After making substantial increases in January, employers added only 43,000 workers to payrolls in February. Another measure of employment growth, the employment-to-population ratio, nevertheless remained at a record high of 64.8%. The unemployment rate was up slightly in the month to 4.1%; it has now remained below 4.2% for five consecutive months. February’s average hourly earnings rose 4 cents to $13.53, marking an increase of 3.6% over the levels of February 1999.

Because of sharp declines in employment in construction and nondurable-goods manufacturing, the goods-producing sector showed a net loss of 19,000 jobs in February. After an increase of 116,000 jobs in January, construction employment fell by 26,000 jobs last month. However, durable-goods manufacturers increased payrolls by 20,000 jobs in February. Manufacturing employment as a whole, after decreasing about 480,000 jobs in 1998 and 1999, has increased an average of 13,000 per month thus far this year.

In the service-producing sector, the pace of employment growth slowed substantially for a net gain of only 62,000 jobs, more than half of which were concentrated in retail trade.

The Diffusion Index of Employment shows the fraction of industries in which employment is rising. For the three months ending January 2000, 61% of the 349 nonfarm industries surveyed showed increasing employment. In the manufacturing sector, which has rebounded recently, half of all survey participants reported an increase in their employment.