factory hours have risen. The unemployment rate was little changed in March at 5.7 percent.

Looking in more detail at the data from our survey of employers for March, employment declines continued in manufacturing (-38,000), although at the slowest pace since late 2000. Over the year ending in January, job losses in manufacturing had averaged 111,000 per month. Employment in aircraft manufacturing fell by 9,000 (including nearly 3,000 strikers) in March, with losses totaling 42,000 since September. Employment declines in electrical equipment (-10,000), industrial machinery (-7,000), and in printing and publishing (-5,000) were considerably smaller than the average losses of the prior 12 months. Rubber and miscellaneous plastics added jobs for the first time since July. In a further sign of improvement, the factory workweek increased by 0.4 hour to 41.1 hours, and factory overtime rose 0.3 hour to 4.2 hours.

Construction employment fell by 37,000 in March, after seasonal adjustment, following an increase in February. The March loss was concentrated in heavy construction.

Employment in services increased by 118,000 in March. This is the largest job gain in services in a year and a half; employment in the industry has nearly recovered from the combined loss of 245,000 jobs in October and November of last year. In March, help supply services added 69,000 jobs, following a modest gain in February. Job losses in

the help supply industry had totaled 666,000 from September 2000 through January 2002, reflecting the weak demand for temporary workers in a variety of industries, including manufacturing. Employment in health services continued its strong growth trend with a gain of 32,000 jobs in March, including 10,000 in hospitals. Engineering and management services added 21,000 jobs in February and March combined.

Local government education added 27,000 jobs in March, about twice the monthly average of the prior year. Elsewhere, finance employment was little changed over the month following a decline in February. Employment in insurance continued its downward trend; the industry has lost 20,000 jobs since September. Retail trade employment was flat in March. Employment in the industry is more than 150,000 below its peak reached last July; most of that shortfall has been in eating and drinking places.

Average hourly earnings of production or nonsupervisory workers in the private sector rose 4 cents to \$14.67 in March. This followed a gain of 4 cents in February (as revised). Hourly earnings increased by 3.5 percent from March 2001.

Turning to some of the measures obtained from the survey of households, both the number of unemployed persons, at 8.1 million, and the unemployment rate, at 5.7

percent, were little changed in March. The rate has been within two-tenths of a percentage point of 5.6 percent in each of the last 6 months. The jobless rate for blacks rose in March, while the rates for adult men, adult women, teenagers, whites, and Hispanics were essentially the same as in February.

To summarize, in March, a large increase in services employment offset declines in construction and manufacturing. Manufacturing job losses have slowed, though, and the factory workweek and overtime hours were up. The unemployment rate has remained in a relatively narrow range for the past 6 months.

My colleagues and I now would be glad to answer your questions.