Unusual winter weather made for large seasonally adjusted employment gains in construction, contributing strongly to January’s 268,000-job surge in nonfarm payrolls. Severe November and December weather initiated earlier-than-normal seasonal layoffs in construction, while mild weather last month brought lower-than-normal layoffs; the net result was a large employment gain. Similarly, unusually light holiday hiring at the post office meant fewer January layoffs, causing large seasonally adjusted net gains in government employment as well.

Overall nonfarm employment growth was strong last month, especially compared to the weak average monthly gain of 46,000 workers in 2000:IVQ, but manufacturing sector employment continued to decline precipitously, shedding 65,000 jobs in January for a total net loss of 254,000 since last June. Manufacturing employment declines were widespread, but the largest was in motor vehicles, which had a net loss of 38,000 jobs last month. On the other hand, the service-producing industry grew by a healthy 183,000 jobs, led by net gains in services (81,000 jobs) such as health services (30,000 jobs).

Other January labor market measures were mixed. A large monthly increase in the number of jobless people (303,000) caused the unemployment rate to rise 0.2% to 4.2%, but the employment-to-population ratio remained unchanged at 64.5%, near its all-time high. Another measure, initial claims for unemployment insurance, showed the labor market to be weaker than last year but not at recession levels.