In February, nonfarm payroll employment fell by 308,000 jobs, the biggest monthly decline since November 2001. January’s numbers were revised upward by 42,000. Job losses were widespread and severe: 104,000 in goods-producing and 204,000 in service-producing industries. Wholesale and retail trade posted the largest decline, 93,000 jobs. Construction, hurt by poor weather in February, declined by 48,000 jobs, compared with January’s increase of 26,000. Manufacturing employment, in its thirty-first consecutive month of losses, fell by 53,000; this is consistent with the industry’s average monthly decline in 2002. Services employment, which increased for most of 2002, fell by 86,000, its worst monthly decline since November 2001. Transportation and public utilities’ net loss of 41,000 jobs brought the total to about 500,000 jobs since March 2001.

The unemployment rate inched up to 5.8%, 0.1 percentage point higher than last month and equal to the 2002 average. The employment-to-population ratio fell 0.1 percentage point to 62.4. The four-week moving average of initial unemployment insurance claims, a leading economic indicator, rose to 408,750 for the week ending March 1. This, its fifth consecutive increase, reflected the labor market’s contraction. Initial claims, which hit a 25-year low in April 2000, rose by 166,000 this January. Since March 2001, this statistic has varied around a benchmark level of 400,000, peaking at 482,000 in October 2001.