The unemployment rate rose from 5.7 to 6.1 percent in August, and nonfarm payroll employment continued to trend down (-84,000). Since peaking in December, payroll employment has declined by 605,000, for an average monthly job loss of 76,000. Over the month, large job losses occurred in manufacturing and in employment services, while health care and mining continued to add workers. Average hourly earnings increased by 7 cents, or 0.4 percent.

Manufacturing employment fell by 61,000 in August, and factory hours and overtime both declined by 0.1 hour. Housing-related manufacturers and automakers continued to be among the hardest hit. Wood product and furniture manufacturers each lost 7,000 jobs over the month. Motor vehicle and parts makers cut 39,000 jobs. In the retail sector, employment at auto and parts dealers was down by 14,000.
The employment services industry, which includes temporary help agencies, shed 53,000 jobs in August. Thus far in 2008, employment services has lost 284,000 jobs.

Construction job losses in July and August averaged 14,000, compared with an average monthly loss of 45,000 during the first half of 2008.

Health care added 27,000 jobs in August, about in line with its average growth in the prior 12 months (31,000). Mining employment rose by 12,000 in August, with increases in all the component industries. Job growth has been especially strong in support activities and in oil and gas extraction over the past 12 months.

Average hourly earnings for production and nonsupervisory workers in the private sector rose by 7 cents in August, following a 7-cent increase in July. Over the past 12 months, average hourly earnings have increased by 3.6 percent. From July 2007 to July 2008, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rose by 6.1 percent.

A number of measures from the survey of households showed further weakness in August. The unemployment rate rose from 5.7 to 6.1 percent, the highest rate since September 2003. Since April of this year, the jobless rate has increased by 1.1 percentage points. The number of unemployed persons increased
to 9.4 million in August, up by 592,000 over the month and by 1.8 million since April.

The growth in unemployment earlier this summer occurred disproportionately among young jobseekers ages 16 to 24, although joblessness among those age 25 and over also rose. In August, workers age 25 and over accounted for all of the increase in unemployment. Unemployment levels and rates rose over the month for most major demographic groups, with a particularly sharp increase in the rate for women age 20 and over.

The unemployment rate for persons age 25 and over without a high school diploma rose by 1.1 percentage points in August to 9.6 percent. The unemployment rate for workers with a bachelor’s degree or higher increased by 0.3 percentage point over the month, although their jobless rate (2.7 percent) remained significantly lower than the rates for individuals with less education.

Among the unemployed, the number who lost jobs increased by 417,000 over the month; the number who quit jobs was up by 138,000. The number of unemployed persons who had been out of work for less than 5 weeks rose by 400,000, while the number of long-term unemployed (27 weeks and over) increased by 163,000 to 1.8 million.
The employment-to-population ratio declined to 62.1 percent in August, its lowest point since October 2003. The labor force participation rate was unchanged in August at 66.1 percent.

In summary, the unemployment rate rose to 6.1 percent, and nonfarm payroll employment continued to trend down. Large job losses occurred in manufacturing, particularly motor vehicles and parts, and in employment services.