

# U.S. Data Review

- Employment: brisk payroll growth in Feb after a surge of 504,000 in January
- Wage growth: subdued increase

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## February Employment

- Nonfarm payrolls jumped 311,000 (0.20 percent) in February, exceeding the expected gain of 225,000. The change, which followed a surge of 504,000 (0.33 percent) in January, suggests that demand for labor remained strong in the early months of 2023. Concern existed over prospects for large downward revisions to prior data after the above-trend gain in January, but downward adjustments to prior data were modest at 34,000.
- Payroll growth in February was broadly based across industries. Notably, the construction industry added 24,000 jobs (0.30 percent) despite a challenging business environment. The leisure and hospitality industry also continued to add jobs at a brisk clip (+105,000 or 0.64 percent). In addition, job gains were firm in healthcare (+63,000 or 0.30 percent) and professional and business services (+45,000 or 0.2 percent). The report showed a few notable exceptions to the firm performance. The cyclically sensitive manufacturing sector trimmed payrolls (-4,000 or 0.03 percent). Job cuts in transportation and warehousing (-22,000 or 0.32 percent) suggested pull-back at large online retailers, and cuts at tech firms restrained the information category (-25,000 or -0.81 percent).
- Average hourly earnings rose 0.2 percent, slowing from the underlying pace of 0.357 percent in the prior 12 months. The year-over-year change picked up to 4.6 percent from 4.4 percent as a flat reading in February 2022 fell out of the wage calculation. Fed officials are likely to be pleased with the subdued increase in February, but they will need much more than one month of cooling to alter their views on inflation risks.

## 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)
<b>Annual Average</b>											
2019	163	146	3.7	7.2	168	125	60.8	9.3	4,407	0.2	34.4
2020	-774	-686	8.1	13.7	-739	-329	56.8	12.6	7,227	0.5	34.6
2021	606	574	5.4	9.4	510	138	58.4	16.1	4,914	0.4	34.8
2022	399	377	3.6	6.9	264	213	60.0	8.7	3,930	0.4	34.6
2023	408	326	3.5	6.7	536	643	60.2	8.7	4,059	0.3	34.6
<b>2022 Monthly</b>											
Jan.	364	345	4.0	7.1	1,041	1,223	59.7	9.6	3,735	0.7	34.6
Feb.	904	897	3.8	7.2	468	229	59.8	9.3	4,137	0.0	34.7
Mar.	414	423	3.6	6.9	738	439	60.1	8.3	4,168	0.6	34.7
Apr.	254	226	3.6	7.0	-346	-351	59.9	8.2	4,034	0.3	34.6
May	364	343	3.6	7.1	317	328	60.0	8.7	4,317	0.4	34.6
June	370	382	3.6	6.7	-242	-276	59.9	8.2	3,631	0.4	34.6
July	568	493	3.5	6.8	215	-12	59.9	8.3	3,925	0.5	34.6
Aug.	352	306	3.7	7.0	422	724	60.1	8.6	4,140	0.3	34.5
Sep.	350	344	3.5	6.7	156	-95	60.1	8.5	3,843	0.3	34.6
Oct.	324	299	3.7	6.7	-257	27	60.0	8.4	3,664	0.4	34.6
Nov.	290	(260)	3.6	6.7	-66	-119	59.9	8.8	3,688	0.4	34.5
Dec.	239	(517)	3.5	6.5	717	439	60.1	8.9	3,878	0.4	34.4
<b>2023 Monthly</b>											
Jan.	504	386	3.4	6.6	894	866	60.2	9.1	4,050	0.3	34.6
Feb.	311	265	3.6	6.8	177	419	60.2	8.3	4,067	0.2	34.5

\* Preliminary readings on nonfarm payrolls are shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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- The unemployment rate increased 0.2 percentage point in February to 3.6 percent. An expansion of 419,000 in the size of the labor force exceeded a gain of 177,000 in employment measured in the household survey. The increase in employment was underwhelming, but it was not a deep concern given surges of 894,000 and 717,000 in the prior two months. The broad unemployment rate increased two ticks to 6.8 percent, reflecting the change in the traditional unemployment rate (the influences of involuntary part-time workers and individuals marginally attached to the labor force were approximately offsetting).
- The length of the average workweek slipped 0.1 hour to 34.5 hours, but it followed an increase of 0.2 hour in January (revised from 0.3 hour). The results for Q1 thus far suggest a solid pace of production. Although the index of aggregate work times eased 0.1 percent in February, it followed a gain of 0.9 percent in the prior month. If results for March were unchanged at the February level, the hours index would suggest production growth of a bit less than three percent (annual rate) – not indicative of an economy in recession.