First Trust DATAWATCH

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March Employment Report

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- Nonfarm payrolls rose 178,000 in March, well above the consensus expected gain of 65,000. Payroll gains for January and February were revised down by a total of 7,000, resulting in a net gain, including revisions, of 171,000.

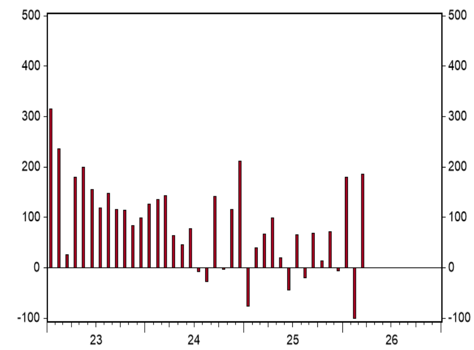
- Private sector payrolls rose 186,000 in March but were revised down by 9,000 in prior months. The largest increases in March were health care & social assistance (+90,000), leisure and hospitality (+44,000), and construction (+26,000). Manufacturing rose 15,000 while government declined 8,000.

- The unemployment rate ticked down to 4.3% in March versus 4.4% in February.

- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.2% in March and are up 3.5% versus a year ago. Aggregate hours declined 0.2% in March but are up 0.4% from a year ago.

All Employees: Total Private Industries

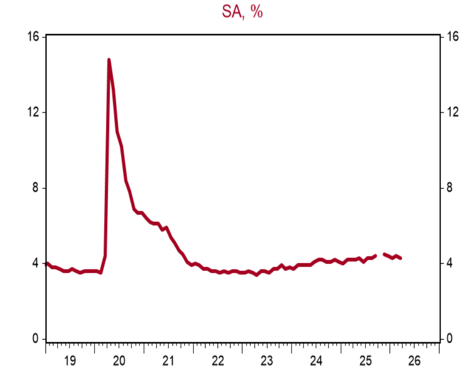
Change - Period to Period SA, Thous



Source: Bureau of Labor Statistics/Haver Analytics

Civilian Unemployment Rate: 16 yr +

SA, %



Source: Bureau of Labor Statistics/Haver Analytics

Implications: Good headlines, tepid details. A month ago some analysts and investors got scared about a decline in jobs and increase in the unemployment rate in February. Instead, we said it was "not a reason to panic," that we were not in recession, and the factors dragging down jobs in February – weather and a temporary nurses' strike – should reverse in March. And that's exactly what happened. Nonfarm payrolls rose 178,000 in March, the largest gain for any month since 2024. Excluding government as well as health care & education (which are often driven by government policies), payrolls rose 95,000 in March, also the most in more than a year. Better, these gains happened at the same time the federal government (excluding the Post Office and Census) declined 16,000, bringing the total drop since January 2025 to 346,000, the steepest since at least 1990. Meanwhile, the unemployment rate declined to 4.3% in March from 4.4% in February. Unfortunately, the details for March were not nearly as strong as the headlines and we should expect much smaller payroll gains in the months ahead. Civilian employment, an alternative measure of jobs that includes small-business start-ups, declined 64,000 in March; the reason the unemployment rate declined was because the labor force (people who are either working or looking for work) declined 396,000. And in spite of the gain in payrolls, total private-sector hours worked declined 0.2% in March, as the average worker with a job worked fewer hours. In addition, average hourly earnings rose a mediocre 0.2%, widely lagging what is expected to be a spike in consumer prices for March due to the Iran War. That 0.2% gain means average hourly earnings are up only 3.5% from a year ago, the smallest increase for a twelve-month period since 2021. Cutting through the volatility, in the past year private-sector payrolls are up 42,000 per month and we think that's probably close to a "new normal" for an economy in which, for better or for worse, immigration laws are being strictly enforced and net immigration is likely near zero.

Employment Report *All Data Seasonally Adjusted*	**Mar-26**	**Feb-26**	**Jan-26**	**3-month moving avg**	**6-month moving avg**	**12-month moving avg**
Unemployment Rate	**4.3**	4.4	4.3	4.3	NA	NA
Civilian Employment (monthly change in thousands)	**-64**	-185	-895	-381	NA	NA
Nonfarm Payrolls (monthly change in thousands)	**178**	-133	160	68	15	22
Construction	**26**	-13	45	19	13	5
Manufacturing	**15**	-6	2	4	-4	-6
Retail Trade	**10**	-8	13	5	-4	-2
Finance, Insurance and Real Estate	**-15**	2	-39	-17	-9	-6
Professional and Business Services	**2**	7	36	15	10	-3
Education and Health Services	**91**	-42	119	56	51	55
Leisure and Hospitality	**44**	-11	5	13	15	15
Government	**-8**	-4	-20	-11	-38	-20
Avg. Hourly Earnings: Total Private*	**0.2%**	0.4%	0.4%	3.9%	3.7%	3.5%
Avg. Weekly Hours: Total Private	**34.2**	34.3	34.3	34.3	34.3	34.2
Index of Aggregate Weekly Hours: Total Private*	**-0.2%**	-0.1%	0.4%	0.7%	0.5%	0.4%

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

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