Nonfarm payroll employment increased by 146,000 in January, and the unemployment rate decreased to 5.2 percent. Since its most recent low point in May 2003, payroll employment has increased by 2.7 million and is now just above the employment peak reached in February 2001. (Data from the survey of business establishments have been revised as a result of the annual benchmarking process and the updating of seasonal adjustment factors.) In January, employment rose in several service-providing industries, while manufacturing continued to lose jobs, as it has since September.

Over the month, employment growth continued in education and health services. This sector added 35,000 jobs in January and has grown by 424,000 over the year; gains were widespread among the component industries.
Financial activities employment increased by 21,000 in January. The credit intermediation industry and the securities, commodities, and investments industry contributed to the gain.

Transportation and warehousing added 34,000 jobs over the month and has seen its employment increase by 166,000 since July 2003. About half of January’s gain occurred in courier and messenger services. The increase in that industry more than offset a decline in December.

Employment continued to trend up over the month in professional and business services and in leisure and hospitality. Retail trade employment edged up in January and has increased by 200,000 since June 2003. Wholesale trade employment was flat over the month. Since its recent low in August 2003, however, the industry has added 99,000 jobs; about half of that gain occurred in its electronic markets and agents and brokers component.

In contrast to the widespread job growth in the service sector, manufacturing employment fell by 25,000 in January. After reaching an employment trough in February 2004, manufacturers added 85,000 jobs through August. The trend has since turned downward, and 61,000 jobs have been lost. January’s job loss in part reflected more extensive
seasonal shutdowns than usual for the month in motor vehicles and parts.

Construction employment was little changed in January, after seasonal adjustment. Adverse weather may have held down employment in the industry during the month. Since its recent low in March 2003, construction has added 407,000 jobs.

Average hourly earnings for private production or nonsupervisory workers rose by 3 cents in January for the second consecutive month. Over the year, average hourly earnings grew by 2.6 percent. Over the month, the average workweek declined by 0.1 hour to 33.7 hours.

As noted earlier, these payroll survey figures reflect the incorporation of our annual benchmark revisions. Each year, we anchor our sample-based survey estimates to full universe counts of employment, derived principally from administrative records of the unemployment insurance tax system.

The impact of the revisions in the March 2004 reference month is an upward adjustment of 203,000, or about two-tenths of one percent of the total nonfarm employment level. This percentage adjustment is about average for the past decade. The benchmark process resulted in revisions to all not-seasonally-adjusted data
series from April 2003 forward. In addition, with today’s release, the seasonally adjusted establishment survey data from January 2000 forward have been revised to incorporate updated seasonal adjustment factors.

Turning now to our survey of households, the unemployment rate declined to 5.2 percent in January from 5.4 percent in December; this change primarily reflects a decline in the rate for men. The labor force participation rate, at 65.8 percent, edged lower over the month.

Household survey data beginning in January 2005 reflect updated population controls. As part of its annual review of intercensal population estimates, the U.S. Census Bureau determined that a very small downward adjustment should be made to the household survey population controls. This adjustment stems from revised estimates of net international migration and updated vital statistics information. The updated controls resulted in a decrease of 8,000 in the estimated size of the civilian noninstitutional population 16 years of age and over for December 2004. Official population and labor force estimates for December 2004 and earlier months will not be revised.
A comparison of December 2004 data based on the old and new controls shows that the population adjustments caused small decreases in the labor force (-49,000), employment (-45,000), and unemployment (-4,000). The unemployment rate, labor force participation rate, and employment-population ratio, however, were essentially unaffected.

To summarize the labor market data for January, nonfarm payroll employment rose by 146,000, with increases occurring in a number of service-providing industries. The unemployment rate, at 5.2 percent, is about 1 percentage point lower than its most recent peak of 6.3 percent in June 2003.