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Statement of

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Commissioner
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

Friday, March 5, 2004

Mr. Chairman and Members of the Committee:

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

Nonfarm payroll employment was little changed in February (+21,000), as the number of jobs held steady in most major industries. Since August 2003, total payroll employment has risen by 364,000. The unemployment rate was 5.6 percent, unchanged over the month but down from its recent peak in June 2003.

Turning first to our payroll survey data, construction employment declined in February (-24,000) following an increase (+34,000) in January. Taking a longer view, employment in construction has trended upward since March of last year; over the period, 123,000 jobs have been added.

Employment in manufacturing basically was unchanged in February (-3,000). The rate of job loss in our Nation's factories has moderated quite a bit since last summer. The improvement has been more pronounced in durable goods manufacturing. In fact, employment in a few durable goods industries, such as fabricated metals and wood products, is up slightly in recent months. For manufacturing overall, the factory workweek edged up in February to 41.0 hours, and overtime hours were unchanged at 4.5 hours. Both measures are up substantially since last summer.

Also within the goods-producing sector, mining employment continued to trend slowly upward in February; oil and gas extraction has accounted for much of the recent growth.

None of the major segments of the service-providing sector showed a significant employment change in February. Wholesale trade employment was unchanged following 3 months of growth. Among retailers overall, there has been no net

job growth since the onset of the holiday shopping season last fall. Employment in a few retail components continued to edge up in February, notably building material and garden supply stores. Employment was essentially flat in financial activities in February, although the securities component continued to add jobs. Employment in securities is up by 18,000 since August. Credit intermediation, which includes mortgage banking, has lost 22,000 jobs over the same period.

The job total in information was little changed in February; employment declines in the industry have eased since last fall. As with other industries, this represents somewhat of an improvement, given that the information sector had lost 15 percent of its jobs between March 2001 and October 2003.

There was little employment change in professional and business services overall in February. Within the sector, temporary help services added 32,000 jobs over the month. With the exception of a small decline in January, employment in temporary help has been climbing steadily since April 2003. Over the period, there has been a net gain of 215,000 jobs.

Employment in health care and social assistance continued to trend upward in February. However, the

average gain for the first 2 months of this year has been about half the average monthly increase for 2003. Hospital employment declined over the month, while there was a job gain in social assistance, largely in child day care services.

Employment in State government rose by 20,000 over the month and has trended up since last summer. Over the same period, employment is down in local government.

Average hourly earnings for private production or nonsupervisory workers rose by 3 cents in February. Over the 12 months ending in February, hourly earnings increased by 1.6 percent.

Taking a look at some of the measures obtained from our survey of households, the unemployment rate was unchanged at 5.6 percent in February. The number of unemployed persons also was little changed at about 8.2 million. Both measures are below their recent highs of June 2003. Jobless rates for major worker groups either remained the same or showed little movement over the month.

The labor force participation rate fell to 65.9 percent in February, reflecting a steep drop-off in the number of men in the labor force. The employment-population ratio was down over the month to 62.2 percent; it held at or near that level for most of 2003.

The number of persons working part time who would have preferred full-time employment declined over the month to 4.4 million. It had been at about 4.8 million during the last several months.

Among those not in the labor force, the number of discouraged workers--those who have stopped seeking work because of discouragement over their job prospects--was 484,000 in February, about the same as a year earlier but well above the levels that existed prior to the recent recession.

In summary, nonfarm payroll employment was little changed in February as the job totals in most industries held steady, and the unemployment rate was unchanged at 5.6 percent.

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