

U.S. Data Review

- Job growth: robust and broadly based

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The Labor Market

Payroll employment rose 678,000 in February, easily beating the consensus estimate of 423,000. In addition, results in the prior two months were revised upward, with the combined adjustment totaling 92,000. The household survey also showed strong employment growth, which led to a reduction of 0.2 percentage point in the unemployment rate to 3.8 percent, a new low for the current expansion.

Not only was job growth firm, but it also was broadly based, as shown by a reading of 76.6 in the one-month diffusion index, the second strongest so far in the current expansion. (The diffusion index is constructed like the ISM index: the share of industries expanding employment plus one-half the share with steady employment; 50 separates net expansion and contraction.) Although job growth was broadly based, a few industries stood out on the firm side. The mining sector posted the largest gain in percentage change terms (up 1.52 percent versus 0.45 percent overall) although this is a small area in absolute terms. The leisure & hospitality sector was strong again (up 1.17 percent), and construction and transportation & warehousing also performed well (up 0.79 percent and 0.75 percent, respectively).

The drop of 0.2 percentage point in the unemployment rate reflected a jump of 548,000 in employment as measured by the household survey that exceeded the increase of 304,000 in the size of the labor force. The increase in the labor force was not overwhelming, but it was solid and it followed a surge of 1.4 million in the prior month. The latest results have quickened what had been a mild upward drift in the labor force participation rate. The new reading of 62.3 percent in the participation rate is above the recession low of 60.2 percent but it still lags the pre-pandemic level of 63.4 percent.

Employment Report*

	Nonfarm Payrolls (Chg., Thousands)	Private- Sector Payrolls	Unemp. Rate (Percent)	Broad Unemp. Rate	Household Emp. (Chg., Thousands)	Labor Force	Emp.- Population Ratio (Pct.)	Median Duration of Unemp. (Weeks)	Part-Time Econ. Reasons (Thou.)	Avg. Hourly Earnings % Chg.	Avg. Workweek (Hours)
Annual Average											
2019	164	146	3.7	7.2	167	124	60.8	9.2	4,407	0.2	34.4
2020	-774	-688	8.1	13.7	-741	-330	56.8	12.6	7,227	0.5	34.6
2021	562	524	5.4	9.4	508	135	58.4	16.1	4,914	0.4	34.8
2021 Monthly											
Jan.	520	423	6.4	11.1	121	-487	57.5	16.0	5,940	0.0	35.0
Feb.	710	693	6.2	11.1	363	175	57.6	17.9	6,099	0.4	34.6
Mar.	704	650	6.0	10.7	573	272	57.8	19.1	5,823	0.1	34.9
Apr.	263	212	6.0	10.3	319	347	57.9	19.4	5,245	0.5	34.9
May	447	381	5.8	10.1	291	-177	58.0	19.3	5,267	0.5	34.9
June	557	508	5.9	9.8	62	313	58.0	19.6	4,616	0.5	34.8
July	689	638	5.4	9.2	1,092	261	58.4	14.4	4,450	0.5	34.8
Aug.	517	497	5.2	8.8	463	130	58.5	14.2	4,481	0.3	34.7
Sep.	424	409	4.7	8.5	639	-34	58.8	13.7	4,450	0.5	34.8
Oct.	677	694	4.6	8.2	428	139	58.9	13.0	4,398	0.6	34.8
Nov.	647	627	4.2	7.7	1,090	516	59.3	13.4	4,266	0.4	34.8
Dec.	588	(510) 561	3.9	7.3	651	168	59.5	12.9	3,929	0.5	34.8
2022 Monthly											
Jan.	481	(467) 448	4.0	7.1	1,199	1,393	59.7	10.1	3,717	0.6	34.6
Feb.	678	654	3.8	7.2	548	304	59.9	9.6	4,135	0.0	34.7

* Preliminary readings on nonfarm payrolls shown in parenthesis
Source: Bureau of Labor Statistics via Haver Analytics

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While the traditional unemployment rate fell, the broad jobless rate moved one tick higher to 7.2 percent. An increase in the number of individuals working part time involuntarily pushed the measure higher, although the change occurred from an unusually low level in the prior month and the number of involuntary part-timers is low by historical standards.

Average hourly earnings were unchanged in February, but the flat reading followed a large increase in January (up 0.6 percent) and shifts in the length of the workweek might have added an element of noise (a shorter workweek in January would translate to higher average hourly wages for workers on a fixed salary, and an increase in the length of the workweek in February would work in the opposite direction). Even with no month-to-month change in February, the year-over-year increase in average hourly earnings totaled 5.1 percent.