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Economic Newsletter for the New Millennium

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EMPLOYMENT SITUATION FEB 2017: COULD THIS BE THE START OF SOMETHING BIG?

THE FEBRUARY LABOR REPORT FROM DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS JUST CAME OUT...GOOD NEWS

In sifting through the [EMPLOYMENT SITUATION – FEBRUARY 2017](#) several things pop out at you.

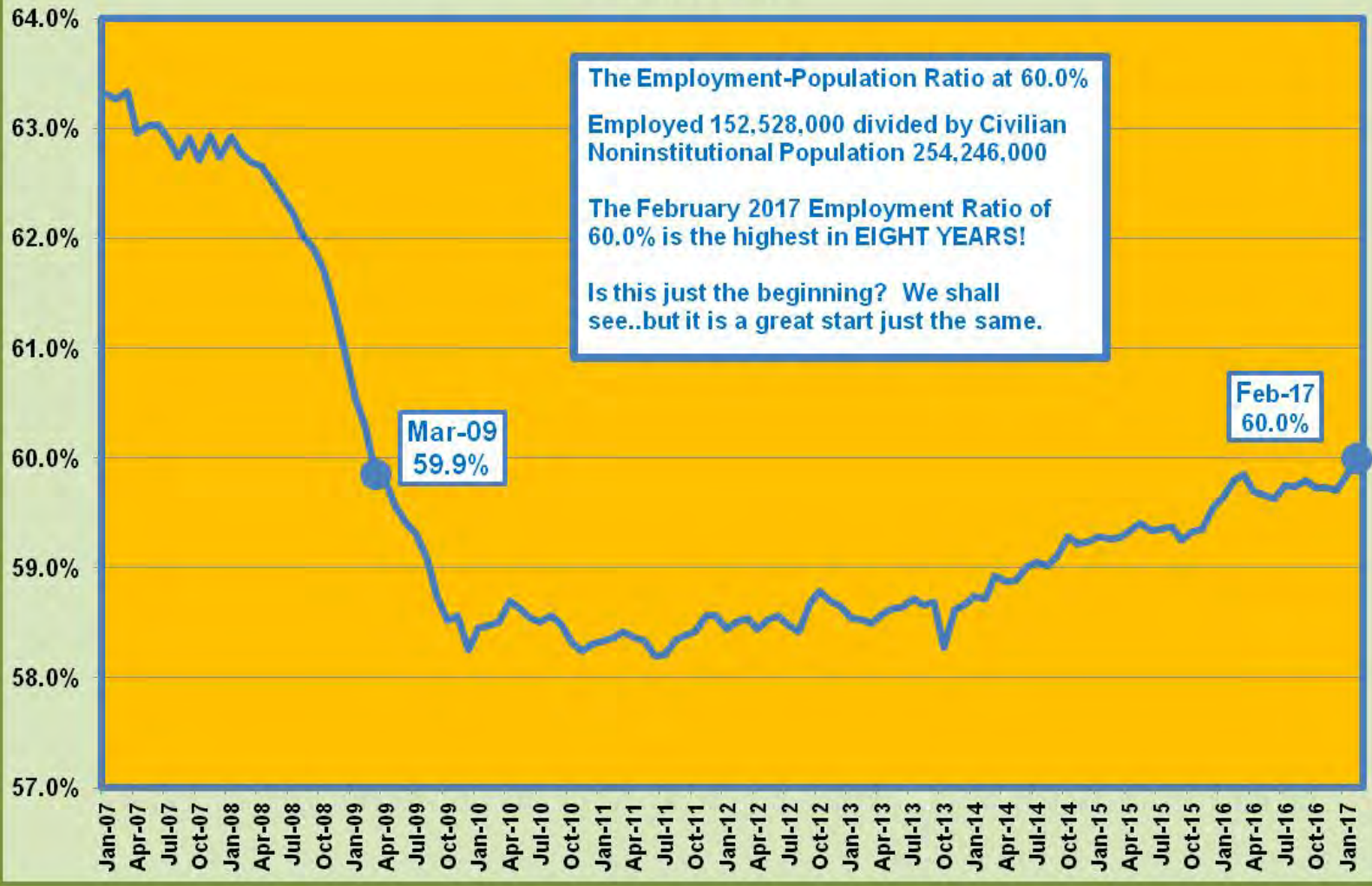
First, you'll notice that the Bureau of Labor Statistics points out that the payroll jobs number came in at a robust 235,000 for the month. Secondly, you will note the unemployment rate came in at 4.7 percent, dropping from 4.8 percent in January 2017.

