Payroll employment and job openings rate continued to grow in 2006

Payroll employment grew by 2.3 million over the year; the job openings rate climbed in the second half of the year, while the hires and separations rates held steady

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Nonfarm payroll employment, as measured by the Current Employment Statistics (CES) survey, increased by 2.3 million in 2006.[1] (See chart 1.) Employment growth, averaging 252,000 per month in the first quarter, was stronger then than in any subsequent quarter. Overall, the pace of growth in 2006 was slower than in 2005.

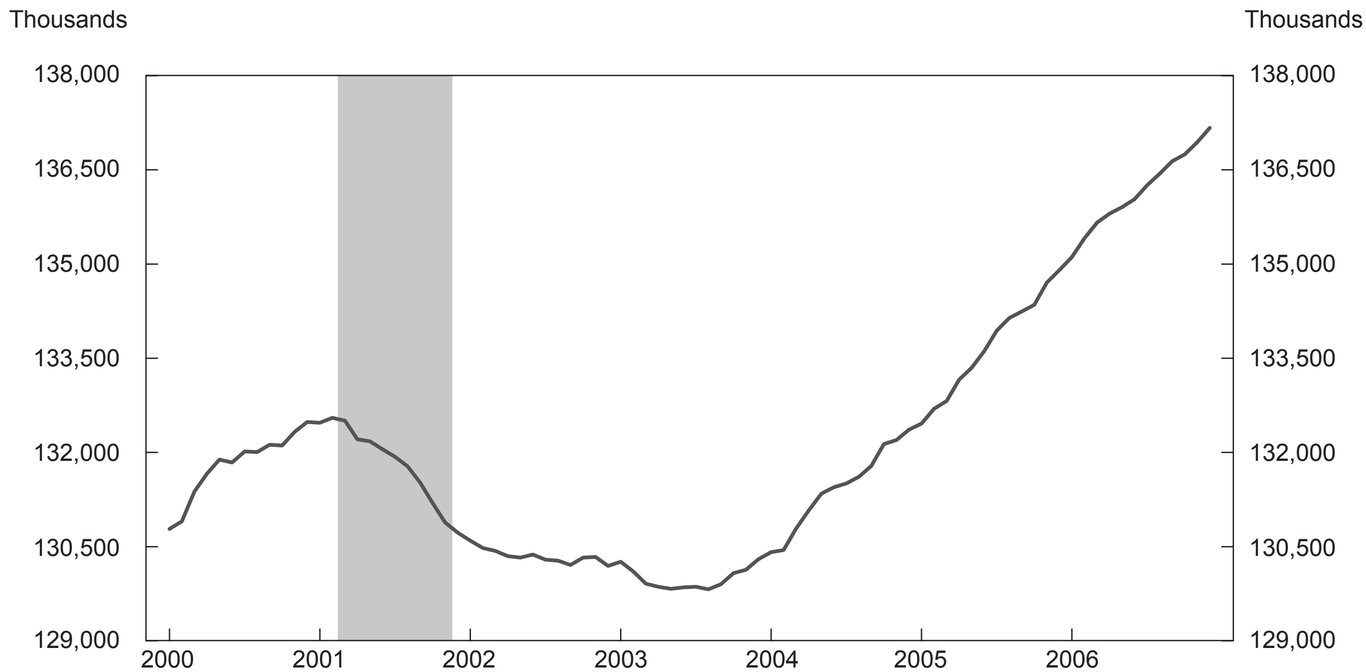
Employment trends varied by industry. (See table 1.) A weak housing market hurt employment in construction and related industries, and imports continued to compete with manufactured goods such as textiles and apparel. Oil prices hit an all-time high in the summer and had a dual effect, hindering growth in retail trade while boosting employment in mining and other industries that produce energy. Shortages of skilled labor suppressed hiring in temporary help services, but spurred wage growth in professional and technical services. Increased tax revenues had a positive influence on hiring for health care and education.

The job openings rate, as measured by the Job Openings and Labor Turnover Survey (JOLTS),[2] flattened out for most of the year, after climbing steadily since late 2003, but started to climb again in the second half of 2006. (See chart 2.) Unlike the CES survey, which measures the net change in employment from month to month, JOLTS measures the number of hires and the number of separations that occur during the month, as well as the number of job openings that employers have at the end of the month. The hires rate had slight month-to-month movements in the first half of the year and then remained steady for the second half. The total separations rate fluctuated throughout 2006, showing no real trend over the year.

Housing-related industries

Employment in construction increased by 134,000 in 2006, following 2 years of more robust growth. After employment peaked in February 2006 for residential specialty trade contractors, the industry shed 99,000 jobs through the end of the year; employment in residential building was flat over the year. Specialty trade contractors perform specific activities in building construction, but are not responsible for the project as a whole, whereas residential and nonresidential builders are typically responsible for the entire project, and they often subcontract parts of the project to other construction establishments, usually specialty trade contractors. The over-the-year employment decrease was the first for residential specialty trade contractors since 2001, and 2006 also marked the first year since 2001 in which residential building employment did not increase. Residential construction indicators revealed similar weakness during the year. New home sales, for example, remained be-

Chart 1. Total nonfarm employment, seasonally adjusted, 2000–06



NOTE: Shaded area denotes NBER-designated recession.

low 2005 levels for the majority of the year, and the ratio of housing starts to housing completions remained below 1.0 for most of the year, indicating that fewer homes were started than completed.[3]

In contrast to the job losses registered in residential construction, nonresidential contractors experienced robust employment growth. (See chart 3.) Nonresidential specialty trades added twice as many jobs in 2006 as in 2005, and payroll employment has increased by 290,000 since reaching a low point in March 2003. Real expenditures for nonresidential construction increased in 2006, mirroring the employment growth.[4]

The slumping housing market affected employment unfavorably in the manufacturing, retail, and financial activities industries. Wood products manufacturing lost 32,000 jobs after employment peaked in January; employment had risen by an average 1,000 per month in the year leading up to the peak. Manufacturers in this industry produce goods used in the construction of homes, such as cut lumber, plywood, and wood trusses. Building material and supplies dealers saw job growth slow to less than a fifth of average job gains in 2005. Establishments in this industry include paint and wallpaper stores, hardware stores, and other building material dealers. The 2006 over-the-year job gain for building material and supplies dealers was the smallest since 1997. Employment in real estate grew by 2.1 percent in 2006, only 60 percent of the rate of growth in 2005. Credit intermediation also added jobs more slowly in 2006; the slower pace was due in large part to real estate credit, which saw employment edge down in 2006. Strong employment growth in the commercial banking industry contrasted with the slowed growth throughout credit intermediation. Commercial banking added twice as many jobs in 2006 as in 2005.

Strength in nonresidential construction boosted employment in some manufacturing industries. Architectural and structural metals manufacturing added jobs for the third consecutive year and grew twice as fast in 2006 as in 2005. Despite 3 years of continued growth, employment was still shy of its prerecession peak. Establishments in this industry manufacture building products for commercial and industrial construction, such as reinforcing bars and fabricated bar joists. Commercial refrigeration manufacturing added 10,000 jobs in 2006, compared with an average loss of 8,000 jobs per year over the previous 5 years.

Table 1. Employees on nonfarm payrolls, by industry, seasonally adjusted, 2003–06

Industry	December (thousands)				Change, December to December					
					2003–04		2004–05		2005–06	
	2003	2004	2005	2006	Thousands	Percent	Thousands	Percent	Thousands	Percent
Total nonfarm	130,298	132,363	134,904	137,167	2,065	1.6	2,541	1.9	2,263	1.7
Total private	108,756	110,659	113,031	115,053	1,903	1.7	2,372	2.1	2,022	1.8
Goods-producing	21,691	22,024	22,410	22,520	333	1.5	386	1.8	110	.5
Natural resources and mining	576	601	651	705	25	4.3	50	8.3	54	8.3
Logging	68.7	67.2	64.7	64.6	–1.5	–2.2	–2.5	–3.7	–.1	–.2
Mining	507.0	534.2	586.3	640.0	27.2	5.4	52.1	9.8	53.7	9.2
Oil and gas extraction	118.3	124.9	128.4	143.2	6.6	5.6	3.5	2.8	14.8	11.5
Mining, except oil and gas	202.5	206.8	216.3	222.4	4.3	2.1	9.5	4.6	6.1	2.8
Coal mining	68.9	71.2	76.0	79.9	2.3	3.3	4.8	6.7	3.9	5.1
Support activities for mining	186.2	202.5	241.6	274.4	16.3	8.8	39.1	19.3	32.8	13.6
Construction	6,819	7,131	7,550	7,684	312	4.6	419	5.9	134	1.8
Construction of buildings	1,586.8	1,669.3	1,768.5	1,799.7	82.5	5.2	99.2	5.9	31.2	1.8
Residential building	862.3	925.8	992.7	1,013.0	63.5	7.4	66.9	7.2	20.3	2.0
Nonresidential building	724.5	743.5	775.8	786.7	19.0	2.6	32.3	4.3	10.9	1.4
Heavy and civil engineering construction	903.0	925.4	969.4	993.5	22.4	2.5	44.0	4.8	24.1	2.5
Specialty trade contractors	4,329.1	4,536.4	4,812.5	4,890.5	207.3	4.8	276.1	6.1	78.0	1.6
Residential specialty trade contractors	2,032.6	2,193.0	2,396.5	2,331.2	160.4	7.9	203.5	9.3	–65.3	–2.7
Nonresidential specialty trade contractors	2,296.5	2,343.4	2,416.0	2,559.3	46.9	2.0	72.6	3.1	143.3	5.9
Manufacturing	14,296	14,292	14,209	14,131	–4	.0	–83	–.6	–78	–.5
Durable goods	8,855	8,955	8,974	8,972	100	1.1	19	.2	–2	.0
Wood products	540.2	556.1	569.2	540.4	15.9	2.9	13.1	2.4	–28.8	–5.1
Nonmetallic mineral products	492.0	509.1	506.0	504.0	17.1	3.5	–3.1	–.6	–2.0	–.4
Primary metals	466.0	468.3	463.8	454.6	2.3	.5	-4.5	–1.0	–9.2	–2.0
Fabricated metal products	1,472.7	1,511.0	1,533.7	1,564.9	38.3	2.6	22.7	1.5	31.2	2.0
Machinery	1,132.2	1,147.9	1,169.7	1,210.1	15.7	1.4	21.8	1.9	40.4	3.5
Computer and electronic products	1,320.9	1,316.4	1,312.4	1,319.9	–4.5	–.3	–4.0	–.3	7.5	.6
Computer and peripheral equipment	214.3	204.4	201.9	199.8	–9.9	–4.6	–2.5	–1.2	–2.1	–1.0
Communications equipment	148.6	147.8	146.2	143.8	–.8	–.5	–1.6	–1.1	–2.4	–1.6
Semiconductors and electronic components	449.9	451.2	453.2	466.2	1.3	.3	2.0	.4	13.0	2.9
Electronic instruments	426.6	435.8	435.9	438.3	9.2	2.2	.1	.0	2.4	.6
Electrical equipment and appliances	450.0	442.5	430.3	437.4	–7.5	–1.7	–-12.2	–2.8	7.1	1.7
Transportation equipment	1,759.1	1,775.5	1,774.3	1,741.0	16.4	.9	–1.2	–.1	–33.3	–1.9
Motor vehicles and parts	1,116.3	1,112.2	1,089.6	1,043.9	–4.1	–.4	–22.6	–2.0	–45.7	–4.2
Furniture and related products	569.3	573.1	563.8	541.1	3.8	.7	–9.3	–1.6	–22.7	–4.0
Miscellaneous manufacturing	653.0	654.6	650.6	658.2	1.6	.2	–4.0	–.6	7.6	1.2
Nondurable goods	5,441	5,337	5,235	5,159	–104	–1.9	–102	–1.9	–76	–1.5
Food manufacturing	1,506.2	1,484.5	1,479.7	1,485.1	–21.7	–1.4	–4.8	–.3	5.4	.4
Beverages and tobacco products	195.6	194.3	192.8	195.5	–1.3	–.7	–1.5	–.8	2.7	1.4
Textile mills	243.8	230.2	208.1	185.0	–13.6	–5.6	–22.1	–9.6	–23.1	–11.1
Textile product mills	173.4	172.7	167.0	157.7	–.7	–.4	–5.7	–3.3	–9.3	–5.6
Apparel	296.6	273.5	246.7	230.4	–23.1	–7.8	–26.8	–9.8	–16.3	–6.6
Leather and allied products	42.5	40.0	39.7	36.5	–2.5	–5.9	–.3	–.8	–3.2	–8.1
Paper and paper products	504.4	490.3	477.1	462.6	–14.1	–2.8	–13.2	–2.7	–14.5	–3.0
Printing and related support activities	671.3	655.3	639.7	636.7	–16.0	–2.4	–15.6	–2.4	–3.0	–.5
Petroleum and coal products	111.6	111.6	110.9	117.1	.0	.0	–.7	–.6	6.2	5.6
Chemicals	891.2	880.6	867.0	871.0	–10.6	–1.2	-13.6	–1.5	4.0	.5

