U6 Fix

# Another Payroll Blockbuster

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*Today's employment report blew past expectations. Again. The strong report, and minimal revisions to the prior months, suggests that the labor market remains resilient in the face of the Fed's anti-inflation campaign. The blockbuster headline number and tame earnings growth suggests that the data-dependent Fed will continue to be patient as it weighs its interest rate decision.*

Employers added a whopping 303,000 new hires to their payrolls in March, according to the Bureau of Labor Statistics. Private-sector firms hired 232,000 new workers, while federal, state, and local governments added 71,000 workers. It was the quickest pace of hiring since May 2023. Goods-producing industries added 42,000 new workers, with construction leading the way, gaining 39,000 workers to the payrolls. The gains helped buoy the modest increase of 3,000 jobs added in the mining and logging industry. Manufacturing employment was unchanged from the prior month. Service-providing industries' employment jumped 190,000, with private education and health services gaining 88,000 workers, followed by a 49,000-worker gain in leisure and hospitality employment. Notably lagging was employment in temporary help services, which shed 1,300 jobs. Government payrolls expanded 71,000, led by a 49,000 increase in local government hiring. After a downward revision in the prior report, January payroll data were upwardly revised by 27,000 to 256,000. Data for February was revised lower by 5,000 to 270,000. With the revisions, employment in the prior two months combined was 22,000 higher than previously reported.

The unemployment rate ticked lower to 3.8 percent. The labor force participation inched higher to 62.7 percent after two consecutive months at 62.5 percent, with 469,000 new workers entering the labor force. It was the highest labor force participation rate since November 2023. The household and payroll surveys realigned, somewhat, this month. According to surveyed households, the number of unemployed workers in the United States dropped by 29,000, while the number of employed grew by 498,000.

Average hourly earnings bounced back, gaining 12 cents, a 0.3-percent monthly gain, after a weak 0.1-percent gain in February. Earnings were up 4.1 percent from a year ago. Average hourly earnings for production and non-supervisory workers rose by 7 cents, for a 0.2-percent monthly gain.

**Data junkies, here's your fix: The March U-6 (the broadest measure of unemployment) was unchanged at 7.3 percent.**