In March, nonfarm payrolls added 308,000 jobs on net, the largest gain since April 2000. Net employment gains for February and January were revised up a total of 85,000, bringing the first quarter’s average monthly gain to 171,000 jobs, and the total increase since August 2003 to 759,000.

Goods-producing industries added 78,000 net jobs in March, nearly all from construction (up 71,000). Manufacturing employment was unchanged after dropping for 43 straight months. Service-providing industries added 230,000 net jobs in March. Retail trade added 47,100, making its quarterly gains the highest since 1994. Professional and business services added 42,000 jobs in March despite a drop of 1,800 jobs in temporary help services. After increasing in each of the last eight months of 2003 (by an average of 25,000), temporary help services lost jobs in two of the first three months of 2004.

The unemployment rate rose 0.1 percentage point to 5.7%, the first increase since the rate peaked at 6.3% in June. The main reason was that employment, as measured by the Household Survey, did not change, while the labor force—and hence the number of unemployed people—increased by about 180,000. The diffusion index of employment measures the share of industries whose employment rose over a given period. The one-month diffusion index surged above 60 for the first time since July 2000, implying that March job gains were broad based. For the second straight month, the six-month diffusion index exceeded 50. Prior to these months, the index had remained below 50 since March 2001.