Table 1. Continued—Employees on nonfarm payrolls, by industry, seasonally adjusted, 2003–06

Industry	December (thousands)				Change, December to December					
					2003–04		2004–05		2005–06	
	2003	2004	2005	2006	Thousands	Percent	Thousands	Percent	Thousands	Percent
Plastics and rubber products	804.7	803.8	805.9	781.7	–.9	–.1	2.1	.3	–24.2	–3.0
Service-providing	108,607	110,339	112,494	114,647	1,732	1.6	2,155	2.0	2,153	1.9
Private service-providing	87,065	88,635	90,621	92,533	1,570	1.8	1,986	2.2	1,912	2.1
Trade, transportation, and utilities	25,292	25,690	26,132	26,345	398	1.6	442	1.7	213	.8
Wholesale trade	5,605.0	5,706.8	5,820.8	5,955.0	101.8	1.8	114.0	2.0	134.2	2.3
Durable goods	2,925.9	2,966.8	3,034.8	3,104.3	40.9	1.4	68.0	2.3	69.5	2.3
Nondurable goods	1,998.5	2,019.8	2,024.7	2,055.0	21.3	1.1	4.9	.2	30.3	1.5
Electronic markets and agents and brokers	680.6	720.2	761.3	795.7	39.6	5.8	41.1	5.7	34.4	4.5
Retail trade	14,930.7	15,128.1	15,356.4	15,323.7	197.4	1.3	228.3	1.5	–32.7	–.2
Motor vehicle and parts dealers	1,893.6	1,907.2	1,913.6	1,908.5	13.6	.7	6.4	.3	–5.1	–.3
Automobile dealers	1,259.2	1,255.5	1,253.9	1,244.8	–3.7	–.3	–1.6	–.1	–9.1	–.7
Furniture and home furnishings stores	558.0	572.7	580.3	591.4	14.7	2.6	7.6	1.3	11.1	1.9
Electronics and appliance stores	510.8	519.4	547.7	531.4	8.6	1.7	28.3	5.4	–16.3	–3.0
Building material and garden supply stores	1,199.5	1,251.4	1,299.9	1,314.1	51.9	4.3	48.5	3.9	14.2	1.1
Food and beverage stores	2,812.6	2,806.8	2,815.7	2,843.7	–5.8	–.2	8.9	.3	28.0	1.0
Health and personal care stores	941.3	942.4	963.4	959.7	1.1	.1	21.0	2.2	–3.7	–.4
Gasoline stations	878.9	869.3	869.5	854.8	–9.6	–1.1	.2	.0	–14.7	–1.7
Clothing and clothing accessories stores	1,319.3	1,376.8	1,444.7	1,460.1	57.5	4.4	67.9	4.9	15.4	1.1
Sporting goods, hobby, book, and music stores	641.6	640.7	650.7	648.9	–.9	–.1	10.0	1.6	–1.8	–.3
General merchandise stores	2,835.6	2,906.8	2,944.6	2,885.4	71.2	2.5	37.8	1.3	–59.2	–2.0
Department stores	1,609.2	1,609.2	1,580.5	1,537.7	.0	.0	–28.7	–1.8	–42.8	–2.7
Miscellaneous store retailers	918.4	907.3	892.1	881.4	–11.1	–1.2	–15.2	–1.7	–10.7	–1.2
Nonstore retailers	421.1	427.3	434.2	444.3	6.2	1.5	6.9	1.6	10.1	2.3
Transportation and warehousing	4,185.2	4,299.8	4,403.9	4,517.0	114.6	2.7	104.1	2.4	113.1	2.6
Air transportation	517.6	512.1	486.2	488.3	–5.5	–1.1	–25.9	–5.1	2.1	.4
Rail transportation	221.5	228.0	226.3	226.4	6.5	2.9	–1.7	–.7	.1	.0
Water transportation	55.1	56.3	63.4	67.8	1.2	2.2	7.1	12.6	4.4	6.9
Truck transportation	1,334.4	1,369.5	1,414.7	1,453.6	35.1	2.6	45.2	3.3	38.9	2.7
Transit and ground passenger transportation	386.5	389.4	394.3	390.2	2.9	.8	4.9	1.3	–4.1	–1.0
Pipeline transportation	39.1	37.8	37.9	39.7	–1.3	–3.3	.1	.3	1.8	4.7
Scenic and sightseeing transportation	25.6	27.9	27.8	27.8	2.3	9.0	–.1	–.4	.0	.0
Support activities for transportation	521.6	546.5	559.8	575.9	24.9	4.8	13.3	2.4	16.1	2.9
Couriers and messengers	551.7	560.5	577.8	596.4	8.8	1.6	17.3	3.1	18.6	3.2
Warehousing and storage	532.1	571.8	615.7	650.9	39.7	7.5	43.9	7.7	35.2	5.7
Utilities	571.0	555.6	550.9	549.2	–15.4	–2.7	–4.7	–.8	–1.7	–.3
Information	3,152	3,079	3,054	3,073	–73	–2.3	–25	–.8	19	.6
Publishing industries, except Internet	914.4	904.0	903.4	906.1	–10.4	–1.1	–.6	–.1	2.7	.3
Motion picture and sound recording industries	385.5	375.1	382.3	378.3	–10.4	–2.7	7.2	1.9	–4.0	–1.0
Broadcasting, except Internet	322.2	327.1	327.9	335.6	4.9	1.5	.8	.2	7.7	2.3
Internet publishing and broadcasting	28.3	30.5	32.9	37.0	2.2	7.8	2.4	7.9	4.1	12.5
Telecommunications	1,061.1	1,012.0	976.7	978.0	–49.1	–4.6	–35.3	–3.5	1.3	.1

Table 1. Continued—Employees on nonfarm payrolls, by industry, seasonally adjusted, 2003–06

Industry	December (thousands)				Change, December to December					
					2003–04		2004–05		2005–06	
	2003	2004	2005	2006	Thousands	Percent	Thousands	Percent	Thousands	Percent
ISP's, search portals, and data processing	390.2	379.5	379.7	386.1	–10.7	–2.7	.2	.1	6.4	1.7
Other information services	50.0	50.8	50.7	52.1	.8	1.6	–.1	–.2	1.4	2.8
Financial activities	7,984	8,083	8,250	8,438	99	1.2	167	2.1	188	2.3
Finance and insurance	5,918.9	5,979.1	6,095.0	6,239.8	60.2	1.0	115.9	1.9	144.8	2.4
Monetary authorities—central bank	22.4	20.9	20.9	21.8	–1.5	–6.7	.0	.0	.9	4.3
Credit intermediation and related activities	2,800.6	2,836.8	2,902.4	2,959.7	36.2	1.3	65.6	2.3	57.3	2.0
Depository credit intermediation	1,749.2	1,755.5	1,781.8	1,824.6	6.3	.4	26.3	1.5	42.8	2.4
Commercial banking	1,277.1	1,286.0	1,302.4	1,336.9	8.9	.7	16.4	1.3	34.5	2.6
Securities, commodity contracts, investments	754.7	778.7	796.9	829.2	24.0	3.2	18.2	2.3	32.3	4.1
Insurance carriers and related activities	2,255.0	2,257.0	2,284.8	2,333.9	2.0	.1	27.8	1.2	49.1	2.1
Funds, trusts, and other financial vehicles	86.2	85.7	90.0	95.2	–.5	–.6	4.3	5.0	5.2	5.8
Real estate and rental and leasing	2,064.6	2,103.8	2,154.9	2,198.0	39.2	1.9	51.1	2.4	43.1	2.0
Real estate	1,393.9	1,433.1	1,484.8	1,516.4	39.2	2.8	51.7	3.6	31.6	2.1
Rental and leasing services	643.7	645.0	642.4	650.9	1.3	.2	–2.6	–.4	8.5	1.3
Lessors of nonfinancial intangible assets	27.0	25.7	27.7	30.7	–1.3	–4.8	2.0	7.8	3.0	10.8
Professional and business services	16,149	16,607	17,293	17,792	458	2.8	686	4.1	499	2.9
Professional and technical services	6,672.0	6,899.7	7,215.3	7,499.8	227.7	3.4	315.6	4.6	284.5	3.9
Legal services	1,154.8	1,165.9	1,168.6	1,179.0	11.1	1.0	2.7	.2	10.4	.9
Accounting and bookkeeping services	810.0	815.8	880.7	925.1	5.8	.7	64.9	8.0	44.4	5.0
Architectural and engineering services	1,232.9	1,283.6	1,345.9	1,411.4	50.7	4.1	62.3	4.9	65.5	4.9
Computer systems design and related services	1,124.4	1,181.9	1,228.1	1,303.3	57.5	5.1	46.2	3.9	75.2	6.1
Management and technical consulting services	760.3	815.4	887.0	953.8	55.1	7.2	71.6	8.8	66.8	7.5
Management of companies and enterprises	1,702.8	1,745.1	1,775.7	1,826.0	42.3	2.5	30.6	1.8	50.3	2.8
Administrative and waste services	7,774.6	7,961.9	8,301.7	8,466.4	187.3	2.4	339.8	4.3	164.7	2.0
Administrative and support services	7,451.5	7,628.3	7,959.6	8,117.0	176.8	2.4	331.3	4.3	157.4	2.0
Employment services	3,378.6	3,463.5	3,677.1	3,674.2	84.9	2.5	213.6	6.2	–2.9	–.1
Temporary help services	2,311.0	2,445.7	2,658.1	2,641.6	134.7	5.8	212.4	8.7	–16.5	–.6
Business support services	752.8	767.7	768.1	806.9	14.9	2.0	.4	.1	38.8	5.1
Services to buildings and dwellings	1,655.6	1,704.8	1,770.9	1,817.7	49.2	3.0	66.1	3.9	46.8	2.6
Waste management and remediation services	323.1	333.6	342.1	349.4	10.5	3.2	8.5	2.5	7.3	2.1
Education and health services	16,751	17,144	17,573	18,063	393	2.3	429	2.5	490	2.8
Educational services	2,740.1	2,802.0	2,862.4	2,948.6	61.9	2.3	60.4	2.2	86.2	3.0
Health care and social assistance	14,010.8	14,342.4	14,710.9	15,113.9	331.6	2.4	368.5	2.6	403.0	2.7
Health care	11,919.0	12,170.9	12,438.2	12,779.2	251.9	2.1	267.3	2.2	341.0	2.7
Ambulatory health care services	4,853.9	5,032.4	5,189.6	5,369.2	178.5	3.7	157.2	3.1	179.6	3.5
Offices of physicians	2,024.9	2,068.6	2,118.4	2,185.5	43.7	2.2	49.8	2.4	67.1	3.2