"Total nonfarm payroll employment rose by 235,000 in February, and the unemployment rate was little changed at 4.7 percent, the U.S. Bureau of Labor Statistics reported today. Employment gains occurred in construction, private educational services, manufacturing, health care, and mining."

The Employment-Population Ratio hits an Eight Year High

There's no doubt that the February 2017 labor report was very positive. To key on one point in a overall very good month, let's take a quick look at the Employment-Population Ratio. The Employment-Population Ratio is measures the employed divided by the Civilian Noninstitutional Population (those 16+ years of age who are not in the military or otherwise institutionalized). In coming in at 60.0%, this is the best reading since February 2009 (60.3%) --- a very long eight year period.

Employment-Population Ratio (Employed / Civilian Noninstitutional Population)
 U.S. Dept of Labor, Bureau of Labor Statistics
 March 10, 2017



The FED (Federal Reserve) and the Employment-Population Ratio

It's important to note that the FED looks upon the Employment-Population Ratio as an important data point in formulating monetary policy.

This is a very short piece, but we wanted to make sure you were aware that Federal Reserve [Federal Open Market Committee (FOMC)] will be meeting on March 14-15 (<https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>). In all likelihood, the FOMC will vote to raise the targeted Fed Funds rate by 0.25% or even 0.50% (from the current 0.50-0.75% targeted range) based in part on the much improved Employment-Population Ratio. Having said this, there is much more critical analysis that we will present in the near future regarding the impending Fed Funds target rate hike.

February Employment Situation Rundown

In February 2017 the following occurred in labor markets:

The Civilian Noninstitutional Population expanded by 164,000

The Labor Force grew by 340,000 [Labor Force 340,000 = Employed 447,000 + Unemployed -107,000]

The Labor Force Participation Rate (LFPR) climbed to 63.0%

Employed grew by 447,000

Employment-Population Ratio again rose to 60.0%...this is the highest number since February 2009 (60.3%)!

Unemployed dropped by 107,000

U3 Unemployment Rate dropped to 4.7%

The 'Not in the Labor Force' component went down by 176,000

Not in the Labor Force (NLF) = Civilian Noninstitutional Population (CNP) – Labor Force (LF) [Employed + Unemployed]

NLF = (CNP) 164,000 – [447,000 Employed –107,000 Unemployed]

NLF = Civilian Noninstitutional Population (CNP) 164,000 – Labor Force (LF) 340,000

