



U6 Fix

Marching Into Work

GORDON GRAY | APRIL 1, 2022

The March jobs report is another strong report. While the topline employment number may have come in slightly below some expectations, prior upward revisions of 95,000 reflect an average pace of job growth for the year of 546,000 per month. Paired with another significant decline in the unemployment rate, as well as an uptick in the labor force, the labor market in March was undeniably strong. Earnings growth surged again, reflecting yearly gains of over 5.5 percent for all private workers and over 6.7 percent for production and non-supervisory workers, and is likely all the news the Federal Reserve needs to encourage a 50 basis point increase at its next meeting.

Employers added 431,000 workers to payrolls in March, with private sector employers adding 426,000 new employees and government adding 5,000 new workers. Private sector gains were broadly dispersed, though not to the same extent as February, which saw a significant upward revision to 750,000. Goods-producing industries added 60,000 workers to payrolls in March, while the service sector gained 366,000 workers. Leisure and hospitality industries led the gains, adding 112,000 workers, followed by a 102,000 payroll increase in professional and business services. The labor market has now recovered 93 percent of the 22 million jobs lost in March and April of 2020.

The unemployment rate fell by 0.2 percentage points to 3.6 percent – just one-tenth of a percentage point from the 3.5 percent observed prior to the onset of the pandemic. The household survey showed a 736,000 gain in the number of employed workers, paired with a decline in the unemployed of 318,000. The labor force added 418,000 workers. The labor force participation rate increased by 0.1 percentage points to 62.4 percent. The labor force has now essentially caught up to the level observed in February of 2020, while the labor force participation rate stands at 0.7 percentage points below the average that prevailed for the year prior to February 2020.

The unemployment rate fell for all races and all but one education level. By race, it fell most for Blacks, by 0.4 points. Whites saw the smallest drop, at 0.1 points. For Asians and Hispanics, it fell 0.3 and 0.2 points, respectively. By education, it rose by 0.9 points for those with less than a high school diploma. Those with some college or an associate degree saw the largest drop, 0.8 points. High school graduates and those with a bachelor's degree or higher had respective 0.5- and 0.2-point drops.

Average hourly earnings increased by 13 cents, reflecting a 5.56 percent yearly gain. Average hourly earnings for production and non-supervisory workers increased by 11 cents, for a 6.75 percent gain over the year.

Data junkies, here's your fix: The March U-6 (the broadest measure of unemployment) fell 0.3 percentage points to 6.9 percent driven by the decline in the regular unemployment rate.