

March 2019 U.S. Employment

March Payrolls Rebound, Setting Up Q2 Lift

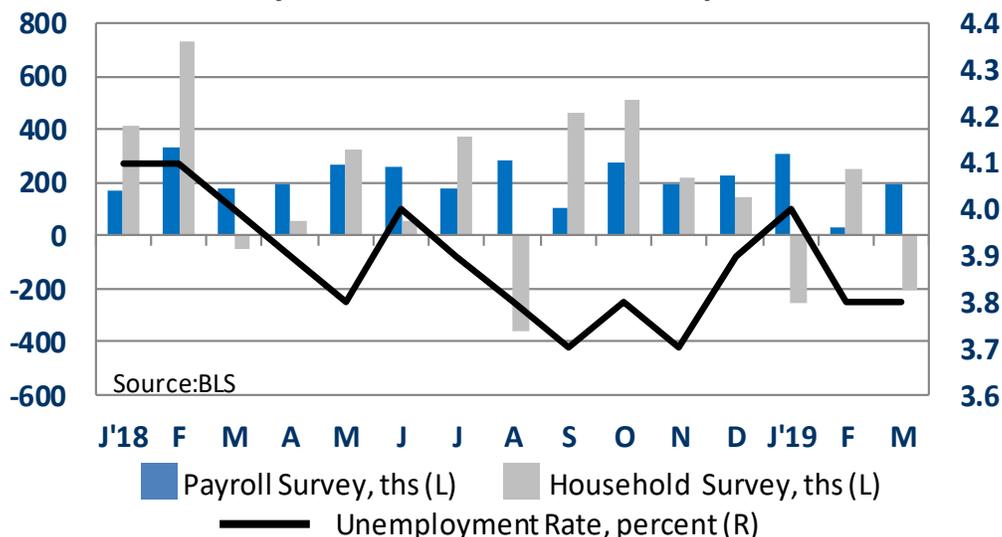
- Payroll Employment increased by a solid 196,000 jobs in March after a weak February gain.
- The Unemployment Rate for March remained at 3.8 percent.
- Average Hourly Earnings increased by 4 cents in March and were up 3.2 percent over the year.
- The Average Workweek in March increased by 0.1 hours to 34.5 hours.

The March payroll numbers show a clear rebound from a weak February print. They add to the sense that the U.S. economy still has a solid foundation even though global and some U.S. indicators have weakened in recent months. We still expect to see the third consecutive decline in quarterly GDP growth for the first quarter of this year. However, we also expect the second quarter GDP numbers to show improvement. We will release our updated April U.S. Economic Outlook next week. Today's jobs report for March reinforces our sense that there is a floor under the U.S. economy, built by years of strong hiring and increasing household wealth. U.S. payrolls expanded by a solid 196,000 in March. The weak February gain, initially reported at +20,000, was revised up to a still-weak +33,000. January payrolls were also revised up slightly. The unemployment rate held steady at 3.8 percent for the second month. Average hourly earnings increased modestly, up 4 cents for the month, and 3.2 percent over the previous 12 months. This is down slightly from the 3.4 percent year-over-year gain in earnings reported in February, but the trend in earnings still looks like it is increasing. The labor force participation rate eased to 63.0 percent, little changed over the past 12 months. This was a solid report after a scare in February. The Fed will digest the news and remain "patient" at the upcoming FOMC meeting over April 30/May 1 and leave the fed funds rate range unchanged from the current 2.25-2.50 percent.

Establishment data was generally positive in March. Mining and logging industries gained 2,000 net new jobs for the month. Construction companies built 16,000 in March despite a weak ADP report for the month. Manufacturing lost 6,000 jobs, concentrated in durable goods industries. Wholesale trade gave up 2,000 jobs. Retail trade remained choppy, giving up 11,700 net jobs in March. Transportation and warehousing companies added 7,300 jobs. Information services printed up 10,000 net new jobs. Financial services funded an additional 11,000 jobs in March. Professional and business services gained a solid 37,000 jobs. Education and healthcare had a strong month, gaining 70,000. Leisure and hospitality served up 33,000 jobs. Government employment increased by 14,000 in March.

Market Reaction: U.S. equity markets opened with gains. The 10-Year T-bond yield is down to 2.51 percent. NYMEX crude oil is up to \$62.42/barrel. Natural gas futures are up to \$2.64/mmbtu.

Payrolls Rebound in March, Up 196k



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