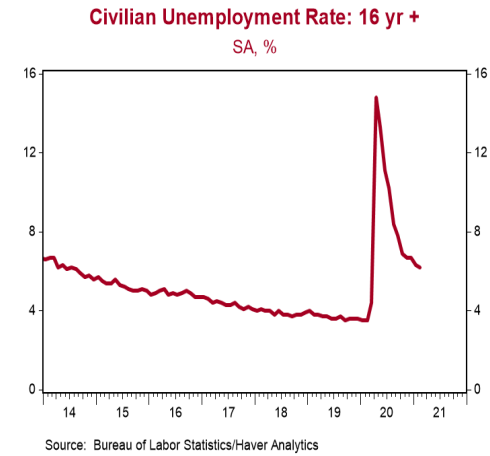
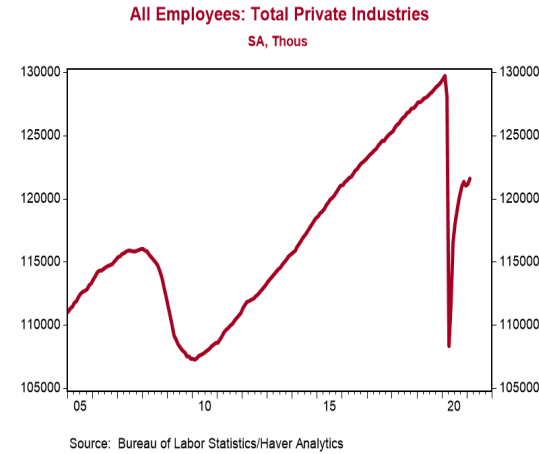


# February Employment Report

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- Nonfarm payrolls increased 379,000 in February, easily beating the consensus expected 200,000.
- Private sector payrolls rose 465,000 in February. The largest increases were for leisure & hospitality (+355,000), professional & business services (+63,000, including temps), health care & social assistance (+46,000), and retail (+41,000). The largest decline was for construction (-61,000). Manufacturing rose 21,000 while government fell 86,000.
- The unemployment rate declined to 6.2% in February from 6.3% in January.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.2% in February and are up 5.3% versus a year ago. Aggregate hours worked fell 0.5% in February and are down 5.7% from a year ago.

**Implications:** The labor market continued to heal in February, with job growth easily beating consensus expectations and another decline for the unemployment rate. Nonfarm payrolls rose 379,000 in February, and that includes an 86,000 drop in government jobs largely due to schools. Meanwhile, civilian employment, an alternative measure of jobs that includes small-business start-ups, rose 208,000. What makes the climb in civilian employment so impressive is that same survey showed that 897,000 workers were not at work due to bad weather in February, the most for any February since 2010 and versus an average of about 300,000 absent due to weather for Februaries in the last decade. The effects of the weather were also noticeable in the payroll survey, as the weakest sector was construction, which lost 61,000 jobs. Given the weather effects in February, the ongoing rollout of the vaccine, and government stimulus programs, look for even faster overall job growth in March. In the meantime, the best news in February was the 355,000 gain in jobs at leisure & hospitality businesses, which shows the waning effects of COVID-19. As a result of all the job gains, the unemployment rate ticked down to 6.2%, consistent with our projection that the jobless rate will finish the year around 5.0%. In addition, workers earned more per hour in February, with average hourly earnings up 0.2% for the month and up 5.3% from a year ago. However, not all the employment news was positive in February. Total hours worked fell 0.5% for the month and remain below where they were in October and November last year. Total private-sector earnings for workers, which reflects both earnings per hour and total hours, declined 0.2% in February and is down 0.8% from a year ago. That said, we expect total earnings to grow rapidly starting soon, reducing the supposed need for government stimulus. In other recent news on the labor market, initial jobless claims rose 9,000 last week while continuing claims fell 124,000. As we get deeper into 2021, expect to see some blowout positive numbers on job growth. We project payrolls growing six million this year, while the unemployment falls to around 5.0% by year end. The increase in payrolls would be the largest for any calendar year on record, but still leave us about four million jobs short of where it was immediately prior to COVID-19. The drop in the unemployment rate would leave us about 1.5 percentage points above the low of 3.5% in early 2020. The bottom line is that the labor market is still improving but has much further to go to get back to normal.



<b>Employment Report</b> <i>All Data Seasonally Adjusted</i>	<b>Feb-21</b>	<b>Jan-21</b>	<b>Dec-20</b>	<b>3-month moving avg</b>	<b>6-month moving avg</b>	<b>12-month moving avg</b>
<b>Unemployment Rate</b>	<b>6.2</b>	6.3	6.7	6.4	6.8	8.6
<b>Civilian Employment (monthly change in thousands)</b>	<b>208</b>	381	20	203	523	-693
<b>Nonfarm Payrolls (monthly change in thousands)</b>	<b>379</b>	166	-306	80	317	-790
<b>Construction</b>	<b>-61</b>	1	47	-4	20	-26
<b>Manufacturing</b>	<b>21</b>	-14	35	14	28	-47
<b>Retail Trade</b>	<b>41</b>	46	30	39	42	-30
<b>Finance, Insurance and Real Estate</b>	<b>-5</b>	1	18	5	16	-9
<b>Professional and Business Services</b>	<b>63</b>	85	159	102	131	-64
<b>Education and Health Services</b>	<b>44</b>	-26	-29	-4	31	-108
<b>Leisure and Hospitality</b>	<b>355</b>	-25	-498	-56	84	-288
<b>Government</b>	<b>-86</b>	76	-32	-14	-105	-116
<b>Avg. Hourly Earnings: Total Private*</b>	<b>0.2%</b>	0.1%	1.0%	5.5%	3.7%	5.3%
<b>Avg. Weekly Hours: Total Private</b>	<b>34.6</b>	34.9	34.7	34.7	34.8	34.6
<b>Index of Aggregate Weekly Hours: Total Private*</b>	<b>-0.5%</b>	0.7%	-0.6%	-1.5%	3.7%	-5.7%

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