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Industry	December (thousands)				Change, December to December					
					2003–04		2004–05		2005–06	
	2003	2004	2005	2006	Thousands	Percent	Thousands	Percent	Thousands	Percent
Outpatient care centers	433.4	460.3	483.4	493.6	26.9	6.2	23.1	5.0	10.2	2.1
Home health care services	752.9	801.5	838.9	890.9	48.6	6.5	37.4	4.7	52.0	6.2
Hospitals	4,266.5	4,301.6	4,379.1	4,469.5	35.1	.8	77.5	1.8	90.4	2.1
Nursing and residential care facilities	2,798.6	2,836.9	2,869.5	2,940.5	38.3	1.4	32.6	1.1	71.0	2.5
Nursing care facilities	1,575.1	1,577.8	1,578.6	1,596.4	2.7	.2	.8	.1	17.8	1.1
Social assistance	2,091.8	2,171.5	2,272.7	2,334.7	79.7	3.8	101.2	4.7	62.0	2.7
Child day care services	754.8	775.1	805.5	803.6	20.3	2.7	30.4	3.9	–1.9	–.2
Leisure and hospitality	12,333	12,638	12,918	13,373	305	2.5	280	2.2	455	3.5
Arts, entertainment, and recreation	1,830.1	1,854.9	1,905.1	1,957.2	24.8	1.4	50.2	2.7	52.1	2.7
Performing arts and spectator sports	371.4	368.2	380.6	406.4	–3.2	–.9	12.4	3.4	25.8	6.8
Museums, historical sites, zoos, and parks	115.1	118.6	121.1	127.1	3.5	3.0	2.5	2.1	6.0	5.0
Amusements, gambling, and recreation	1,343.6	1,368.1	1,403.4	1,423.7	24.5	1.8	35.3	2.6	20.3	1.4
Accommodations and food services	10,502.7	10,783.0	11,013.2	11,415.9	280.3	2.7	230.2	2.1	402.7	3.7
Accommodations	1,785.5	1,806.9	1,822.8	1,863.2	21.4	1.2	15.9	.9	40.4	2.2
Food services and drinking places	8,717.2	8,976.1	9,190.4	9,552.7	258.9	3.0	214.3	2.4	362.3	3.9
Other services	5,404	5,394	5,401	5,449	–10	–.2	7	.1	48	.9
Repair and maintenance	1,226.0	1,229.2	1,239.6	1,251.6	3.2	.3	10.4	.8	12.0	1.0
Personal and laundry services	1,266.6	1,275.2	1,276.4	1,287.4	8.6	.7	1.2	.1	11.0	.9
Membership associations and organizations	2,911.2	2,889.4	2,885.3	2,909.7	–21.8	–.7	–4.1	–.1	24.4	.8
Government	21,542	21,704	21,873	22,114	162	.8	169	.8	241	1.1
Federal	2,735	2,729	2,732	2,713	–6	–.2	3	.1	–19	–.7
Federal, except U.S. Postal Service	1,941.3	1,951.8	1,957.5	1,948.6	10.5	.5	5.7	.3	–8.9	–.5
U.S. Postal Service	793.7	776.7	774.5	764.5	–17.0	–2.1	–2.2	–.3	–10.0	–1.3
State government	4,983	5,002	5,057	5,111	19	.4	55	1.1	54	1.1
State government education	2,252.0	2,242.2	2,280.0	2,311.8	–9.8	–.4	37.8	1.7	31.8	1.4
State government, excluding education	2,731.0	2,759.7	2,777.0	2,798.9	28.7	1.1	17.3	.6	21.9	.8
Local government	13,824	13,973	14,084	14,290	149	1.1	111	.8	206	1.5
Local government education	7,708.6	7,804.1	7,882.0	8,015.6	95.5	1.2	77.9	1.0	133.6	1.7
Local government, excluding education	6,115.6	6,168.9	6,202.1	6,274.1	53.3	.9	33.2	.5	72.0	1.2

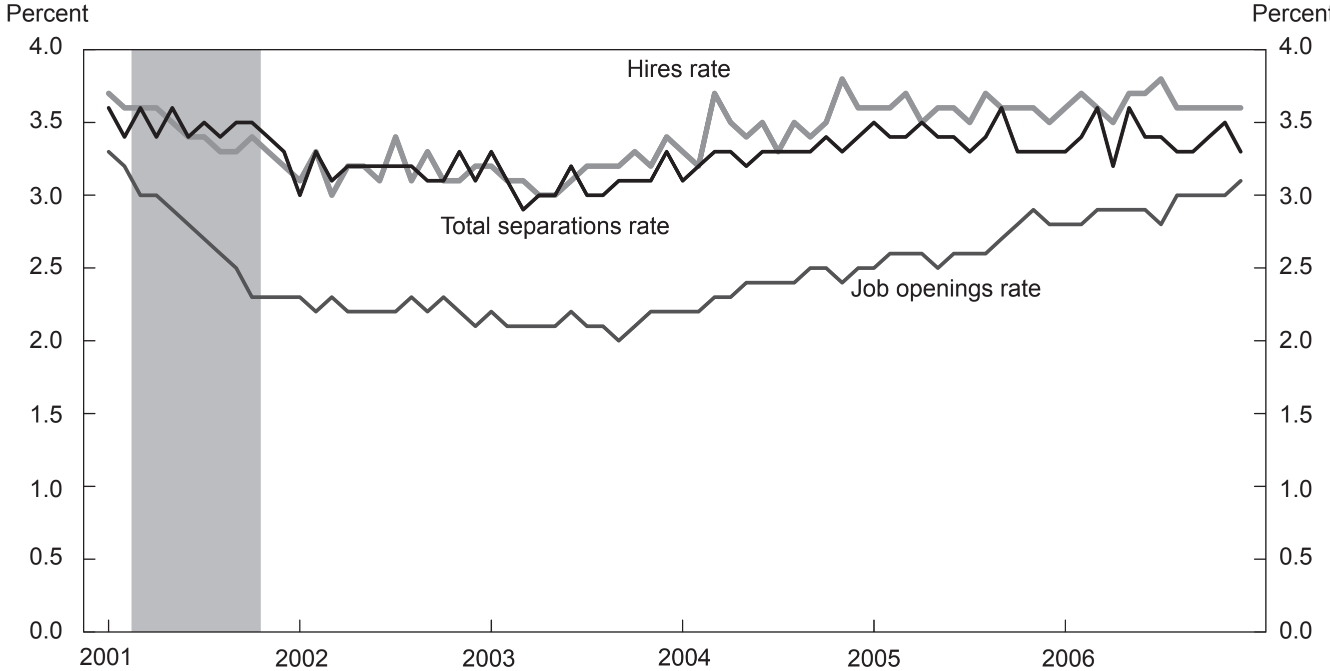
NOTE: Consistent with other CES publications, employment data are rounded to thousands for supersectors and selected aggregate industries and to hundreds for more detailed industries.

Foreign competition

Employment in the textile and apparel industries continued long-term declines; job losses in these industries accounted for 64 percent of the total employment decrease in nondurable goods for 2006. Employment has migrated out of the United States to countries with lower wages and fewer other costs. Imports hurt these industries; for every dollar's worth of textiles and apparel exported by U.S. manufacturers, $6.66 worth of textiles and apparel were imported.[5]

The story was quite different for the aerospace products and parts industry, which added 9,000 jobs to payrolls in 2006, marking the third consecutive over-the-year employment gain. This industry has benefited from a more global economy: global demand for air freight is increasing, and jet production must keep pace. Also, higher fuel prices have created a need for fuel-efficient jets.[6] The ris-

Chart 2. Total nonfarm job openings, hires, and total separations rates, seasonally adjusted, 2001–06



NOTE: Shaded area denotes NBER-designated recession.

