

• Front Page

• News & Commentary

• Fed

• The Election

Interest rates: [MBI] MBIA: Fitch ratings process different; coverage limited

ECONOMIC REPORT

U.S. payrolls fall by 63,000 in February Drop in labor force moves jobless rate to 4.8%

By [Rex Nutting](#), MarketWatch

Last update: 11:30 a.m. EST March 7, 2008

Print E-mail RSS Disable Live
Quotes

WASHINGTON (MarketWatch) -- In the clearest suggestion yet of a recession, U.S. nonfarm payrolls fell by 63,000 in February, the second straight decline, the Labor Department reported Friday.

"Turn out the lights the party's over," wrote Joseph Brusuelas, U.S. chief economist for IDEAglobal. "We are in a recession."

It was the largest drop in payrolls since March 2003, when the economy was struggling through a jobless recovery.

The drop in payrolls was largely unexpected; economists were looking for a tepid gain of about 20,000 in the survey of business establishments. [See Economic Calendar.](#)

U.S. stock markets opened lower after the report, while bonds rose. [See Market Snapshot.](#)

Futures markets were pricing in an almost 100% chance of a three-quarters of a point cut in the federal funds target interest rate to 2.25%.

In addition to February's dismal result, payrolls for December and January were revised down by 46,000. [Read the full report.](#)

The unemployment rate fell unexpectedly to 4.8% in February from 4.9%, but the decline didn't reflect strength in the jobs market, but rather was due to a 450,000 decline in the labor force, the largest drop in nearly five years.

"The data suggest that laid-off workers are discouraged and are giving up the job hunt for now," wrote Stephen Gallagher, U.S. economist for Societe Generale.

Community

22 Recommendations

Tags

[hang-bernanke jobs lol payrolls](#)

[recession report wages](#)

326 Comments ([view all](#))



in one statement everything will get better once Bush is out of office which is close. Vote Obama!
- [ekonomiks](#)

Related

MarketWatch

news

- [Fed takes new steps](#)

Economists were expecting the jobless rate to climb to 5%.

According to the separate survey of households used to derive the jobless rate, employment fell by 255,000 in February. The labor participation rate fell to 65.9% from 66.1% in January.

The employment rate fell to 62.7% from 62.9% and a peak of 63.4% in late 2006.

The job loss in January was revised to 22,000 from 17,000. In December, 41,000 net jobs were created, half the number estimated a month ago. Payrolls have declined by an average of 28,000 over the past three months, down from a gain of 80,000 or so a year ago.

Wage rise weak

Average hourly earnings rose 5 cents, or 0.3%, to \$17.80 an hour. Average earnings have increased 3.7% over the past 12 months, less than the inflation rate.

Hiring was weak in most sectors in February. Private-sector payrolls fell by 101,000. Of 274 industries, 45.6% were adding jobs in February, the lowest percentage since August 2003. Of 84 manufacturing industries, 31% were hiring.

Manufacturing payrolls fell by 52,000, the most in five years. Construction jobs dropped by 39,000. Private services jobs dropped by 12,000, including 34,000 in retail, 12,000 in financial services, and 28,000 in temporary help services.

Job gains were restricted to government (up 38,000), health and education (up 30,000) and hospitality (up 21,000).

Total hours worked fell by 0.1%.

The weak report will likely add the chorus calling for the Federal Reserve to cut interest rates. The Federal Open Market Committee will meet on March 18, but speculation is growing that the FOMC could lower rates before then to address the extremely dysfunctional credit markets, where even AAA securities are being sold off to raise cash.

On Friday, the Fed announced steps to provide more liquidity to markets. The regular auction of short-term funds will be boosted by \$40 billion, and the Fed said it would lend an additional \$100 billion with agency mortgage-backed securities as collateral. [See full story.](#)



Rex Nutting is Washington bureau chief of MarketWatch.

(326) - [View Comments on this story](#)

More Economic Report stories

- 3:52 PM 3/7/08 [Consumer debt grows at faster pace in Jan.](#)
- 1:18 PM 3/6/08 [Americans poorer than a year ago, Fed says](#)
- 10:43 AM 3/6/08 [Pending home sales index flat in January](#)

[to add cash to U.S. banking system](#)

- [Thornburg says it can't meet \\$610 million of margin calls](#)
- [Consumer debt grows at faster pace in Jan.](#)

Top stories

- 12:01 AM today [U.S. stocks brace for more volatility next week](#)
- 1:42 PM today [New data show gambling revenues dip in Las Vegas](#)
- 12:33 PM today [Obama, Clinton wrangle for delegates in Wyoming](#)

