

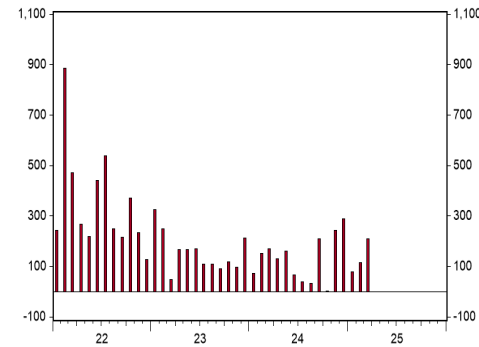
March Employment Report

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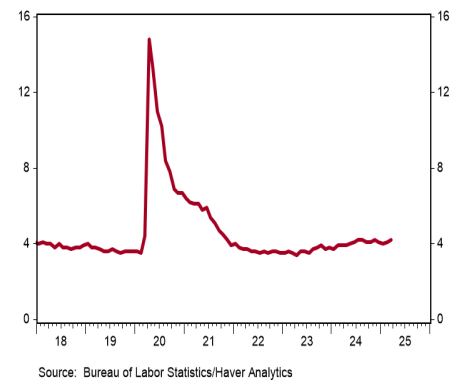
- Nonfarm payrolls increased 228,000 in March, easily beating the consensus expected 140,000. Payroll gains for January and February were revised down by a total of 48,000, resulting in a net gain, including revisions, of 180,000.
- Private sector payrolls rose 209,000 in March but were revised down by 26,000 in prior months. The largest gain in March was education and health services (77,000). Manufacturing rose 1,000 while government increased 19,000.
- The unemployment rate ticked up to 4.2% in March from 4.1% in February.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.3% in March and are up 3.8% versus a year ago. Aggregate hours increased 0.2% in March and are up 0.6% from a year ago.

Implications: Tariffs may be the big story in the news, but the US labor market continued to shrug off uncertainty in March, adding more jobs than even the most optimistic forecast by any economics group surveyed by Bloomberg. Nonfarm payrolls grew 228,000 for the month, and even after factoring in large downward revisions to prior months rose a healthy 180,000, beating the consensus expected gain of 140,000. A large part of the gain came from education and health services, up 77,000. Meanwhile, jobs at restaurants & bars rose 30,000. We like to follow payrolls excluding three sectors: government, education & health services, and leisure & hospitality, all of which are heavily influenced by government spending and regulation (that includes COVID lockdowns and re-openings for leisure & hospitality). In what is probably the best news for March, this “core” measure of jobs rose 89,000, beating the 36,000 monthly average in the past year. Meanwhile, civilian employment, an alternative measure of jobs that includes small-business start-ups increased 201,000. Given these job increases, why did the unemployment rate tick up to 4.2% versus 4.1% in February? Because the labor force (people who are either working or looking for work), rose 232,000. Other details in today’s report suggested moderate economic growth through March, but reasons for the Federal Reserve to be cautious about cutting short-term interest rates. Total hours worked increased 0.2% in March and are up 0.6% in the past year. Add that gain in hours worked to the trend growth rate in productivity (output per hour) of 1.8% per year in the past decade and you get close to 2.5% economic growth. Meanwhile, average hourly earnings rose 0.3% in March and are up 3.8% in the past year, still higher than the 3.5% we think the Fed would like to see. Notably, it looks like DOGE continued to make progress in reducing federal government payrolls in March, with jobs falling 4,000 on the heels of a decline of 11,000 in February. This is the first consecutive drop since 2022, and the BLS points out that employees on paid leave or receiving severance aren’t included in these declines. Given the Trump Administration’s goal of reducing the federal workforce, we expect more of this in the months ahead, potentially much more. That may cause some short-term pain for the US economy, but we expect long-term gains from reducing the size and scope of the federal government, including more jobs gains in the private sector. In other recent news, cars and light trucks were sold at a 17.8 million annual rate in March, rising 11% from February and 13.3% higher than a year ago. That’s the largest monthly gain in two years, as consumers tried to front-run tariffs on foreign cars.

All Employees: Total Private Industries
Change - Period to Period SA, Thous



Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report All Data Seasonally Adjusted	Mar-25	Feb-25	Jan-25	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	4.2	4.1	4.0	4.1	4.1	4.1
Civilian Employment (monthly change in thousands)	201	-588	2,234	616	284	174
Nonfarm Payrolls (monthly change in thousands)	228	117	111	152	181	157
Construction	13	14	-3	8	8	12
Manufacturing	1	8	-5	1	-6	-6
Retail Trade	24	-2	36	19	12	4
Finance, Insurance and Real Estate	9	16	14	13	12	8
Professional and Business Services	3	7	-35	-8	2	-4
Education and Health Services	77	60	62	66	74	76
Leisure and Hospitality	43	-17	-14	4	20	18
Government	19	1	32	17	25	26
Avg. Hourly Earnings: Total Private*	0.3%	0.2%	0.4%	3.6%	3.8%	3.8%
Avg. Weekly Hours: Total Private	34.2	34.2	34.1	34.2	34.2	34.2
Index of Aggregate Weekly Hours: Total Private*	0.2%	0.3%	-0.2%	1.4%	1.4%	0.6%

Source: Bureau of Labor Statistics *3, 6 and 12 month figures are % change annualized