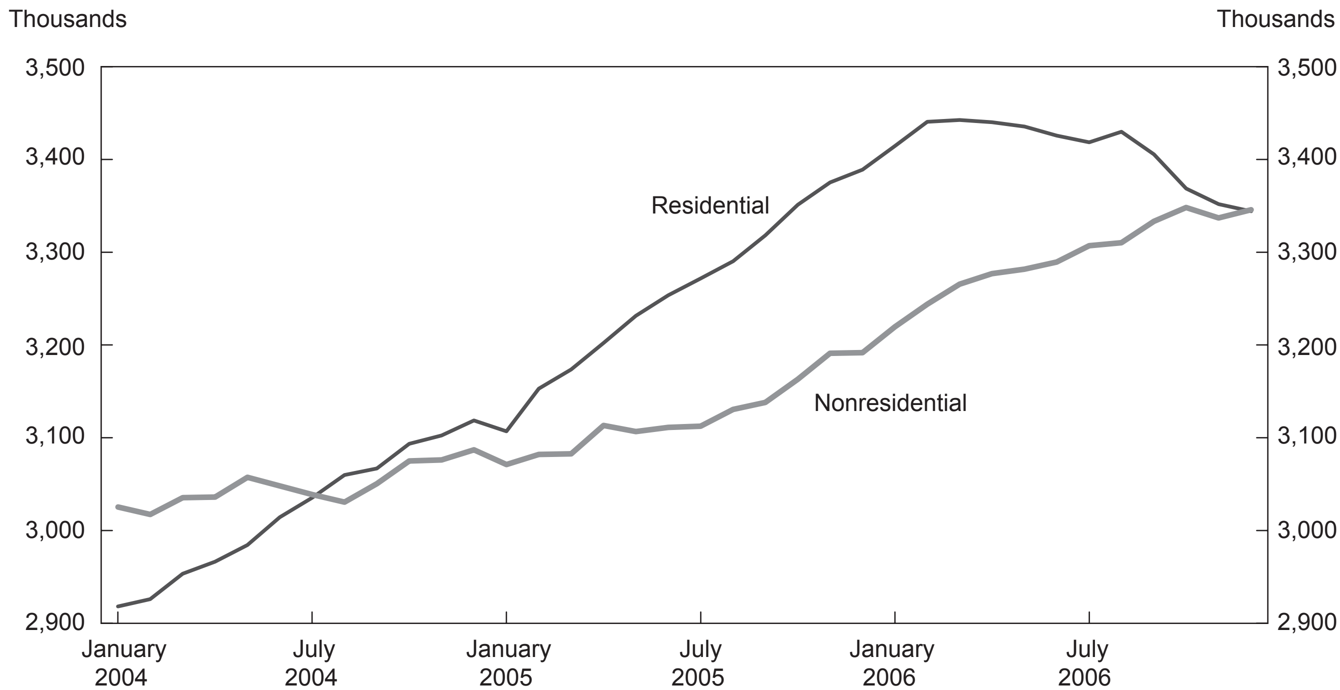
ing demand for air freight and fuel-efficient jets has resulted in a surge in new orders for nondefense aircraft and parts such that the number of new orders in 2006 was more than double the number in 2004.[7]

Unlike aerospace manufacturing, the motor vehicles and parts manufacturing industry has not benefited from a more global economy. In 2006, employment in this industry decreased by 46,000, the largest loss since 2001. American-branded automakers face many obstacles. Their share of the market has dwindled considerably, and they struggle with high legacy costs—the costs of pensions, health insurance, and other benefits.[8] These costs have become more burdensome as rising fuel prices have shifted consumer preferences away from sport utility vehicles.[9] American-branded automakers have been less nimble in designing and marketing smaller, more fuel-efficient vehicles and have ceded their market share to both imports and foreign-branded companies operating in the United States. These foreign-branded companies have chosen to locate in areas where they can operate their facilities with less union influence, guaranteeing greater workforce flexibility and lower costs. In response, American-branded companies have sought, and received, concessions from unions that allow workforce reductions through attrition, buyouts, and early retirement.[10]

Demand for skilled labor

Employment in temporary help services changed little in 2006. (See chart 4.) The industry sells its services to many different industries and employs workers in all types of occupations. With the wide diversity of employees and customers, several factors contributed to the flatness in temporary help employment in 2006. About two-thirds of the employment services industry comes from three occupational categories—office and administrative support, transportation and material moving, and production[11]—that include many lower paid and lower skilled occupations. Still, demand for higher skilled workers remained firm throughout 2006. In a survey conducted by Manpower, Inc., employers said that they "would have hired more permanent professional staff" if they could have found qualified applicants to fill the positions.[12] With softening in manufacturing, construction, and retail trade, it is possible that the demand for these industries' lower skilled workers weakened. As a result, temporary help firms were

Chart 3. Residential and nonresidential construction employment, seasonally adjusted, 2004–06



NOTE: Residential construction is the sum of residential building (NAICS 2361) and residential specialty trade contractors (NAICS 238001). Nonresidential construction is the sum of nonresidential building (NAICS 2362) and nonresidential specialty trade contractors (NAICS 238002). These are not official CES series.

unwilling to hire lower skilled workers, yet unable to find higher skilled workers, thereby making for the aforementioned flat employment in the temporary help services industry in 2006.

Workers in some industries benefited from the strong demand for highly skilled labor. In particular, employment in professional and technical services increased by 285,000. A relatively large share of the workers in this group of industries, including engineers, accountants, computer systems designers, and consultants, to name a few, is highly paid (see table 2) and, presumably, highly skilled. Although demand for these positions was high, there was a shortage of labor that led to relatively large wage gains.[13] Average hourly earnings, at $25.95 as measured by the CES survey, rose 5.7 percent over the year, compared with $17.07 per hour and 4.3-percent growth for the entire private sector.

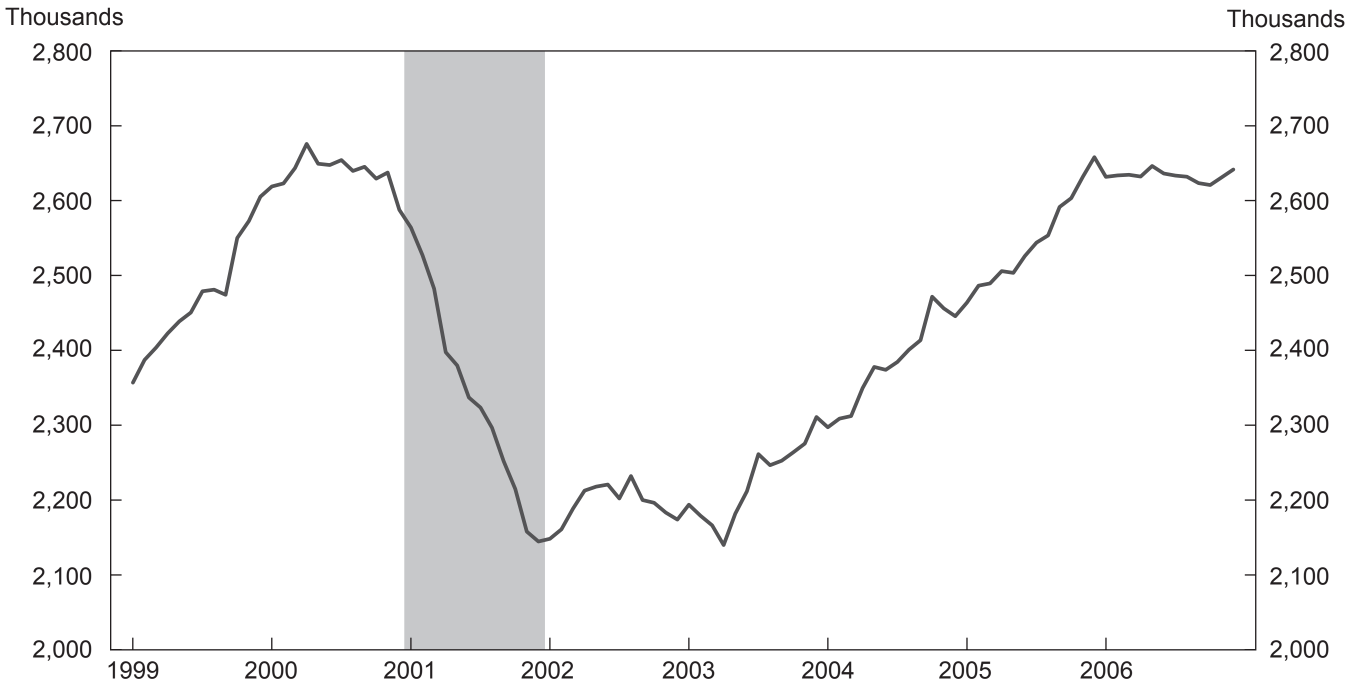
High oil and gas prices

There is a positive correlation between the price of crude oil and mining employment: as crude oil prices increase, the more profitable it becomes to drill for oil and gas, and companies respond by hiring more workers to meet demand. (See chart 5.) With oil and gas prices remaining high in 2006, employment in oil and gas extraction grew 4 times as fast as in 2005, bringing employment to its highest level since November 1997. Support activities for oil and gas operations added 25,000 jobs over the year, a 16-percent increase. Establishments in this industry provide support activities on a contract or fee basis. Since reaching a low point in April 2003, the industry has added 62,000 jobs, far surpassing the most recent peak in January 2002.

Petroleum and coal products manufacturing, which is dominated by petroleum refineries, also benefited from high oil and gas prices, adding 6,000 jobs in 2006 after a long-term decline. This performance contrasts with that of nondurable goods manufacturing, which lost 76,000 jobs in 2006.

Contributing to the nondurable goods employment loss was plastics and rubber products manufacturing, an industry that suffered from the high cost of oil, a major input to the industry's production. Like employment in other manufacturing industries, plastics and rubber products employment was hit hard during the recession, but job losses had curtailed, and until this year, employment had been stagnant. Employment declines totaled 12,000

Chart 4. Employment in temporary help services, seasonally adjusted, 1999–2006



in 2006, after adjustment for striking tire workers.[14]

Consumption of goods and services

Consumers had a positive outlook in 2006, with the Consumer Confidence Index ending the year at the highest level since May 2002.[15] Despite the positive outlook, employment in retail trade edged down, following 2 years of robust growth. Employment in general merchandise stores declined by 59,000, with most of the decrease split between high-end and discount department stores. Electronics and appliance stores employment, which had one of the fastest growth rates within retail trade in 2005, edged down over the year, and employment in compact disc and record stores declined by 16,000. As digital media become cheaper and more readily available, people increasingly are purchasing their music online instead of in the store.[16] Job gains in food and beverage stores helped offset the losses in other parts of retail trade. Since reaching a trough in September 2005, this industry has regained one-fifth of the jobs it lost in the peak-to-trough period starting in April 2000 and ending in September 2005.

Like employment in food and beverage stores, employment in food services and drinking places increased in 2006, with the industry adding 362,000 jobs. This industry has added jobs every year since 1991. The leisure and hospitality industry added 455,000 jobs, the largest year-to-year increase in the history of the series.

Government budgets

Tax revenues for Federal, State, and local governments continued to grow in 2006.[17] Federal employment continued its slow decline, but State and local government employment trended upward. Much of the employment gain came in State and local government's education components, which together added 165,000 jobs. Local government education had its largest over-the-year gain since 2001.

