WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

SENATOR AMY KLOBUCHAR, VICE CHAIR

March 12, 2013

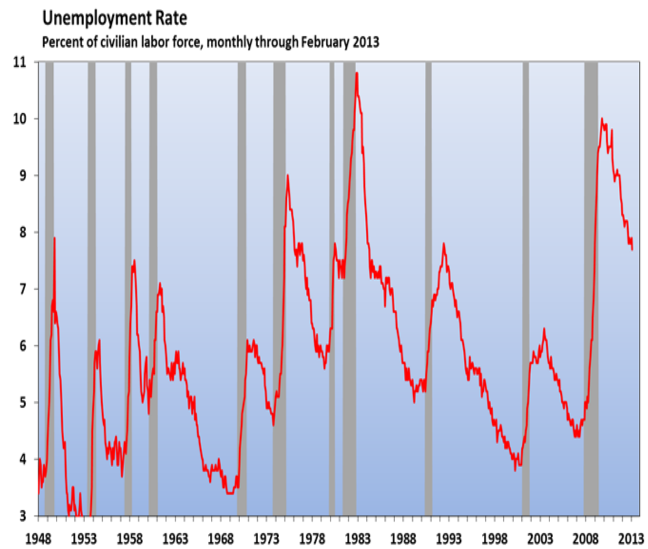
Labor Markets Strengthened in February

Unemployment fell while employment, hours, and earnings rose

- <u>The unemployment rate declined in February</u>. The unemployment rate fell 0.2 percentage point last month to 7.7 percent of the civilian labor force, the lowest level since December 2008 (see top chart). Higher employment and a smaller labor force contributed to the decline in unemployment. Job growth kept pace with population growth during the month.

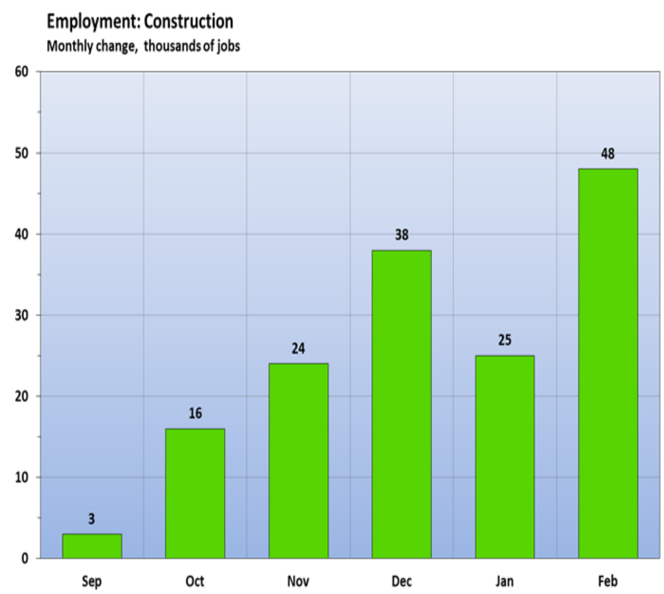
- <u>Employment growth exceeded expectations last month</u>. Nonfarm payrolls rose by 236,000 jobs in February, well ahead of the 165,000 jobs that forecasters had expected. Private-sector employment increased by 246,000 jobs, the largest monthly gain since November. Private-sector job gains have exceeded 200,000 in four of the last five months. Professional and business services (+73,000), construction (+48,000), and health care (+32,000) recorded the largest employment increases last month. As housing has recovered, more than 150,000 jobs have been added in construction in the past six months (see bottom chart).

- <u>Average weekly earnings rose in February</u>. Workers saw an increase in both hours worked and pay per hour during February. The average workweek for private nonfarm workers rose 0.3 percent to 34.5 hours while the average hourly earnings of those workers rose 0.2 percent to $23.82. As a result, average weekly earnings rose 0.5 percent in February. Over the past 12 months, average weekly earnings have risen by 1.8 percent.



SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

NOTE: Shaded areas mark periods of recession as determined by the National Bureau of Economic Research.



Source: Bureau of Labor Statistics, U.S. Department of Labor.

THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES & EVENTS
Tuesday, Mar. 12	Job Openings and Labor Turnover (January)
Wednesday, Mar. 13	Advance Monthly Sales for Retail and Food Services (February) Manufacturing and Trade Inventories and Sales (January)
Thursday, Mar. 14	JEC Hearing: "Flirting with Disaster: Solving the Federal Debt Crisis," 9:30 a.m., G-50 Dirksen S.O.B. U.S. International Transactions (Q4)
Friday, Mar. 15	Industrial Production and Capacity Utilization (February) Consumer Price Index (February)

THE ECONOMY AT A GLANCE

	MONTH			QUARTER			YEAR	
KEY INDICATORS	Feb.	Jan.	Dec.	2012Q4	2012Q3	2012Q2	2012	2011
Economic Activity								
Real gross domestic product	—	—	—	0.1	3.1	1.3	2.2	1.8
Manufacturing production	n.a.	-0.4	1.1	2.0	-0.7	0.7	4.2	4.3
Factory utilization rate (percent of capacity)	n.a.	77.6	78.0	77.1	77.0	77.5	77.3	75.0
Civilian unemployment rate (percent of labor force)	7.7	7.9	7.8	7.8	8.0	8.2	8.1	8.9
Housing starts (thousands of units, annual rates)	n.a.	890	973	901	774	736	781	612
Light vehicle sales, domestic (millions of units, annual rates)	11.986	12.032	12.012	11.724	11.346	10.995	11.242	9.805
Retail & food service sales	n.a.	0.1	0.5	6.1	5.3	-0.6	5.0	8.0
Real disposable personal income	n.a.	-4.0	2.7	6.2	0.7	2.2	1.5	1.3
Personal saving rate (percent of disposable income)	n.a.	2.4	6.4	4.6	3.6	3.8	3.9	4.2
Inflation & Productivity								
CPI-U inflation	n.a.	0	0	2.2	2.1	1.0	2.1	3.1
Core CPI-U inflation	n.a.	0.3	0.1	1.7	1.6	2.4	2.1	1.7
Output per hour, nonfarm bus.	—	—	—	-1.9	3.1	1.7	0.7	0.6
Unit labor costs, nonfarm bus.	—	—	—	4.6	-1.9	-0.5	0.7	2.0
Employment Cost Index	—	—	—	2.1	1.7	2.1	1.9	2.0

Sources: Bureau of Economic Analysis, U.S. Department of Commerce; Bureau of the Census, U.S. Department of Commerce; and Bureau of Labor Statistics, U.S. Department of Labor.

Notes: Except where otherwise noted, values in the table represent simple percent changes for monthly data and percent changes at annual rates for quarterly data. Core CPI-U inflation is the percentage change in the CPI-U excluding food and energy prices as reported by the Bureau of Labor Statistics. The Employment Cost Index covers all civilian workers and the quarterly change is measured from the last month of the previous quarter to the last month of the indicated quarter. 'n.a.' denotes that data are not yet available. '—' denotes that data are not available monthly.