



The Daily Dish

March 6th Edition

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January's job's report showed jobs up 257,000 and some positive movement. We will have to wait and see if any of the good news stands and keep an eye on the earnings numbers. For a reminder, here is a recap of key economic indicators since last month's report:

- The price index of U.S. imports decreased 2.8 percent in January;
- The Producer Price Index for final demand fell 0.8 percent in January;
- The Consumer Price was decreased 0.7 percent in January;
- Real average hourly earnings increased 13 cents from December to January;
- Orders for durable goods rose 2.8 percent;
- The Consumer Confidence index decreased from 103.8 to 96.4;
- New home sales decreased 0.2 percent in January;
- ISM manufacturing index decreased to 52.9 percent in February;
- ISM non-manufacturing index increased to 56.9 percent in February;
- ADP reported private-sector employment was up by 212,000 jobs in February.

Eakinomics: February Jobs

How much has the labor market healed? Recall that the January employment report showed real strength across the board — payroll jobs were up 257,000, average hourly earnings were up by 0.5 percent — and up 2.2 percent on a year-over-year basis — the labor force participation rate rose and unemployment settled at 5.7 percent. The household survey data (labor force, unemployment, etc.) is tricky to interpret because January introduced new estimates of the population, while both the household and payroll surveys (jobs, earnings, etc.) are impacted by the difficulties of getting seasonal adjustment right in the tough winter months.

For those reasons, getting another look today at 8:30 will help clarify the outlooks. In the month since the last report, the Fed beige book reported solid economic growth and rising consumer sentiment. While the Institute for Supply Management (ISM) manufacturing indices for overall growth and employment slipped a bit, the non-manufacturing measures were up strongly on both counts, and the ADP employment report registered 212,000 new jobs in February.

Putting it all together, I anticipate 255,000 new jobs and an unemployment rate unchanged at 5.7 percent. As usual, however, all eyes will be on the growth in average hourly earnings and weekly hours.

From the Forum

[Another Month, Another Baseline?](#) By Gordon Gray, AAF Director of Fiscal Policy