Public spending on nonbuilding construction increased in 2006, leading to increased work for private heavy construction.[18] Employment in this industry grew over the year, although at a pace reduced from that of 2005. Since reaching a trough in February 2004, the industry has added 98,000 jobs, surpassing its prerecessionary employment level. Much of the employment gain in 2006 was in utili-

Table 2. Distribution of employment by selected occupations: total nonfarm and professional, scientific, and technical services

Occupation	Hourly mean wage	Percent distribution	
		Total nonfarm	Professional, scientific, and technical services
Total, all occupations	$28.15	100.0	100.0
Office and administrative support occupations	15.38	17.5	25.8
Computer and mathematical occupations	34.34	2.3	13.4
Architecture and engineering occupations	29.78	1.8	12.0
Business and financial operations occupations	31.62	4.2	11.2
Legal occupations	42.38	.8	8.4
Management occupations	54.37	4.6	7.3
Other occupations	22.84	68.8	21.9

NOTE: Data come from the Occupational Employment Survey, on the Internet at **www.bls.gov/oes**.

ty system construction.

Total public health expenditures increased by 10.0 percent in 2006,[19] having a positive impact on employment in health care. Doctors' offices, home health care services, hospitals, and nursing and residential care facilities all added more jobs in 2006 than in 2005. Research suggests that as employment in the broader economy slows, employment among health care providers is able to accelerate.[20] Employment in nursing care facilities increased by 18,000, the first over-the-year job gain in the industry since 2002. In the past, nursing care facilities have suffered from changes to the Medicare payment system, as well as reductions in total Medicare payments, leading to stagnant employment during the past 3 years.[21]

Job openings

Job openings are a measure of unmet labor demand. The Job Openings and Labor Turnover Survey (JOLTS) counts the number of openings on the last business day of the month. In 2006, the seasonally adjusted monthly job openings rate[22] remained flat through the first half of the year, but climbed in the second half. (See chart 2.) On the last business day of 2006, there were 4.4 million job openings, a figure that translates to a 3.1-percent job openings rate, compared with 2.8 percent for the last business day of 2005.

The monthly job openings rate throughout the year was higher in 2006 than in 2005 for most industries and regions. The biggest year-to-year increase in the average monthly job openings rate among industries was in information, followed by the transportation, warehousing, and utilities industry.

The industries with the highest average monthly job openings rate in 2006 were information (4.4 percent), accommodations and food services (4.0 percent), and health care and social assistance (3.9 percent). Geographically, unmet labor demand was consistently higher in 2006 in the South and West than in the Northeast and Midwest. (See chart 6.)

Hires

Hires are the sum total of additions to the payroll during the month. Increased hiring indicates a healthier economy. In 2006, the seasonally adjusted monthly hires rate was relatively flat, staying between 3.5 percent and 3.8 percent. Over the year, there were 59.4 million hires, slightly higher than the 57.5 million in 2005. (See table 3.)

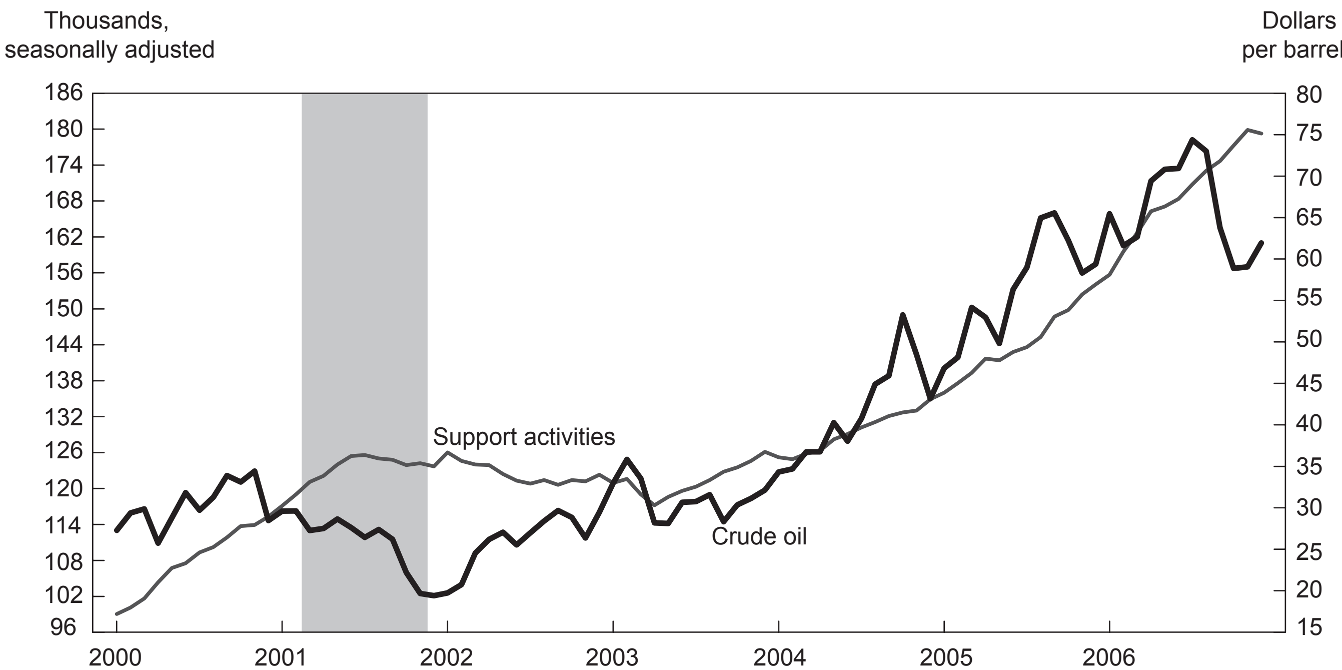
The hires rate was little changed between 2005 and 2006 in most industries. The exception was construction, in which the average monthly hires rate decreased from 5.9 percent in 2005 to 4.9 percent in 2006, a year in which the hires rate reached some of the lowest points in the series for construction.

For almost every month in 2006, the hires rate was highest in professional and business services and in accommodations and food services. Regionally, the hires rate was higher in 2006 in the South and West than in the Midwest and Northeast.

Separations

All separations from the payroll throughout the month are counted in the JOLTS total separations figure. The seasonally adjusted monthly total separations rate did not vary much throughout 2006, ranging between 3.2 percent

Chart 5. **Employment in support activities for oil and gas operations and West Texas intermediate crude oil, spot prices, 2000–06**



NOTE: Shaded area denotes NBER-designated recession.
SOURCE: Energy Information Administration.

and 3.6 percent. For the year, there were 55.4 million total separations, up slightly from the 54.6 million total separations in 2005. (See table 4.)

The total separations rate was consistently highest in 2006 in accommodations and food services. The average monthly total separations rate also was high in construction. Regionally, the total separations rate was higher in 2006 in the South and West than in the Midwest and Northeast.

Churn in the labor market

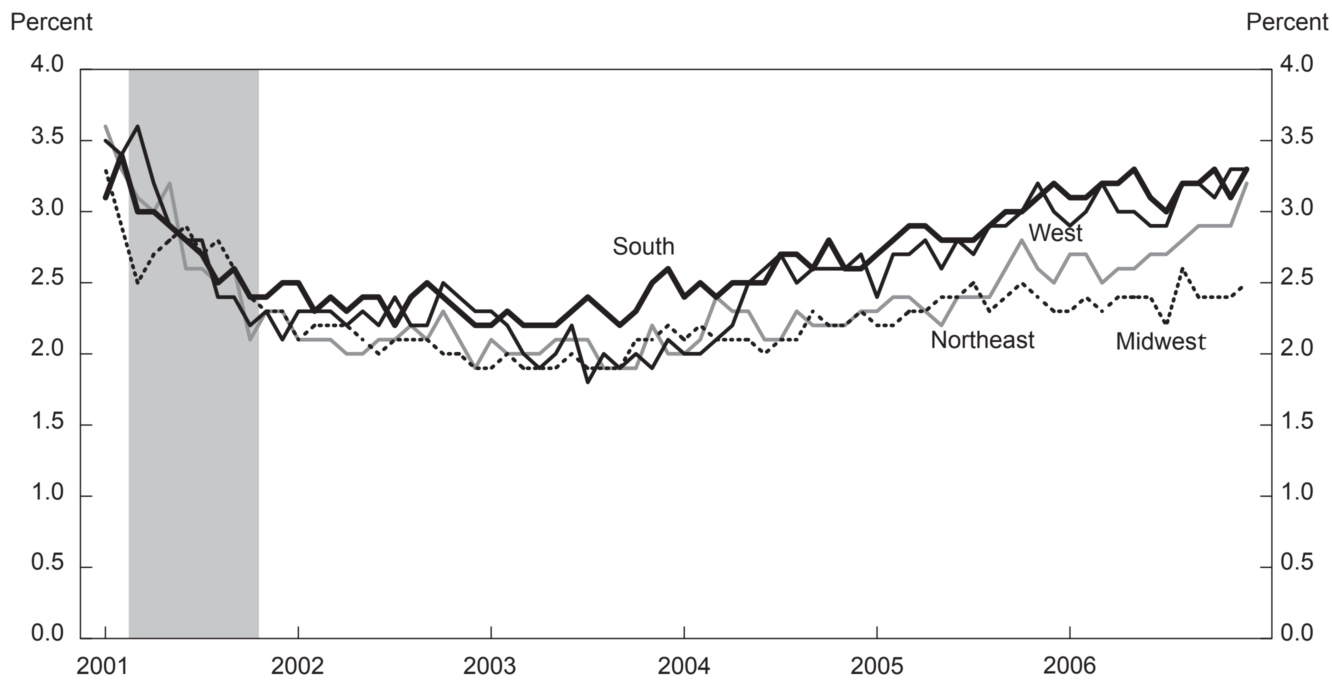
Although the hires and total separations rates were relatively flat in 2006, there were still a vast number of hires (59.4 million) and separations (55.4 million) during the year. Two industries often had higher hires and total separations rates throughout 2006 than any other industries: accommodations and food services; and arts, entertainment, and recreation. Each of these industries regularly has large numbers of people moving in and out of jobs. Both the hires and total separations rates were higher in these industries because of the nature of the work and the pay. Jobs in the two industries tend to be easier to enter, because they do not demand many specific skill sets. Exits also are relatively more numerous, due to lower pay and less satisfying working conditions.

Analysis of separations

The components of total separations are quits, layoffs and discharges, and other separations. Quits are voluntary separations. Therefore, rising quits levels usually indicate that workers feel more confident about the availability of other jobs and are willing to leave their current job in search of a new one. There were slightly more quits in 2006 than in 2005 (See table 5.) At 32.3 million in 2006, quits made up the largest part of total separations. Also, the number of quits as a percentage of total separations rose at times, to reach prerecession levels. (See chart 7.) Regionally, the South consistently had the highest ratio of quits to separations.

Layoffs and discharges measure involuntary separations. Quits, on the one hand, and layoffs and discharges, on the other, move in opposite directions throughout the business cycle. In 2006, there were fewer layoffs and discharges (18.9 million) than in 2005 (20.0 million). (See

Chart 6. Job openings rates, by region, seasonally adjusted, 2001–06



NOTE: Shaded area denotes NBER-designated recession.

table 6.) In 2006, the average monthly layoffs and discharges rate was highest in arts, entertainment, and recreation; construction; and professional and business services. Regionally, the West had the highest average monthly layoffs and discharges rate.

