

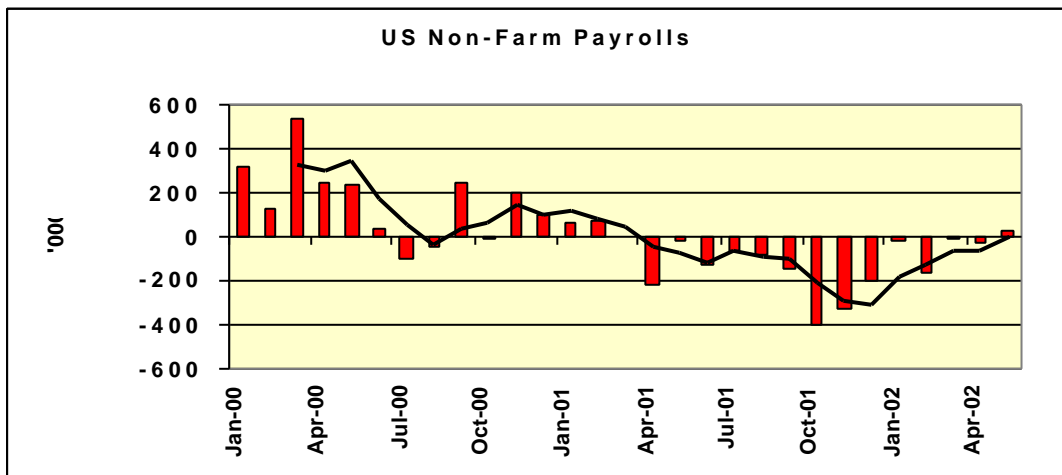


**US Labour Market Remains Weak**

Reflecting the mid-year lull in the US economy, the labor market remained weak in June. As expected, the unemployment rate rose to 5.9% from 5.8% in May. Net new job creation, however, was much weaker than expected, with only 36,000 jobs created compared to expectations for 75,000. Most of the news jobs were in services, with manufacturing still shedding labour, with its payrolls falling by 23,000. Business service employment was essentially flat, with the majority of the jobs created in health services. There were however, some positive features. As a reflection of improving economic activity, hours worked and overtime hours increased. In addition, hourly earnings rose by 6 cents, following 5 months of small declines. This should support productivity and income growth going forward.

While the pace of layoffs is easing, it seems clear that employers remain reluctant to take on new workers. Therefore, it is unlikely that job gains will accelerate significantly over coming month. All in all, not a great report for the dollar, in the short-term anyway

'000s	June	May	April	Mar	Feb	Jan
<b>Change in Non-Farm Payrolls</b>	<b>36</b>	<b>24</b>	<b>-21</b>	<b>-5</b>	<b>-4</b>	<b>-109</b>
<b>Construction</b>	<b>14</b>	<b>-3</b>	<b>-52</b>	<b>-4</b>	<b>28</b>	<b>-63</b>
<b>Manufacturing</b>	<b>-23</b>	<b>-27</b>	<b>-22</b>	<b>-58</b>	<b>-54</b>	<b>-116</b>
<b>Services</b>	<b>33</b>	<b>70</b>	<b>62</b>	<b>62</b>	<b>-15</b>	<b>35</b>
Government	23	17	-11	34	15	9
Hourly Earnings (Dollars)	14.76	14.7	14.67	14.65	14.63	14.59
<b>Unemployment Rate (%)</b>	<b>5.9</b>	<b>5.8</b>	<b>6</b>	<b>5.7</b>	<b>5.5</b>	<b>5.6</b>



**Geraldine Concagh,**  
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