

National Week In Review

Week Ending June 2, 2006

Unemployment Rate Lowest In 5 Years . . . The nation's unemployment rate slid 0.1 percentage point to 4.6% in May. This represents the lowest level since May 2001. Among Hispanics and Latinos the jobless rate fell to 5.0%, the lowest level since the department began collecting the data in 1973.

Nonfarm Employment Up For 33rd Consecutive Month . . . Nonfarm employment rose for the 33rd consecutive month, up 75,000 in May. The service-providing sector increased by 85,000. Education and Health Services rose by 41,000, primarily in Health Care and Social Assistance (+21,900). Professional and Business Services grew by 27,000 jobs, primarily in Professional and Technical Services (+19,700). Financial Activities added 12,000 jobs, mostly in Finance and Insurance (+8,800). Leisure and Hospitality increased by 4,000 jobs, with gains centered in Food Services and Drinking Establishments (+9,700). Trade, Transportation and Utilities fell by 6,000, with losses centered in Retail Trade (-27,100). Employment in the goods-producing sector fell by 10,000. Manufacturing declined by 14,000 jobs. Durable Goods fell by 9,000, mostly in Transportation Equipment (-7,400). Nondurable Goods fell for the sixth consecutive month, down 5,000 jobs. Natural Resources and Mining increased by 3,000, with gains centered in Mining (+4,100). Construction added 1,000 jobs, on the strength of Nonresidential Specialty Trade Contractors (+3,700).

Metropolitan Area Unemployment Rates . . . Unemployment rates were lower in April than a year earlier in 277 of the 367 metropolitan areas across the United States. Forty-three metropolitan areas, including 29 in the South, registered jobless rates below 3.0%. Once again, the areas with the largest unemployment rate increases from a year ago were attributed to the effects of Hurricane Katrina: Gulfport-Biloxi, Miss. (+8.4 percentage points to 14.0%), Pascagoula, Miss. (+3.8 percentage points to 10.1%), and New Orleans-Metairie-Kenner, La. (+1.6 percentage points to 5.7%). Analyzing metropolitan area nonfarm employment, 308 areas recorded over-the-year increases, 49 reported decreases, and 10 had no change. The largest over-the-year declines in employment occurred in New Orleans-Metairie-Kenner, La. (-190,500), and Gulfport-Biloxi, Miss. (-22,100). These declines also reflect the impact of Hurricane Katrina in that region.

Employment Situation Of Veterans . . . In August 2005, the unemployment rate for veterans of the United States Armed Forces was 3.9% compared to 4.7% for nonveterans, according to data released on May 30, 2006, by the Bureau of Labor Statistics. Among men, the rate for veterans was significantly lower than nonveterans (3.7% versus 4.4%). However, among men 18 to 24 years old, veterans had a higher jobless rate than nonveterans (17.2% versus 10.4%).

Initial Unemployment Insurance Claims At 7-Month High . . . The number of Americans filing new claims for unemployment benefits rose by 7,000 to 336,000 in the week ending May 27th. Excluding one week in mid-May when a government shutdown in Puerto Rico boosted claims, this represents the highest level since October 2005 when claims rose because of the damage caused by Hurricanes Katrina and Rita. The four-week average of new claims, which smoothes out the data to reduce the impact of one-time events such as holidays and weather, increased by 2,750 to 333,500, the highest level since the week of October 29th. Meanwhile, the number of people continuing to collect unemployment benefits rose by 19,000 to 2.43 million in the week ending May 20th.

Consumer Confidence Tumbles . . . The Consumer Confidence Index fell 6.6 points to 103.2 (1985 = 100) in May. Consumers claiming conditions are "good" declined to 28.0% from 29.7%. The conference board's Expectations Index fell to 83.7 from 92.3 in April. Consumers anticipating more jobs to become available in the coming months decreased to 14.6% from 15.4% in April. The Conference Board's Consumer Research Center reports, "Consumer confidence, which reached a four-year high in April, lost ground in May. Apprehension about the short-term outlook for the economy, the labor market and consumers' earning potential has driven the Expectation Index down to levels not seen since the aftermath of the hurricanes last summer." The Consumer Confidence Survey is based on a representative sample of 5,000 U.S. households. Consumer confidence is considered a barometer of consumer spending, which accounts for two-thirds of the U.S. economy, and is the broadest measure of U.S. economic output.

Sources:

- Bureau of Labor Statistics
- The Conference Board
- MarketWatch
- *Washington Post*

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