



Source: US Bureau of Labor Statistics
Note: Data is in thousands

The national economy fell well short of consensus expectations (175,000 jobs), adding only 20,000 jobs in February. Professional and business services (42,000 jobs) was the only sector to record substantial gains in the recent release. Manufacturing employment continued its expansionary trend in February, recording positive growth for the 19th consecutive month. However, the 4,000 jobs gained in February was the lowest monthly total since July 2017. The PMI fell from 56.6% in January to 54.2% in February. The February PMI is the lowest in the last 12 months and is inching closer to the 50% threshold. Construction employment recorded the largest loss of any sector, falling by 31,000 workers. Specialty trade contractors (-13,500 jobs) and heavy and engineering construction (-13,200 jobs) accounted for the bulk of construction's losses. The US economy averaged employment growth of 223,000 jobs per month in 2018 but has stumbled in the recent release. The economy is in the mature stage of the business cycle but there still seems to be room to run. We expect employment growth to moderate in the coming year, with gains around 170,000 jobs per month.

US Labor Market Snapshot (February 2019)											
Variable	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Avg.	Difference from 2007
Population (Civilian, Non-Inst.)	237,829	239,618	243,284	245,679	247,947	250,801	253,538	255,079	257,791	258,316	11.4%
Total Employment	130,354	131,939	134,174	136,374	138,941	141,826	144,348	146,611	149,064	150,596	9.1%
Full-Time Employment	111,712	112,567	114,821	116,322	118,725	121,496	123,761	125,965	128,568	129,998	7.4%
Part-Time Employment	27,349	27,314	27,661	27,620	27,593	27,341	27,678	27,372	27,185	26,815	7.4%
Unemployment Rate	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.9%	-70 bps
Underutilization Rate	16.7%	15.9%	14.7%	13.8%	12.0%	10.5%	9.6%	8.5%	7.7%	7.7%	-60 bps
Employment/Population Ratio	58.5%	58.4%	58.6%	58.6%	59.0%	59.3%	59.7%	60.1%	60.4%	60.7%	-230 bps
Labor Force Participation Rate	64.7%	64.1%	63.7%	63.3%	62.9%	62.7%	62.8%	62.9%	62.9%	63.2%	-280 bps
Not in Labor Force	83,945	85,994	88,311	90,282	92,026	93,661	94,341	94,766	95,721	95,109	20.8%

Source: US Bureau of Labor Statistics

Note: Population, employment, and "Not in Labor Force" data are in thousands.

The US labor market was a mixed bag in the February release. The February unemployment rate fell to 3.8% after recording 4.0% in February. Total employment is now 9.1% above the trough from the last recession. In addition, part-time employment continues to decrease. Full-time employment rose in February after a slight contraction in January. It will be interesting to see if full-time employment continues its growth in 2019. Despite all of the positive statistics, employment growth is still hampered by a lack of workers. Notably, persons not in the labor force rose by 198,000 people in February. Also, the labor force participation rate remains well below the 2007 annual average. With worries of a potential economic slowdown, the labor force participation rate will bear some watching.