Despite slower employment growth in March, the labor situation continues to brighten. Nonfarm payrolls advanced at a moderate pace (175,000 net new jobs). Average hourly earnings showed their largest year-over-year increase since 1990 (up 4.0%, to $12.15), while the unemployment rate declined 0.1%, to 5.2%. In addition, the labor force participation rate (67.3%) and employment-to-population ratio (63.8%) hit record highs last month.

Goods-producing employment was weak in March (down 12,000), as the construction industry pared 27,000 jobs. This drop followed an unusually large February gain. With an overall increase of 187,000, the service-producing sector more than accounted for jobs growth in March. Within the narrow services category, which encompasses a range of establishments, including hospitals, engineering firms, and hotels, the gain resulted primarily from growth in health and business services. In contrast, government trimmed its payrolls by 19,000 last month, after adding 43,000 jobs in February.

Overall, the public appears more optimistic about the employment picture. A survey of consumer confidence put the percentage of respondents who believe jobs are plentiful at 32.3%, about 14 percentage points above those who think jobs are scarce. This is the survey's most favorable showing since July 1989.