The Daily Dish

Friday's Jobs Report In Perspective

DOUGLAS HOLTZ-EAKIN | APRIL 6, 2026

Prior to the release of the March employment report on Friday, two important things happened. First, for the 12 months ending in February 2026, the United States had added 12,000 jobs per month and health care employment had contributed 35,000 new jobs per month. In short, it might be the golden age for home health aides, but the labor market was essentially at a standstill. It certainly made the consensus estimate of 40,000 to 50,000 jobs look way too high.

Second, the Federal Reserve released a note entitled "Labor force growth, breakeven employment, and potential GDP growth," the abstract for which read in part:

> *In this note we highlight two significant implications of near-zero labor force growth: First, near-zero labor force growth implies that breakeven employment growth (i.e. the pace needed to maintain a steady unemployment rate) would also be near-zero—making negative job growth almost as likely as positive job growth in any given month. Second, it implies that any growth in potential GDP will need to come entirely from productivity growth.*

Oh, so whether employment would rise or fall was essentially a coin toss. Eakinomics confidently predicted that Friday's number would be negative.

In fact, Friday's number for March job growth was 178,000 – more than triple the consensus 50,000 and way, way above zero. How could Eakinomics be so wrong?
(That's a *rhetorical* question.)

Let's dig a little deeper. Job growth in health care and social assistance was 90,000, so once again it dominated the data. In March, however, it got some help from leisure and hospitality (44,000), construction (26,000), and transportation and warehousing (21,000).

So, while the overall job growth was much larger, it was not much broader. Large swaths of the labor market looked stalled. In addition, weekly hours fell, average hourly earnings rose only as fast as inflation, and overall payrolls inched upward by only 0.1 percent. The labor market pulse was anything but strong.

Meanwhile, over in the household report the labor force fell by 396,000, the number of employed fell by 64,000, but the number of unemployed fell by 332,000 as people simply dropped out of the labor force. In short, it was a terrible household report.

In the end, the March report contained one surprising number that tended to obscure the overall labor market conditions. The larger lesson, however, is that the era is over for the monthly jobs number being a good summary measure of how the economy is doing. Instead, the unemployment rate and growth in real wages now appear more significant.