The remaining separations, such as transfers, retirements, and deaths, are measured in the "other separations" category, which reflects demographic change as well as economic change. Other separations make up a very small portion of total separations, relative to quits and to layoffs and discharges. Other separations increased from 3.8 million in 2005 to 4.2 million in 2006. (See table 7.) Federal Government had the highest average monthly other separations rate in 2006, followed by natural resources and mining, and professional and business services. Geographically, all four regions had the same average monthly other separations rate of 0.3 percent.

Labor shortages

Typically, the hires rate exceeds the job openings rate because job openings are a stock measure (measured on only 1 day, the last business day of the month), while hires are a flow measure (measured for the entire month). However, the reverse relationship is true in a few industries, indicating that demand (job openings) outpaces supply (hires). As in previous years, demand outpaced supply in the health care and social assistance sector. This industry includes nursing and other health care workers. The average monthly job openings rate was 3.9 percent, while the average monthly hires rate was 2.8 percent. A major factor increasing the demand for registered nurses is the provision of health care for an aging population.[23]

The finance and insurance industry also showed high unmet labor demand, with a higher average monthly job openings rate (3.3 percent) than hires rate (2.2 percent). Moderate labor shortages appeared as well in State and local government, where the job openings rate averaged 2.1 percent per month for the year while the hires rate averaged only 1.7 percent per month. (See chart 8.)

Trends in industries and regions

JOLTS data showed weakness in construction and strength in professional and business services during 2006. Both durable goods and financial activities exhibited mixed signals.

Table 3. Annual hires rates[1] and levels[2]

Industry and region	Rate (percent) 2005	Rate (percent) 2006	Rate Change	Rate Percent change	Level (thousands) 2005	Level (thousands) 2006	Level Change	Level Percent change
Total	43.0	43.6	0.6	1.4	57,491	59,400	1,909	3.3
Industry								
Total private	47.7	48.0	.3	.6	53,416	54,851	1,435	2.7
Natural resources and mining	40.9	37.6	–3.3	–8.1	257	257	0	.0
Construction	70.2	58.7	–11.5	–16.4	5,150	4,513	–637	–12.4
Manufacturing	28.9	30.1	1.2	4.2	4,112	4,278	166	4.0
Durable goods	28.9	28.3	–.6	–2.1	2,592	2,549	-43	–1.7
Nondurable goods	28.9	33.3	4.4	15.2	1,521	1,730	209	13.7
Trade, transportation, and utilities	47.3	48.2	.9	1.9	12,289	12,640	351	2.9
Wholesale trade	29.8	27.6	–2.2	–7.4	1,720	1,629	–91	–5.3
Retail trade	55.8	58.2	2.4	4.3	8,530	8,909	379	4.4
Transportation, warehousing, and utilities	41.5	41.9	.4	1.0	2,039	2,100	61	3.0
Information	28.8	31.9	3.1	10.8	881	974	93	10.6
Financial activities	28.0	30.0	2.0	7.1	2,281	2,512	231	10.1
Finance and insurance	23.8	26.0	2.2	9.2	1,436	1,608	172	12.0
Real estate, and rental and leasing	39.7	41.4	1.7	4.3	845	903	58	6.9
Professional and business services	62.3	64.5	2.2	3.5	10,554	11,328	774	7.3
Education and health services	32.3	33.1	.8	2.5	5,619	5,905	286	5.1
Educational services	25.4	28.8	3.4	13.4	721	840	119	16.5
Health care and social assistance	33.7	34.0	.3	.9	4,898	5,066	168	3.4
Leisure and hospitality	77.2	78.6	1.4	1.8	9,893	10,336	443	4.5
Arts, entertainment, and recreation	79.4	78.3	–1.1	–1.4	1,503	1,509	6	.4
Accommodations and food services	76.8	78.7	1.9	2.5	8,391	8,828	437	5.2
Other services	44.2	38.8	–5.4	–12.2	2,384	2,106	–278	–11.7
Government	18.7	20.7	2.0	10.7	4,075	4,549	474	11.6
Federal	18.0	25.6	7.6	42.2	492	699	207	42.1
State and local	18.8	20.0	1.2	6.4	3,586	3,848	262	7.3
Region[3]								
Northeast	37.3	36.3	–1.0	–2.7	9,331	9,233	–98	–1.1
South	46.1	47.6	1.5	3.3	22,069	23,250	1,181	5.4
Midwest	40.1	40.3	.2	.5	12,403	12,658	255	2.1
West	45.9	46.8	.9	2.0	13,689	14,259	570	4.2

[1] The annual hires rate is the number of hires posted during the entire year as a percent of annual average employment.

[2] The annual hires level is the number of hires posted during the entire year.

[3] The States (including the District of Columbia) that make up the regions are as follows: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South—Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Weakness in construction is most evident in the hires rate, which averaged 5.9 percent per month in 2005 and then declined throughout 2006, dropping to 2.8 percent, a level not seen since December 2000. The annual quits rate, a barometer of workers' ability to change jobs, decreased from 28.6 percent in 2005 to 25.7 percent in 2006. (See table 5.) After the 2001 recession, the quits rate in construction generally trended upward until the latter part of 2005, when it began a downward swing. In 2006, the monthly rate fell to a low of 1.5 percent. Although most other industries saw increases in their average monthly job openings rates from 2005 to 2006, construction held steady. Despite lackluster growth in the industry, the job openings rate in construction tends to be much lower than in other industries, implying that jobs in construction are fairly easy to fill. The declines in the hires and quits rates and the stagnant job openings rate together show a weakening situation for construction, consistent with the CES picture of residential construction employment.

JOLTS data for professional and business services ex-

Table 4. Annual total separations rates[1] and levels[2]

Industry and region	Rate (percent) 2005	Rate 2006	Rate Change	Rate Percent change	Level (thousands) 2005	Level 2006	Level Change	Level Percent change
Total	40.8	40.7	–0.1	–0.2	54,609	55,422	813	1.5
Industry								
Total private	45.8	45.3	–.5	–1.1	51,286	51,715	429	.8
Natural resources and mining	32.8	33.2	.4	1.2	206	227	21	10.2
Construction	66.1	60.5	–5.6	–8.5	4,847	4,653	–194	–4.0
Manufacturing	31.4	31.6	.2	.6	4,469	4,483	14	.3
Durable goods	31.6	28.8	–2.8	–8.9	2,829	2,590	–239	–8.4
Nondurable goods	31.1	36.5	5.4	17.4	1,640	1,896	256	15.6
Trade, transportation, and utilities	46.2	45.7	–.5	–1.1	11,983	11,995	12	.1
Wholesale trade	27.8	29.1	1.3	4.7	1,602	1,716	114	7.1
Retail trade	55.1	55.6	.5	.9	8,424	8,517	93	1.1
Transportation, warehousing, and utilities	39.8	35.1	–4.7	–11.8	1,955	1,760	–195	–10.0
Information	29.2	30.9	1.7	5.8	893	944	51	5.7
Financial activities	26.2	30.4	4.2	16.0	2,134	2,540	406	19.0
Finance and insurance	22.7	26.0	3.3	14.5	1,367	1,607	240	17.6
Real estate, and rental and leasing	36.1	42.7	6.6	18.3	769	931	162	21.1
Professional and business services	57.9	57.3	–.6	–1.0	9,816	10,061	245	2.5
Education and health services	28.6	28.6	.0	.0	4,969	5,099	130	2.6
Educational services	22.5	23.7	1.2	5.3	638	692	54	8.5
Health care and social assistance	29.8	29.6	–.2	–.7	4,331	4,410	79	1.8
Leisure and hospitality	75.5	74.1	–1.4	–1.9	9,674	9,734	60	.6
Arts, entertainment, and recreation	74.5	68.9	–5.6	–7.5	1,409	1,328	–81	–5.7
Accommodations and food services	75.7	74.9	–.8	–1.1	8,266	8,405	139	1.7
Other services	42.6	36.5	–6.1	–14.3	2,300	1,981	–319	–13.9
Government	15.2	16.9	1.7	11.2	3,325	3,706	381	11.5
Federal	16.3	25.0	8.7	53.4	446	681	235	52.7
State and local	15.1	15.7	.6	4.0	2,880	3,024	144	5.0
Region[3]								
Northeast	35.5	34.0	–1.5	-4.2	8,880	8,654	–226	–2.5
South	43.7	44.6	.9	2.1	20,928	21,765	837	4.0
Midwest	38.9	38.4	–.5	–1.3	12,032	12,073	41	.3
West	42.8	42.4	–.4	–.9	12,773	12,930	157	1.2

[1] The annual total separations rate is the number of separations posted during the entire year as a percent of annual average employment.

[2] The annual total separations level is the number of separations posted during the entire year.

[3] The States (including the District of Columbia) that make up the regions are as follows: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South—Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

hibited signs of strength in 2006. This industry had a consistently higher job openings rate for most months of the year, compared with other industries. The average monthly job openings rate in 2006 for professional and business services was 3.8 percent, higher than the total nonfarm rate of 2.9 percent. The average monthly hires rate grew slightly in 2006, while the total separations rate remained consistent with 2005 levels. The average monthly quits rate increased slightly, from 2.3 percent in 2005 to 2.5 percent in 2006, signaling strength in the professional and business services industry.

The durable goods manufacturing industry exhibited mixed signs in 2006. The durable goods job openings rate has grown steadily every year since 2003. The average monthly job openings rate grew from 2.0 percent in 2005 to 2.4 percent in 2006. The hires rate was little changed over the year. The annual total separations rate for 2006 was 28.8 percent, compared with 31.6 percent in 2005.

