

U.S. Data Review

- March employment: slow results in several industries
- Unemployment: modest improvement because of a drop in the labor force

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The Labor Market in March

Nonfarm payrolls rose 103,000 in March, well below the expected reading of 185,000 and far shy of the average of 186,000 in the prior 12 months. In addition, results in the prior two months were revised lower by a combined total of 50,000. The results were disappointing, but one might argue that the slow results represent payback for the surge of 326,000 in the prior month (an average of 214,500 in the past two months). Also, adverse weather might have had a constraining effect, as the number of individuals not at work because of weather was above average (although not by a large amount, and thus we would not push the weather excuse too far).

The easing in job growth was spread across several industries. Construction stood out with a drop of 15,000, supporting the view that weather might have had an influence, but also consistent with the view of payback for a surge of 65,000 in February. Several other areas posted below-average results, including financial activities, business services (influenced by a drop of 1,000 at temp agencies), education, and leisure. Three areas posted job growth above the average of the past year (mining, manufacturing, health services), but the deviation was modest. No area stood out with especially firm results.

The reported unemployment rate was steady at 4.1 percent, but the jobless rate eased slightly if calculated with more precision (4.071 percent in March versus 4.142 percent in February). However, that improvement was the

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											
2015	226	213	5.3	10.5	212	145	59.4	11.7	6,373	0.2	34.5
2016	195	178	4.9	9.6	175	141	59.7	10.8	5,945	0.2	34.4
2017	182	180	4.4	8.5	149	72	60.1	10.0	5,252	0.2	34.4
2018	202	203	4.1	8.1	386	389	60.3	9.3	5,056	0.2	34.5
Qtrly. Average											
17-Q2	190	186	4.3	8.5	62	-7	60.1	10.2	5,280	0.2	34.4
17-Q3	142	137	4.3	8.5	358	289	60.2	10.3	5,198	0.3	34.4
17-Q4	221	223	4.1	8.0	-101	-162	60.1	9.5	4,882	0.2	34.5
18-Q1	202	203	4.1	8.1	386	389	60.3	9.3	5,056	0.2	34.5
2017 Monthly											
July	190	188	4.3	8.5	261	253	60.2	10.4	5,236	0.3	34.4
Aug.	221	208	4.4	8.6	-40	131	60.1	10.3	5,209	0.2	34.4
Sept.	14	16	4.2	8.3	853	484	60.4	10.1	5,148	0.5	34.3
Oct.	271	277	4.1	8.0	-478	-711	60.2	9.8	4,880	-0.2	34.4
Nov.	216	217	4.1	8.0	71	162	60.1	9.5	4,851	0.3	34.5
Dec.	175	174	4.1	8.1	104	64	60.1	9.1	4,915	0.4	34.5
2018 Monthly											
Jan.	176 (239)	188	4.1	8.2	409	518	60.1	9.4	4,989	0.3	34.4
Feb.	326 (313)	320	4.1	8.2	785	806	60.4	9.3	5,160	0.1	34.5
Mar.	103	102	4.1	8.0	-37	-158	60.4	9.1	5,019	0.3	34.5

* Preliminary readings on nonfarm payrolls are shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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result of individuals dropping out of the labor force (off 158,000; larger than the decline of 37,000 in employment as measured by the household survey). The drop in the labor force was not shocking given the surge of 806,000 in the prior month. The broad unemployment rate fell 0.2 percentage point to 8.0 percent, influenced by declines in both involuntary part-time employment and marginally attached workers. This measure is now only a touch above the low of 7.9 percent registered in the prior expansion, although still noticeably above the low of 6.8 percent in October 2000.

Average hourly earnings rose 0.3 percent, matching expectations. The increase lifted year-over-year growth to 2.7 percent, up from 2.6 percent in the prior month but still not the best of the expansion (2.8 percent in September 2017). The growth of average hourly earnings has picked up when viewed from a long-term perspective, but the acceleration has been irregular and modest.

The length of the average workweek was steady at 34.5 hours, mildly surprising in view of the challenging weather (and another reason not to put much weight on the weather explanation for slow job growth).