[More News](#)

Comments

There are 326 comments

Page [1](#) | [2](#) | [3](#) | [4](#) | [5](#) | [6](#) | [7](#) | [8](#) | [9](#)

(oldest to newest)

[jesselv](#) 1 day ago

2 Recommendations | [Recommend](#) | [Report Abuse](#)



I'm no economist so someone tell me how the Fed cutting rates brings back lost manufacturing jobs. The numbers are reported as though it's unexpected. Let's see, jobs are being outsourced and now there are fewer people working at home. Can we put together a special committee to find out how this could happen. The remedy, for policy makers, is to get the credit markets flowing. That way the dwindling number of people that still have a job will be enticed to borrow and spend.

We are now a service economy with a large portion of those jobs going to illegals. Let me be politically correct and call them undocumented workers. These are people that are taking jobs no one else wants, right. Funny, when I walked into a savings and loan branch recently, ALL the employees were Mexican. Tellers, loan officers, everyone I could see. The same goes for many dept stores, auto shops of all variety, fast food restaurants, commercial and residential construction. The list is endless. Maybe they were all here legally, but I'd bet money somewhere in the lineage somebody wasn't.

I work in the gaming service industry where all the faces have changed to Chinese in the last few years. When I first began my career, I could relate to my coworkers. We came from the same land and shared some of the same experiences. Now those around me are from distant lands, mostly Asians that have immigrated in the recent past. When you are creating job loss through outsourcing, why continue to allow massive immigration from abroad? The only purpose it serves is keeping wages low here at home. It's also a sure fire way to head off any unionizing attempts, since all of these people are just happy to be here.

All of this is happening day in and day out, and when times really get tough, people will finally get angry.

[BushKilledAmerica](#) 21 hours ago

1 Recommendation | [Recommend](#) | [Report Abuse](#)



jesselv, well stated.

In addition, the few people who actually do manual "work" in this country, including manufacturing line workers, janitors, hamburger flippers, and the like, as well as the low wage service workers, are treated (1) as an annoyance (2) with hatred or (3) as a lower life form by the elite and even the upper middle class. Those workers apparently don't deserve a living wage or basic health care. We are becoming a banana republic of haves and and have-nots, a disappearing middle class, and owners and near-slaves.

[Reply to BushKilledAmerica](#)

[LargoHenry](#) 19 hours ago

1 Recommendation | [Recommend](#) | [Report Abuse](#)



Well said, jesselv.

If you want to see what the US is going to look like economically in a few years, look at Argentina and Brazil. Five per cent of the people controlling ninety-five per cent of the wealth.

[Reply to LargoHenry](#)

[wora](#) 16 hours ago

[Recommend](#) | [Report Abuse](#)



The undocumented workers keep the labor cost down, so US could have enjoyed low inflation over past many years. This is the trick of economy: every dollar has two sides. You can't get one side without the other. We just had housing bubble, now we have the bust. As Fed cuts interest rate down, it also raise the commodity price up.

The art of managing economy is to keep neutral and balanced and let market figure out the details. There are many things we can do to help economy. For example, making cars 2x efficient and \$5000 more expensive, it will create more jobs in auto industry and reduce our purchase. Encourage cheaper generic drugs and making them more available will reduce health care cost. Improving domestic infrastructure will create more local jobs while making economy more efficient.

Spending trillion dollars on a war was one of worst thing for our economy. Otherwise, we would have plenty of cash today to deal with the stupid credit crunch. Economy has cycles, and gov will keep some surplus for rainy days. Unfortunately, they never get the idea.

[Reply to wora](#)

[Reply to jesselv](#)

FormulaTimer 1 day ago

1 Recommendation | [Recommend](#) | [Report Abuse](#)



Having survived one downsizing; may a suggest new employment in the nuclear industry, law enforcement, corrections, septic pumping, HVAC repair, 2 year technical school in computer repair, snow plowing in the Northeast, Milfoil removal in lakes during the summer, parlor milking of cows in contained areas, purchase of a Subway or Snap Fitness Center franchise; all seem to provide positive income potential. Don't forget nursing...another growing field.

Best advice inthis recession: Try not to lose job and good luck

snowgou 23 hours ago

[Recommend](#) | [Report Abuse](#)



My advice is to marry someone from abroad with a PhD related to medicine.

FormulaTimer 22 hours ago

[Recommend](#) | [Report Abuse](#)



Hey, that's best advice I have heard. Marry a mail order bride with a M.D. degree

[Reply to snowgou](#)

nydpbob 22 hours ago

[Recommend](#) | [Report Abuse](#)



I here Bally's is offering franchises. Get on board, they just got out of bankruptcy.

