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Statement of

Kathleen P. Utgoff  
Commissioner  
Bureau of Labor Statistics

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Labor market conditions were little changed in May. The unemployment rate was essentially unchanged at 6.1 percent, and nonfarm payroll employment remained at 130.1 million.

As previously announced, BLS implemented several changes in our establishment survey this month, including a new industrial classification system, concurrent seasonal adjustment, and completion of the conversion to a probability-based sample. Today's release reflects all these changes; historical monthly time series data are available on the BLS Web site. Further information about these changes and their impact can be found in the Employment Situation news release and in articles that will appear in our Employment and Earnings publication and on our Web site.

The new North American Industry Classification System (NAICS) is a fundamentally different way of classifying business establishments that better reflects today's economy. NAICS was designed to break out new and emerging industries and to provide more detail for the service sector.

Payroll survey figures this month also incorporate regularly scheduled annual benchmark revisions, in accordance with our standard practice. The benchmarking process involves revising our sample-based employment estimates with information from a full universe count of employment derived from unemployment insurance tax records for March 2002.

Turning to the May employment data from the survey of business establishments, within the goods-producing sector, employment in the natural resources and mining industry was little changed in May. This industry has lost 50,000 jobs since its most recent employment peak in June 2001, with about half of the losses occurring in support activities for mining.

Construction employment increased for the third month in a row, with a gain of 26,000 in May. Job losses in the industry totaled 160,000 from March 2001 to February 2003.

Since February, construction has gained 83,000 jobs, as strength in residential housing spurred growth in specialty trade contractors and construction of buildings.

Manufacturing lost 53,000 jobs in May, in line with average losses over the prior 15 months. Nearly 2.6 million factory jobs have been lost since July 2000. Over-the-month losses were widespread, with notable declines persisting in computer and electronic products, machinery, and fabricated metals. A May gain of 9,000 jobs in transportation equipment reflects a return to work following temporary shutdowns in auto plants in April. Despite the May increase, the transportation equipment industry has lost 56,000 jobs over the year. The factory workweek was up 0.1 hour to 40.2 hours in May, following a large decline of 0.3 hour in April; overtime edged up 0.1 hour to 4.1 hours in May.

Employment in trade, transportation, and utilities continued to trend downward in May. Wholesale trade has lost 386,000 jobs since employment peaked in March 2000, with the declines concentrated in durable goods distribution. Retail trade employment has shown little definitive change thus far in 2003, after declining by 374,000 from February 2001 to December 2002. (I would note that, under NAICS, retail trade no longer includes eating

and drinking places.) Within transportation and warehousing, air transportation lost 5,000 jobs in May. Employment in this industry has fallen by 113,000 since March 2001.

The information sector, a new grouping under NAICS, includes telecommunications, publishing, motion pictures, broadcasting, and Internet-related services. Overall, the sector showed little employment change since February, but had lost 410,000 jobs from March 2001 through February 2003. Employment declines in telecommunications, the largest component industry, have slowed in recent months; average monthly job losses thus far in 2003 have been less than half those in 2002. Employment in publishing (except Internet) decreased by 4,000 in May and is down nearly 100,000 since January 2001.

Employment in finance and insurance continued its upward trend with a gain of 12,000 in May. Employment in credit intermediation--which includes banking and mortgage lending--posted its third large monthly gain in a row with an increase of 19,000 in May. Credit intermediation has added 248,000 jobs since July 2000.

Professional and business services added 48,000 jobs in May. The industry's employment has shown no net gain over the year and is down by 831,000 since its peak in

November 2000. Within professional and business services, temporary help services--which provides workers to other industries--added 58,000 jobs in May. Still, this industry's employment is about 500,000 below its level in April 2000. Employment in accounting services fell by 30,000 in May, as declines continued after strong seasonal hiring earlier in the year. On net, employment in the industry is unchanged from December, before seasonal hiring for tax preparation began.

Employment in education and health services continued its upward trend in May; the industry has added more than a million jobs since March 2001. Over the month, employment growth continued throughout health services; social assistance lost 10,000 jobs.

Employment in the leisure and hospitality industry was little changed in May. The industry has lost nearly 100,000 jobs since January, with major declines in the amusements, gambling, and recreation industry and in accommodations. These industries experienced smaller losses in May than in the prior 3 months. Employment in food services and drinking places was little changed over the month.

Government employment was little changed in May and has shown almost no net growth over the year.

Average hourly earnings for production or nonsupervisory workers rose by 5 cents to \$15.34 in May, after remaining flat in the prior month. Over the year, average hourly earnings increased by 3.2 percent.

Turning now to our survey of households, the unemployment rate was essentially unchanged at 6.1 percent in May. Unemployment rates were up over the month for Hispanics, whites, and adult men; the rates for other major worker groups showed little or no change. Nearly 9 million persons were unemployed in May.

In summary, payroll employment was essentially flat for the second month in a row, and the unemployment rate, at 6.1 percent in May, was essentially unchanged over the month.