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Statement of

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Labor market weakness persisted in June. The unemployment rate remained at 5.5 percent after rising by half a percentage point in May. Nonfarm payroll employment continued to trend down (-62,000) and has fallen by 438,000 in the first half of the year, an average of 73,000 per month. In June, job losses continued in construction, manufacturing, and employment services, while health care and mining added jobs. Average hourly earnings rose by 6 cents in June.

Construction job losses totaled 43,000 in June and were spread throughout the industry. Employment in the industry has fallen by 528,000 since its September 2006 peak; more than two-thirds of the decline (-373,000) occurred since October 2007.

Manufacturing employment also continued to fall in June (-33,000); declines were widespread among the component industries. Factory job losses averaged 39,000 per month in the first half of 2008, compared with average monthly losses of

22,000 in all of 2007. The factory workweek decreased by 0.1 hour in June to 40.8 hours and has declined by 0.4 hour in the last 3 months.

Employment services lost 59,000 jobs in June, with half of the decline in temporary help services. Temporary help lost 154,000 jobs in the first half of 2008, about twice the number lost in all of 2007.

Health care employment continued to grow (15,000), although the June gain was half the size of the average increase over the prior 12 months. Health care added 170,000 jobs in the first half of 2008. Employment in food services continued to trend up over the month, although job growth has slowed markedly since last October.

Employment in mining continued to grow in June (8,000) and has expanded by 208,000 since reaching a low in April 2003. Gains have been concentrated in support activities for mining and in oil and gas extraction.

Average hourly earnings for production and nonsupervisory workers in the private sector rose by 6 cents, or 0.3 percent, in June. Over the past 12 months, average hourly earnings rose by 3.4 percent. From May 2007 to May 2008, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rose by 4.4 percent.

Turning now to data from our survey of households, the number of unemployed persons, at 8.5 million, was essentially unchanged in June. The unemployment rate held at 5.5 percent in June, following an increase of half a percentage point in May that largely reflected an increase in unemployment among youth (16- to 24-year-olds). In June, the jobless rates for young people were essentially unchanged.

The civilian labor force was little changed in June, after a large increase in May. The labor force participation rate, at 66.1 percent in June, was essentially unchanged over the month.

The employment-population ratio, at 62.4 percent, also was essentially unchanged in June but was down by six-tenths of a percentage point from a year earlier. Since June of last year, the employment-population ratio for adult men has declined by nine-tenths of a percentage point to 71.9 percent, while the ratio for adult women, at 58.2 percent, has been about unchanged. The number of persons working part time who prefer full-time employment was little changed in June at 5.4 million but has increased by 1.1 million over the last 12 months.

In summary, nonfarm payroll employment continued to trend down in June, and the unemployment rate held at 5.5 percent.