



Payrolls Exceed Forecast, Unemployment Dips to 5.5%

By Roy Maurer

Mar 6, 2015

The U.S. labor market showed sustained strength as employers added more jobs than predicted in February 2015 and the unemployment rate dropped to 5.5 percent, the lowest in almost seven years, according to the Bureau of Labor Statistics (BLS).

Payroll employment increased by 295,000 in February, with job gains occurring in food services, professional and business services, construction, health care, and in transportation and warehousing.

Economic forecasters had predicted job gains in the 230,000-240,000 range. The average monthly gain is 266,000 jobs over the prior 12 months.

"Purely from a job creation standpoint, February was a very good month," noted Joseph Coombs, senior analyst of workforce trends at the Society for Human Resource Management (SHRM). "Strong gains were made across a wide variety of industries."

The most jobs (59,000) were added in "food services and drinking places." The industry had averaged 35,000 jobs per month over the previous year.

"Critics may contend that many of these jobs are of the low-paying variety, but it's important to remember that gains in this category also represent increased consumer confidence," said Coombs. "There is higher demand for these types of jobs because more people are going out to eat and spending money on leisure activities, which is a positive sign for the economy."

Employment in professional and business services increased by 51,000 in February and has risen by 660,000 over the year. Employment continued to trend up in management and technical consulting services (+7,000), computer systems design and related services (+5,000), and architectural and engineering services (+5,000).

Construction employers added 29,000 jobs in February, mostly specialty trade contractors in the residential sector. Employment in health care rose by 24,000, transportation and warehousing added 19,000 jobs, and retail payrolls continued to trend up in February (+32,000).

Manufacturers added 8,000 jobs. Mining employment decreased by 9,000 in February.

Steady hiring however, has largely failed to translate into higher wage growth

(www.shrm.org/hrdisciplines/staffingmanagement/Articles/pages/wages-stagnate-thriving-job-market.aspx). Average hourly earnings among private-sector workers rose 3 cents last month to \$24.78.

"Average hourly wages were up 2 percent in February compared with the previous year, which is slightly ahead of inflation and still not very good news for wage growth," said Coombs. "Employers simply aren't under enough pressure to raise wages significantly, primarily because millions of people remain out of work and there is still a high amount of 'labor slack' in the market."

Temporary help employment showed little change from January to February (-0.3 percent), and was 5.2 percent higher than in February 2014. Year-to-year staffing job growth has averaged 5.6 percent over the past 12 months.

"Although inclement weather had some effect on industry employment in February, staffing firms report that client demand for temporary and permanent workers remains robust across most sectors," said Richard Wahlquist, president and chief executive officer of the American Staffing Association. "The February jobs report is further evidence of continued labor market momentum, translating to more employment opportunities for job seekers."

Unemployment Falls to 5.5 Percent

Both the unemployment rate and the number of unemployed persons (8.7 million) dipped down in February.

"Average annual unemployment rates dropped in 2014 in all 50 states and the District of Columbia," said Coombs. "This has not occurred since 1984."

The unemployment rate for teenagers decreased by 1.7 percentage points to 17.1 percent, while the jobless rates for adult men (5.2 percent), adult women (4.9 percent), whites (4.7 percent), blacks (10.4 percent), Asians (4.0 percent), and Hispanics (6.6 percent) showed little or no change.

The number of long-term unemployed (those jobless for 27 weeks or more) fell slightly to 2.7 million. The long-term unemployed account for 31.1 percent of the unemployed. Over the past 12 months, the number of long-term unemployed is down by 1.1 million.

The labor force participation rate changed little in February (62.8 percent) and has remained within a narrow range of 62.7 to 62.9 percent since April 2014. The figure is near the lowest level since the late 1970s.

Individuals categorized as involuntary part-time workers—those seeking full-time employment, but working part time—dropped from 6.8 million to 6.6 million.

Additionally, 2.2 million people were considered marginally attached to the labor force—unemployed, wanting and available for work, and had looked for a job sometime in the prior 12 months. Among this group, 732,000 individuals were considered discouraged—not currently looking for work because they believe no jobs are available for them.

The remaining 1.4 million people marginally attached to the labor force in February had not searched for work in the past month for reasons such as school attendance or family responsibilities.

Roy Maurer is an online editor/manager for SHRM.

Follow him @SHRMRoy (www.shrm.org<https://twitter.com/SHRMRoy>)

LABOR MARKET DATA | CRITICAL EVALUATION || WORKFORCE PLANNING

Contact Us (www.shrm.org/about-shrm/Pages/Contact-Us.aspx) | 800.283.SHRM (7476)

© 2016 SHRM. All Rights Reserved

SHRM provides content as a service to its readers and members. It does not offer legal advice, and cannot guarantee the accuracy or suitability of its content for a particular purpose.

Disclaimer (www.shrm.org/about-shrm/Pages/Terms-of-Use.aspx#Disclaimer)