Table 5. Annual quits rates[1] and levels[2]

Industry and region	Rate (percent)				Level (thousands)			
	2005	2006	Change	Percent change	2005	2006	Change	Percent change
Total	23.1	23.7	0.6	2.6	30,825	32,292	1,467	4.8
Industry								
Total private	26.1	26.7	.6	2.3	29,229	30,461	1,232	4.2
Natural resources and mining	17.5	18.7	1.2	6.9	110	128	18	16.4
Construction	28.6	25.7	–2.9	–10.1	2,098	1,977	–121	–5.8
Manufacturing	16.1	16.6	.5	3.1	2,288	2,356	68	3.0
Durable goods	15.9	14.9	–1.0	–6.3	1,421	1,345	–76	–5.3
Nondurable goods	16.5	19.5	3.0	18.2	868	1,014	146	16.8
Trade, transportation, and utilities	27.4	28.0	.6	2.2	7,117	7,337	220	3.1
Wholesale trade	15.1	16.5	1.4	9.3	873	973	100	11.5
Retail trade	34.9	35.2	.3	.9	5,340	5,391	51	1.0
Transportation, warehousing, and utilities	18.4	19.4	1.0	5.4	904	972	68	7.5
Information	19.0	21.9	2.9	15.3	581	670	89	15.3
Financial activities	15.5	18.3	2.8	18.1	1,262	1,527	265	21.0
Finance and insurance	14.1	16.5	2.4	17.0	850	1,018	168	19.8
Real estate, and rental and leasing	19.3	23.3	4.0	20.7	412	508	96	23.3
Professional and business services	27.7	29.9	2.2	7.9	4,698	5,244	546	11.6
Education and health services	18.5	18.6	.1	.5	3,219	3,312	93	2.9
Educational services	12.5	12.2	–.3	–2.4	354	357	3	.8
Health care and social assistance	19.7	19.8	.1	.5	2,865	2,956	91	3.2
Leisure and hospitality	49.9	51.4	1.5	3.0	6,396	6,751	355	5.6
Arts, entertainment, and recreation	31.5	28.5	–3.0	–9.5	596	549	–47	–7.9
Accommodations and food services	53.1	55.3	2.2	4.1	5,802	6,201	399	6.9
Other services	27.0	21.3	–5.7	–21.1	1,458	1,157	–301	–20.6
Government	7.3	8.3	1.0	13.7	1,598	1,827	229	14.3
Federal	6.3	11.2	4.9	77.8	173	306	133	76.9
State and local	7.5	7.9	.4	5.3	1,426	1,520	94	6.6
Region[3]								
Northeast	18.0	18.1	.1	.6	4,504	4,592	88	2.0
South	26.1	28.0	1.9	7.3	12,521	13,681	1,160	9.3
Midwest	21.1	21.5	.4	1.9	6,521	6,753	232	3.6
West	24.4	23.9	–.5	–2.0	7,283	7,266	–17	–.2

[1] The annual quits rate is the number of quits posted during the entire year as a percent of annual average employment.

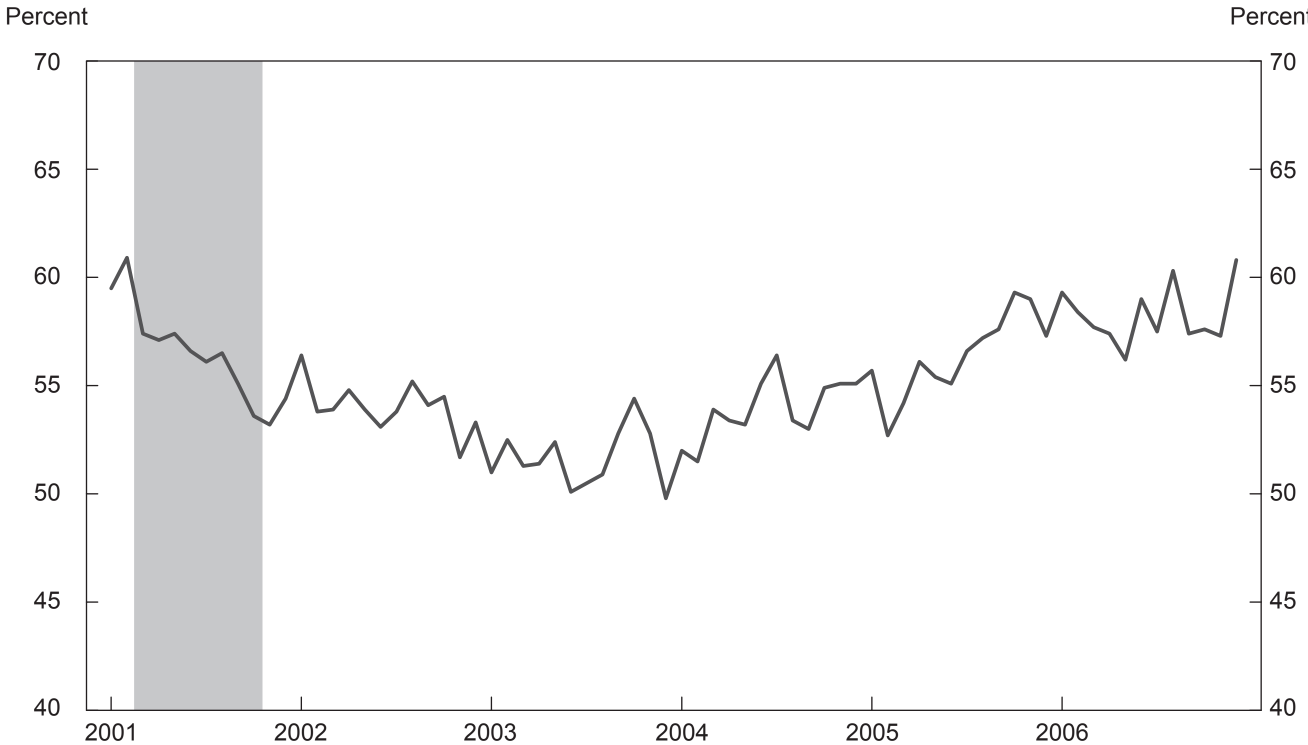
[2] The annual quits level is the number of quits posted during the entire year.

[3] The States (including the District of Columbia) that make up the regions are as follows: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South—Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Because rising worker flows indicate a healthier industry, a decline in the separations rate together with a stagnant hires rate points to weakness. Combining the increased demand for workers and the stagnant worker flows yields a mixed picture for durable goods manufacturing.

The financial activities data also painted a mixed picture in 2006. After a steady 3-year climb, the job openings rate peaked at 3.8 percent in April 2006 and then dropped to 2.5 percent by the end of the year. This decline followed other, similar trends in economic data for the housing industry, with activity peaking during the first few months of the year, followed by cooling in the remainder of the year. Despite the drop in the job openings rate, hires increased modestly, with the monthly rate averaging 2.5 percent in 2006, compared with an average of 2.3 percent in 2005. Separations also were up modestly: the total separations rate was slightly higher in 2006 (2.5 percent, on average) than in 2005 (2.2 percent). Despite declining la-

Chart 7. **Quits as a percentage of total separations in total nonfarm employment, seasonally adjusted, 2001–06**



NOTE: Shaded area denotes NBER-designated recession.

bor demand, worker flows remained fairly steady, indicating a mixed picture in financial activities.

Regional JOLTS data

Geographically, in 2006 the South and West exhibited strength, the Northeast showed mixed signs, and the Midwest was stagnant. Both the South and the West posted increased average monthly job openings rates and increased average monthly hires rates. Both regions also had about the same average monthly total separations rates in 2006 as in 2005. The South had the highest quits rates in its history. The Northeast had an increased average monthly job openings rate in 2006, but declining monthly hires and separations rates. The Midwest exhibited little change, with flat average monthly job openings, hires, and separations rates throughout the year. (See chart 6.)

IN 2006, VARYING INDUSTRY TRENDS COMBINED to produce a 2.3 million net increase in total nonfarm employment. There was widespread weakness in industries that rely on the housing market. High oil and gas prices hurt some industries and helped others. A positive outlook played a role in the job gains in food services, and increased government revenues spurred growth in the public sector.

The JOLTS data showed mixed signals in 2006. The hires rate varied slightly in the first half of the year, but smoothed out at 3.6 percent in the second half. The total separations rate exhibited some month-to-month variation, but no real trend throughout the year. Several industries showed increased job openings in 2006. □

Table 6. Annual layoffs and discharges rates[1] and levels[2]

Industry and region	Rate (percent)				Level (thousands)			
	2005	2006	Change	Percent change	2005	2006	Change	Percent change
Total	15.0	13.9	–1.1	–7.3	20,014	18,911	–1,103	–5.5
Industry								
Total private	16.9	15.5	–1.4	–8.3	18,886	17,699	–1,187	–6.3
Natural resources and mining	11.1	10.1	–1.0	–9.0	70	69	–1	–1.4
Construction	35.0	31.1	–3.9	–11.1	2,564	2,388	–176	–6.9
Manufacturing	12.4	12.2	–.2	–1.6	1,771	1,725	–46	–2.6
Durable goods	12.4	10.8	–1.6	–12.9	1,108	974	–134	–12.1
Nondurable goods	12.6	14.5	1.9	15.1	662	754	92	13.9
Trade, transportation, and utilities	16.0	14.0	–2.0	–12.5	4,144	3,669	–475	–11.5
Wholesale trade	10.9	9.4	–1.5	–13.8	628	556	–72	–11.5
Retail trade	17.3	16.5	–.8	–4.6	2,651	2,532	–119	–4.5
Transportation, warehousing, and utilities	17.6	11.6	–6.0	–34.1	865	584	–281	–32.5
Information	7.5	6.5	–1.0	–13.3	231	199	–32	–13.9
Financial activities	8.3	9.2	.9	10.8	677	771	94	13.9
Finance and insurance	5.9	6.5	.6	10.2	356	402	46	12.9
Real estate, and rental and leasing	15.0	16.9	1.9	12.7	319	368	49	15.4
Professional and business services	25.8	23.2	–2.6	–10.1	4,370	4,079	–291	–6.7
Education and health services	8.1	7.9	–.2	–2.5	1,415	1,417	2	.1
Educational services	8.4	9.8	1.4	16.7	239	287	48	20.1
Health care and social assistance	8.1	7.6	–.5	–6.2	1,174	1,129	–45	–3.8
Leisure and hospitality	23.0	20.6	–2.4	–10.4	2,947	2,703	–244	–8.3
Arts, entertainment, and recreation	41.3	38.6	–2.7	-6.5	782	744	–38	–4.9
Accommodations and food services	19.8	17.5	–2.3	–11.6	2,160	1,958	–202	–9.4
Other services	13.0	12.5	–.5	–3.8	701	677	–24	–3.4
Government	5.2	5.5	.3	5.8	1,128	1,212	84	7.4
Federal	5.4	7.0	1.6	29.6	148	191	43	29.1
State and local	5.1	5.3	.2	3.9	981	1,021	40	4.1
Region[3]								
Northeast	14.9	13.0	–1.9	–12.8	3,739	3,308	–431	–11.5
South	14.8	13.4	–1.4	–9.5	7,095	6,547	–548	–7.7
Midwest	15.0	13.9	–1.1	–7.3	4,656	4,366	–290	–6.2
West	15.2	15.4	.2	1.3	4,524	4,685	161	3.6

[1] The annual layoffs and discharges rate is the number of layoffs and discharges posted during the entire year as a percent of annual average employment.

[2] The annual layoffs and discharges level is the number of layoffs and discharges posted during the entire year.