[Reply to nydpbob](#)

[Reply to FormulaTimer](#)

CrazyMarine 23 hours ago

1 Recommendation | [Recommend](#) | [Report Abuse](#)



Nice to see some else mention health care and the ever increasing chunk it is taking out of the economy. It adds jobs to be sure, but it also eats into discretionary income. it has been inflating at a double didget rate for the past 10 years and this will no doubt continue. You can not maintain a viable economy until we fix this.

avitw 23 hours ago

[Recommend](#) | [Report Abuse](#)



The jobs it creates don't do too much to sell stuff to the rest of the world either. THESE are the jobs we need created.

Reply to avitw

Reply to CrazyMarine

CrazyMarine 23 hours ago

Recommend | Report Abuse



Nice to see some else mention health care and the ever increasing chunk it is taking out of the economy. It adds jobs to be sure, but it also eats into discretionary income. it has been inflating at a double didget rate for the past 10 years and this will no doubt continue. You can not maintain a viable economy until we fix this.

nypdbob 23 hours ago

Recommend | Report Abuse



Crazy marine wake up, it can't be fixed. It's over for America. TIME TO EMIGRATE to any country that will have you legally. Sadly, America's dead financially!!! It may come back in about twenty to twenty five years. IMPORTANT TO REMEMBER!!! AMERICANS LET IT HAPPEN, SO PLEASE NO WHINING.

Reply to nypdbob

Reply to CrazyMarine

SavCD 21 hours ago

Recommend | Report Abuse



Great job! It looks like the leader in job growth was Government!

Reply to SavCD

MercuryRocket 21 hours ago

Recommend | Report Abuse



Not a good time to quit the job. Last time the MercuryRocket quit a job was in 1982. Boy was that a bad move -- recession era under Reagan with a bit over 10% unemployment. Was kind of testy times for me, was a college degreed janitor for a while! Still, this ain't exactly the Great Depression here. But it's a pretty big Bear and I ain't going bear hunting yet. Sometimes the bear eats the hunter. There are few good stocks around -- Budweiser is starting to look pretty good, reasonable P.E. and there's gonna be a lot of drinking over the economy for a while.

Bernanke leave rates alone, and quit weakening the dollar. You'll need some bullets for the Bear again next fall.

Reply to MercuryRocket

RalfMaier 21 hours ago

Recommend | Report Abuse



And again <http://www.ridingthedax.com/2008/03/07/fed-fights-the-tape/>

Reply to RalfMaier

LargoHenry 20 hours ago

Recommend | Report Abuse



W said today: "Folks, we're now in a re- re- re- ... ah- slowdown. But don't y'all worry none, cause I'm givin' the economy a shot in the arm."

[Reply to LargoHenry](#)

agpc 20 hours ago

1 Recommendation | [Recommend](#) | [Report Abuse](#)



Last week Bush said we are not in a recession. That should have told everyone that we are most certainly in a recession.

[Reply to agpc](#)

CrazyMarine 19 hours ago

[Recommend](#) | [Report Abuse](#)



NYPDBOB; Are you saying surrender, Marines don't surrender. I have been finding out a lot of people don't see the harm that or for profit health care system is doing. It's kind of complicated in that some people pay nothing and skate, the very poor are covered by medicaid, and seniors have medicare, that leaves the brunt of the cost on middle class families, who do more to support the economy than the other three groups combined. My kids fall into this group and both my son-in-laws who are selfemployed are paying \$1400 for health care a month, money that could be spent in other areas of the economy. No insurance and emergency room care are not the answer, Wait times for heart attack patients have increased a 150%, Emergency rooms are closing nationwide because they are not making a profit. The leading cause of bankruptcys now medical bills. We just cannot keep on like this, ot's a totally ruined system, and there are no freemarket solutions out there. Health care is not the sole cause of our current problems, but it really adds to the inflationary mess the consumers find them self in.

SavCD 18 hours ago

1 Recommendation | [Recommend](#) | [Report Abuse](#)



You should have included prisoners. They cost us about the same as soldiers, and they get free health care like our soliders!

[Reply to SavCD](#)

[Reply to CrazyMarine](#)

jmkeynes 17 hours ago

[Recommend](#) | [Report Abuse](#)



We need a green fiscal policy!

Pressuring the Fed to slash interest rates too far, too fast is a risky policy.

