Rarely has employment shown such wide month-to-month swings as in the first two months of 1996. Following January's revised decline of 188,000, nonfarm payrolls soared by 705,000 in February—the largest monthly gain since September 1988, when they rose 1.1 million. Factoring in the December figure brings net job additions to an average rate of 220,000 per month for the past three months.

Goods-producing employment rose 153,000, due mostly to a weather-related rebound in construction, although manufacturing did post a small gain (26,000). The service-producing sector showed a net increase of 552,000 jobs, partly as a result of snapbacks in industries where employment levels had been depressed by January’s inclement weather. Almost all of the 166,000-worker gain posted by retail trade occurred in industries where employment changes have been relatively flat (or even negative)—restaurants, bars, and department stores. The narrow services category turned around last month, gaining 287,000 jobs, about half of them concentrated in business services.

The February unemployment rate pointed to strength in the labor markets, falling to 5.5% from 5.8% in January. The share of long-term joblessness (the proportion of people unemployed for 27 weeks or more) has declined in recent months. Half of all jobless persons currently face an unemployment spell of eight weeks or less, which is relatively short by historical standards.