[3] The States (including the District of Columbia) that make up the regions are as follows: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South—Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Table 7. Annual other separations rates[1] and levels[2]

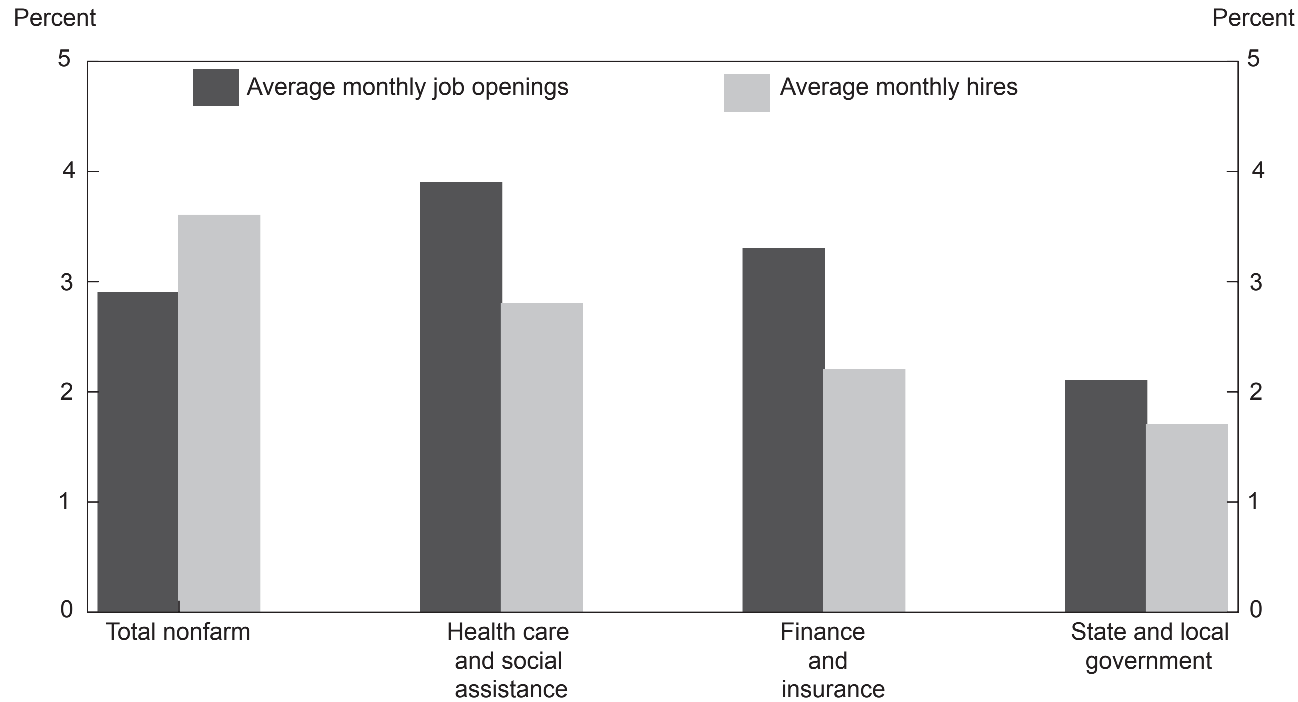
Industry and region	Rate (percent)				Level (thousands)			
	2005	2006	Change	Percent change	2005	2006	Change	Percent change
Total	2.8	3.1	0.3	10.7	3,770	4,221	451	12.0
Industry								
Total private	2.8	3.1	.3	10.7	3,169	3,554	385	12.1
Natural resources and mining	3.8	4.5	.7	18.4	24	31	7	29.2
Construction	2.5	3.7	1.2	48.0	183	286	103	56.3
Manufacturing	2.9	2.8	–.1	–3.4	407	401	–6	–1.5
Durable goods	3.4	3.0	–.4	–11.8	300	273	–27	–9.0
Nondurable goods	2.0	2.5	.5	25.0	106	128	22	20.8
Trade, transportation, and utilities	2.8	3.8	1.0	35.7	720	986	266	36.9
Wholesale trade	1.8	3.2	1.4	77.8	103	187	84	81.6
Retail trade	2.8	3.9	1.1	39.3	432	595	163	37.7
Transportation, warehousing, and utilities	3.8	4.1	.3	7.9	186	207	21	11.3
Information	2.6	2.4	–.2	–7.7	81	72	–9	–11.1
Financial activities	2.4	2.9	.5	20.8	198	245	47	23.7
Finance and insurance	2.7	3.0	.3	11.1	161	188	27	16.8
Real estate, and rental and leasing	1.8	2.7	.9	50.0	38	58	20	52.6
Professional and business services	4.4	4.2	–.2	–4.5	745	737	–8	–1.1
Education and health services	1.9	2.1	.2	10.5	335	370	35	10.4
Educational services	1.5	1.6	.1	6.7	43	47	4	9.3
Health care and social assistance	2.0	2.2	.2	10.0	289	323	34	11.8
Leisure and hospitality	2.6	2.1	–.5	–19.2	332	280	–52	–15.7
Arts, entertainment, and recreation	1.6	1.9	.3	18.8	31	36	5	16.1
Accommodations and food services	2.8	2.2	–.6	–21.4	301	246	–55	–18.3
Other services	2.6	2.7	.1	3.8	142	144	2	1.4
Government	2.8	3.0	.2	7.1	600	667	67	11.2
Federal	4.7	6.7	2.0	42.6	128	182	54	42.2
State and local	2.5	2.5	.0	.0	474	480	6	1.3
Region[3]								
Northeast	2.6	3.0	.4	15.4	639	754	115	18.0
South	2.7	3.1	.4	14.8	1,312	1,535	223	17.0
Midwest	2.8	3.0	.2	7.1	855	953	98	11.5
West	3.2	3.2	.0	.0	964	975	11	1.1

[1] The annual other separations rate is the number of other separations posted during the entire year as a percent of annual average employment.

[2] The annual other separations level is the number of other separations posted during the entire year.

[3] The States (including the District of Columbia) that make up the regions are as follows: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South—Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Chart 8. Industries in which average monthly job openings exceed average monthly hires



Notes

[1] The Current Employment Statistics (CES) program is a monthly survey of more than 160,000 nonfarm businesses representing about 400,000 establishments. For more information on the program's concepts and methodology, see *BLS Handbook of Methods* (Bureau of Labor Statistics, 1997); on the Internet at **www.bls.gov/opub/hom/**. CES data are available on the Internet at **www.bls.gov/ces/**. The CES data used in this article are seasonally adjusted unless otherwise noted.

[2] The Bureau of Labor Statistics collects and compiles data for the Job Openings and Labor Turnover Survey (JOLTS) on a monthly basis from a sample of business establishments. JOLTS data are available on the Internet at **www.bls.gov/jlt/**.

[3] Data on new residential construction are available from the U.S. Census Bureau at **www.census.gov/const/www/newresconstindex.html**.

[4] See Bureau of Economic Analysis Table 5.4.6BU, "Real Private Fixed Investment in Structures by Type, Chained Dollars," on the Internet at **www.bea.gov/bea/dn/nipaweb/nipa_underlying/TableView.asp?SelectedTable=37&FirstYear=2005&LastYear=2006&Freq=Qtr**.

[5] U.S. Census Bureau, FT900 Supplemental Exhibit 1, on the Internet at **www.census.gov/foreign-trade/Press-Release/current_press_release/press.html**. The data here are year-to-date data through December 2006 and are the sum of textile products (NAICS 313), textile product mills (NAICS 314), and apparel (NAICS 315). In comparison, for every dollar exported, $6.41 in 2005 and $6.06 in 2004 were imported.

[6] Stanley Holmes, "The Secret Weapon at Boeing," *Business Week*, Dec. 28, 2006; on the Internet at **www.businessweek.com/bwdaily/dnflash/content/dec2006/db20061228_460167.htm**.

[7] U.S. Census Bureau, "Manufacturers' Shipments, Inventories and Orders (M3)," Manufacturing, Mining, and Construction Statistics, on the Internet at **www.census.gov/indicator/www/m3/index.html**.

[8] Alisa Priddle, "Getting Down to Fighting Weight," *Ward's Auto World*, December 2006, p. 30.

[9] Sharon Silke Carty, "Pickups get tough for automakers to unload; gas prices hurting sales a lot more than many expected," *USA Today*, August 10, 2006, p. 1B.

[10] Sharon Terlep, "UAW: Expect sacrifice: This year, it's not business as usual as union tells members that concessions may be needed to help Big 3 survive," *Detroit News*, Jan. 16, 2007, p. A1.

[11] Data pertaining to these occupations come from the May 2005 BLS Occupational Employment Survey. The data shown here are for employment services (NAICS 5613), a broader category that includes temporary help services. Visit **www.bls.gov/oes/** on the Internet.

[12] "Manpower Professional Survey Finds 25 Percent of Employers Worldwide Experiencing Wage Inflation Due to Talent Shortages," press release, Oct. 24, 2006, on the Internet at **www.manpower.com/investors/releasedetail.cfm?ReleaseID=215660**.

[13] *Ibid.*

[14] The over-the-year change for plastics and rubber products man-

ufacturing was actually –24,200, including a decline of 12,600 from workers who struck in October 2006 and did not return to work until January 2007.

[15] The Consumer Confidence Index is available on the Internet at **www.conference-board.org/economics/consumerConfidence.cfm**.

[16] Travis Loller, "'06 Album Sales Plunge; Downloads Way Up," Associated Press, Jan. 4, 2007, on the Internet at **www.comcast.net/includes/article/print.jsp?fn=/data/news/html//2007/01/04/554905.html**.

[17] See Bureau of Economic Analysis, National Economic Accounts, National Income and Product Accounts Tables 3.2 and 3.3, on the Internet at **www.bea.gov/bea/dn/nipaweb/index.asp**.

[18] Nonbuilding construction refers to, among other things, the building of highways, bridges, dams, and utility systems. Data on construction spending come from the U.S. Census Bureau, "Manufacturing, Mining, and Construction Statistics: Construction Spending, January 2007," on the Internet at **www.census.gov/const/www/c30index.html**.

[19] According to projections from the Center for Medicare and Medicaid Services, U.S. Department of Health and Human Services, on the Internet at **www.cms.hhs.gov**.

[20] William C. Goodman, "Employment in hospitals: unconventional patterns over time," *Monthly Labor Review*, June 2006, pp. 3–14.

[21] Robert Kulesher and Margaret G. Wilder, "Prospective Payment and the Provision of Post-Acute Care: How the Provisions of the Balanced Budget Act of 1997 Altered Utilization Patterns for Medicare Providers," *Journal of Health Care Finance*, fall 2006, pp. 1–16.

[22] The job openings rate is the number of job openings on the last business day of the month, as a percentage of total employment plus job openings. All other rates (hires, quits, layoffs and discharges, other separations, and total separations) are expressed as a percentage of employment.

[23] Cheryl A. Peterson, "Nursing Shortage: Not a Simple Problem—No Easy Answers," *Online Journal of Issues in Nursing*, Jan. 31, 2001, on the Internet at **www.nursingworld.org/ojin/topic14/tpc14_1.htm**.