If rates go down too far too fast then there are the risks of run away inflation, a collapse of international currency markets, and the end of the dollar as a reserve. If the latter happens, that means that other countries won't trust us when we need to borrow money in the future, so they will want us to pay the debt back in some trustworthy currency (e.g. the Euro). On the other hand, bringing the dollar down slowly and having a mild inflation could be helpful. The former reduces our trade deficit, and the latter makes it easier to pay off our foreign debt.

So, we don't want to put too much pressure on the Fed to slash rates too quickly. Therefore, we also need to consider fiscal policy.

Unfortunately, the current \$160 billion dollar stimulus package is a bad idea. It encourages consumption spending when the US is already running up a massive trade deficit. Essentially, the government borrows money from abroad (e.g. from China and the oil rich states) and then gives it to US consumers so they can buy consumer goods at Wal-Mart that are also made abroad. Their other option would be to pay down their mortgage debt. Unfortunately, neither option stimulates domestic job. We just end up further in debt.

I don't advocate tariffs to solve our trade problems, but I do think the US needs to move away from borrow and splurge economics, which only exacerbates our trade deficit. Ideally we need to move toward save and invest economics. But, even though we have a negative savings rate, we're on the verge of a recession because of our trade deficit. And, unfortunately, in a recession households are unable to save more and companies are afraid to invest.

So, since we don't want to put too much pressure on the Fed, and since consumption oriented fiscal policy is a bad idea, we need a fiscal policy that stimulates domestic investment and helps us reduce the trade deficit.

The traditional approach of giving companies investment tax credits could help, but new entrepreneurial firms don't have tax liabilities so tax credits alone won't give us the benefit of their ideas and energy. And, a general tax credit policy wouldn't target investments that will help reduce our trade deficit. Also, there is the option of imposing an oil tax as a way to reduce our oil imports and to cover the cost of war in Iraq. But, a major new tax would be very unpopular with voters. And, even if oil prices are going up without a tax (due the drop in the value of the dollar), companies may still be afraid to make the required massive investments in alternative energy for fear that OPEC will start pumping more oil to drive prices down long enough to make their investments in alternative energy go sour in the short run (and most companies only think about the short run).

So, in my view, we need to have the government make massive, direct investments in alternative energy infrastructure to stimulate our economy and to reduce our dependence on foreign oil. The government should ask of advice from the private sector, and once the infrastructure has been constructed (e.g. windmills, solar power collectors, etc.) it could be managed by private firms who bid for the right to lease the equipment from the government. I call this approach green fiscal policy.

Unfortunately, green fiscal policy won't be popular with gold bugs who hope that continued fed easing will cause run away inflation. It also won't be popular with homeowners and banks looking for a bailout. These vested interest groups want to see the fed continue slashing interest rates.

Also, green fiscal policy won't be popular with those who have shorted the US market. These guys want to stop the Fed because they want a recession!

In summary, I advocate green fiscal policy because I don't want to put too much pressure on the Fed, and because I believe borrow and splurge fiscal policy is folly when we have a negative savings rate and a massive trade deficit.

So, let the government borrow from abroad if need be, but then lets have them spend the money on investments in alternative energy that will make our country strong in the long run.

[Reply to jmkeynes](#)

ekonomiks 10 hours ago



in one statement everything will get better once Bush is out of office which is close. Vote Obama!

[Recommend](#) | [Report Abuse](#)

[Reply to ekonomiks](#)

Please [sign in](#) to comment

OK

Cancel

Most Popular

READ

E-MAILED

EDITOR'S PICK

- ['Dr. Doom' has dollar on death watch, global farmland healthy](#)
- [U.S. stocks brace for more volatility next week](#)
- [Goldman Sachs raises possibility of \\$200 a barrel oil](#)
- [FBI probes Countrywide for possible securities fraud: report](#)

MarketWatch

Copyright © 2008 MarketWatch, Inc. All rights reserved.

By using this site, you agree to the [Terms of Service](#) and [Privacy Policy](#).

Payrolls fall by 63,000 in February, suggesting recession - MarketWatch

Intraday data provided by [Interactive Data Real Time Services](#), a division of Interactive Data Corp. and subject to [terms of use](#). Historical and current end-of-day data provided by [Interactive Data Pricing and Reference Data](#). More information on [NASDAQ traded symbols](#) and their current financial status. Intraday data delayed 15 minutes for Nasdaq, and 20 minutes for other exchanges. Dow Jones Indexes(SM) from Dow Jones & Company, Inc. SEHK intraday data is provided by Comstock and is at least 60-minutes delayed. All quotes are in local exchange time.