NLF = -176,000

HOUSEHOLD DATA

Summary table A. Household data, seasonally adjusted

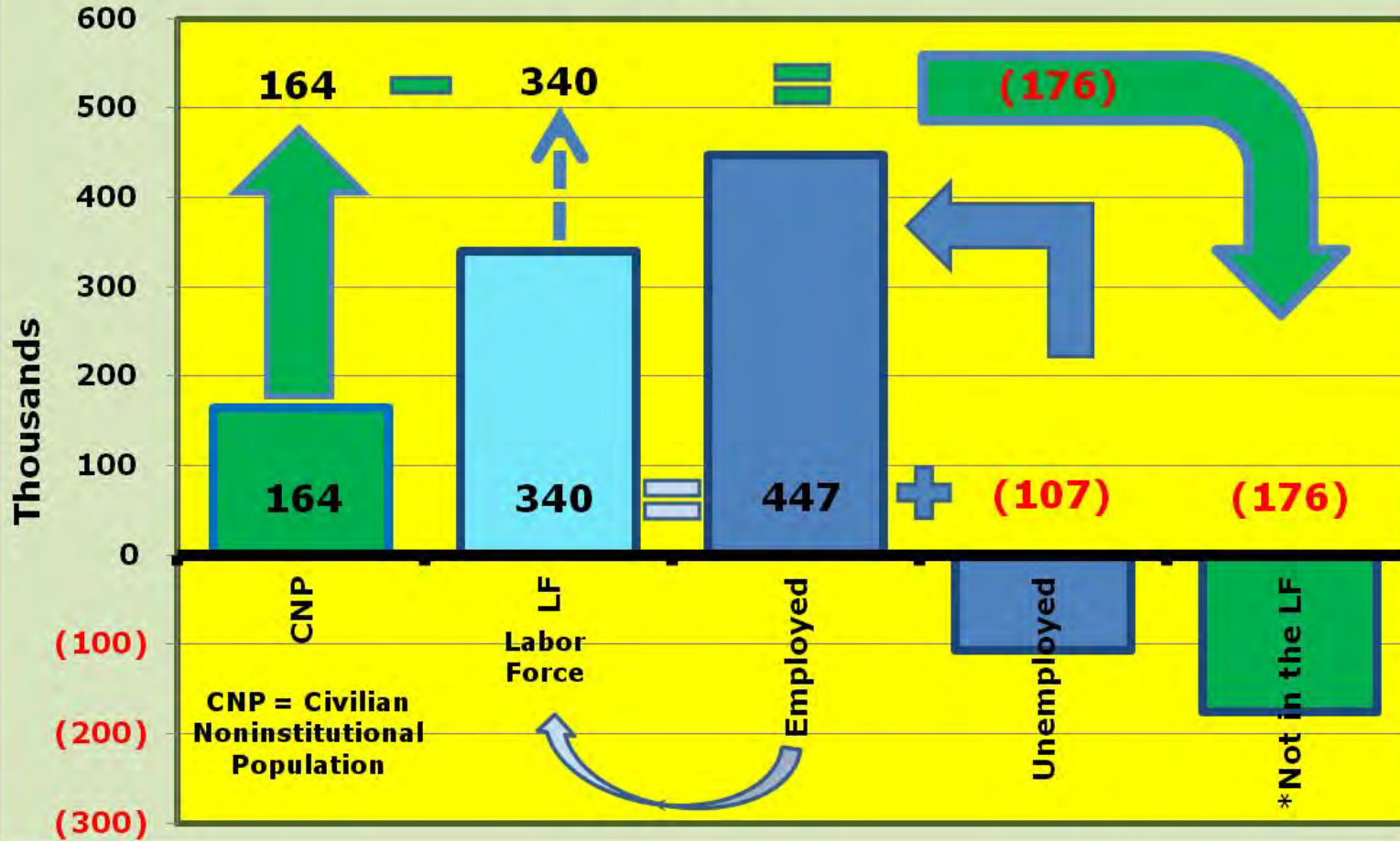
[Numbers in thousands]

Category	Feb. 2016	Dec. 2016	Jan. 2017	Feb. 2017	Change from: Jan. 2017- Feb. 2017
Employment status					
Civilian noninstitutional population.....	252,577	254,742	254,082	254,246	164
Civilian labor force.....	158,888	159,640	159,716	160,056	340
Participation rate.....	62.9	62.7	62.9	63.0	0.1
Employed.....	151,043	152,111	152,081	152,528	447
Employment-population ratio.....	59.8	59.7	59.9	60.0	0.1
Unemployed.....	7,845	7,529	7,635	7,528	-107
Unemployment rate.....	4.9	4.7	4.8	4.7	-0.1
Not in labor force.....	93,690	95,102	94,366	94,190	-176

Household Employment Summary (Change) for February 2017

Unemployment falls; Employment rises; Labor Force grows; Civilian Noninstitutional Population expands; Net Effect=Unemployment rate falls to 4.7% [not in the Labor Force shrinks by 170 million]

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Our apologies for extended time since our last article, but we will get more out for you shortly.

Coming soon: Annual Macroeconomic Report and/or FED monetary policy moves