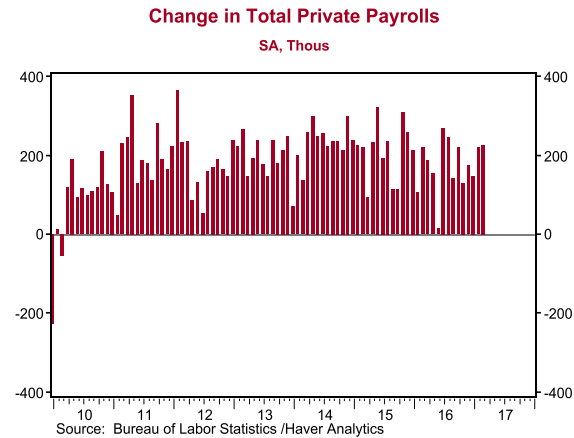


# February Employment Report

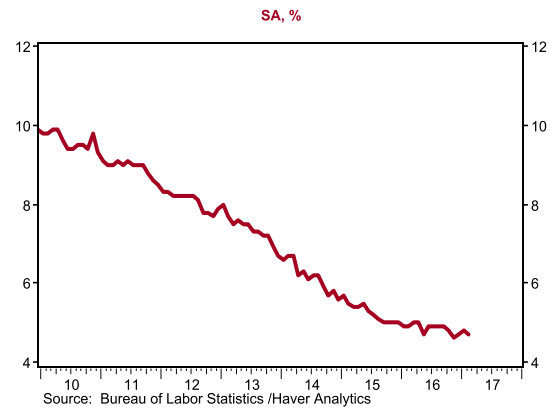
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- Nonfarm payrolls increased 235,000 in February versus a consensus expected 200,000. Including revisions to December/January, nonfarm payrolls were up 244,000.
- Private sector payrolls increased 227,000 in February, although revisions to prior months subtracted 31,000. The largest gains were for education & health services (+62,000), construction (+58,000), and professional & business services (+37,000, including temps). Manufacturing rose 28,000 while government increased 8,000.
- The unemployment rate ticked down to 4.7% in February from 4.8% in January.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.2% in February and are up 2.8% versus a year ago.



**Implications:** If there were any remaining doubts the Fed would raise rates next week, today’s report put them to rest. Job growth was strong, the unemployment rate is below the Fed’s long-term goal, and wages are accelerating. Nonfarm payrolls rose 235,000 in February. Private payrolls are now up 84 months in a row, the longest streak since at least the 1920s. Meanwhile, civilian employment, an alternative measure of jobs that includes small-business start-ups, increased 447,000. Some of the improvement is due to unusually warm February weather. In the past 20 years, an average of 307,000 workers missed work due to bad weather in February; this February it was only 157,000. In other words, without good weather, civilian employment would have been up about 297,000, which is still a fast pace. (Warning: no, you should NOT also subtract 157,000 from the payroll number. It’s a separate survey and less responsive to the effects of weather.) The jump in employment helped push the jobless rate back down to 4.7% versus the Fed’s long-term target of 4.8%. Remember when some analysts were saying the only reason unemployment is down is fewer people looking for work? That story has been wrong for years. The labor force (people who are either working or looking for work) has grown in every calendar year since 2010, is up 7.4 million since the end of 2009, and up 1.6 million in the past twelve months. Although the participation rate remains low by the standard of the past 40 years, it’s no longer consistently declining. At 63.0% it’s tied for the highest level in almost three years. Notice also the theory that “all the new jobs are part-time jobs”? Since the end of 2009, part-time jobs are up only 75,000 while full-time jobs are up more than 14.5 million. Perhaps most important is plenty of consumer purchasing power, with wages per hour up 2.8% in the past year while total hours worked up 1.4%. As a result, total wages are up 4.3% from a year ago, and this excludes fringe benefits and irregular bonuses/commissions. Not every labor report will be as strong as this one, but with better policies on the way, look for continued robust gains in jobs and even faster wage gains in the year ahead.

Civilian Unemployment Rate: 16 yr +



Employment Report <i>All Data Seasonally Adjusted</i>	Feb-17	Jan-17	Dec-16	3-month moving avg	6-month moving avg	12-month moving avg
<b>Unemployment Rate</b>	4.7	4.8	4.7	4.7	4.8	4.8
<b>Civilian Employment (monthly change in thousands)</b>	447	458	57	321	223	159
<b>Nonfarm Payrolls (monthly change in thousands)</b>	235	238	155	209	194	196
<b>Construction</b>	58	40	12	37	30	18
<b>Manufacturing</b>	28	11	18	19	7	1
<b>Retail Trade</b>	-26	40	13	9	6	11
<b>Finance, Insurance and Real Estate</b>	7	32	22	20	15	16
<b>Professional and Business Services</b>	37	46	36	40	51	50
<b>Education and Health Services</b>	62	21	50	44	43	46
<b>Leisure and Hospitality</b>	26	24	5	18	20	26
<b>Government</b>	8	17	5	10	6	16
<b>Avg. Hourly Earnings: Total Private*</b>	0.2%	0.2%	0.3%	2.8%	2.7%	2.8%
<b>Avg. Weekly Hours: Total Private</b>	34.4	34.4	34.4	34.4	34.4	34.4
<b>Index of Aggregate Weekly Hours: Total Private*</b>	0.2%	0.2%	0.4%	3.1%	2.5%	1.4%

\*3, 6 and 12 month figures are % change annualized