



U6 Fix

A Steadier Beat in February

GORDON GRAY | MARCH 8, 2024

Today's employment report somewhat tempered the excesses of the January report. January's report is always, to use an economist's term of art, "squirrelly," so any eyebrow-raising observations at the beginning of the year should be taken with due consideration. This report reflects substantial downward revisions to employment growth, paired with improved workweek data, and more placed earnings growth. Layered on top of strong, but not aberrantly so, hiring growth, this report should comfort observers. Nevertheless, the divergence of the household and payroll surveys continues to recur, and temp worker employment resumed a long slide – minor ripples in an otherwise placid-seeming report.

Employers added 275,000 new hires to their payrolls in February, according to the Bureau of Labor Statistics. Private-sector firms hired 223,000 new workers, while federal, state, and local governments added 52,000 workers. This marks a slight uptick in the pace of hiring, compared to the average over the last three- and six-month period. Goods-producing industries added 19,000 new workers, with the construction industry leading the gains with 23,000 workers added to their rolls. This gain masked losses in manufacturing of 4,000 while mining and lodging employment remained flat. Service-providing industries saw a 204,000 increase in headcount with private education and health services gaining 85,000 workers, followed by a 58,000-worker gain in leisure and hospitality employment. Wholesale trade saw a modest decline, but of note, temporary help services employment, after a couple months of increases in employment, resumed a prior employment slide, this month posting a 15,400-employment loss. Government at all levels posted a 52,000 pickup in payroll. Payroll employment for December and January was revised downwardly by a combined 167,000, contrasted with last month's *upward* revisions to the prior months' employment of 126,000.

The unemployment rate ticked up to 3.9 percent, which was last observed in October of last year. The labor force participation rate remained unchanged from January at 62.5 percent, with 150,000 new workers entering the labor force. The household and payroll surveys diverged this month. According to surveyed households, the number of unemployed workers in the United States increased by 334,000, while the number of employed Americans fell by 184,000. This paints a very different picture than the robust hiring reflected in the payroll survey data.