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Statement of

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Nonfarm payroll employment increased by 304,000 in January, and the unemployment rate edged up to 4.0 percent. Job gains occurred in a number of industries, including leisure and hospitality, construction, health care, and transportation and warehousing.

Incorporating revisions for November and December, which decreased nonfarm payroll employment by 70,000, on net, monthly job gains averaged 241,000 over the past 3 months.

Our evaluation of the establishment survey data indicates that there were no discernible impacts of the partial federal government shutdown on the January estimates of employment, hours, or earnings. Federal government employment was essentially unchanged over the month (+1,000). Federal employees on furlough during the shutdown were considered employed in the establishment survey because they worked or received pay (or

will receive pay) for the survey's reference period, which is the pay period that includes the 12th of the month. It is likely that some private industries were affected by the shutdown; however, we are not able to quantify the impacts.

Employment in leisure and hospitality increased by 74,000 in January. Within the industry, food services and drinking places (+37,000) and amusements, gambling, and recreation (+32,000) added jobs. Over the year, leisure and hospitality added 410,000 jobs.

Construction employment rose by 52,000 in January, with gains in specialty trade contractors (+34,000), heavy and civil engineering (+10,000), and residential building (+9,000). Over the year, construction employment increased by 338,000.

Health care added 42,000 jobs in January. Within the industry, employment rose in ambulatory care services (+22,000) and hospitals (+19,000). Over the past 12 months, health care employment increased by 368,000.

In January, employment in transportation and warehousing rose by 27,000, with gains in warehousing and storage (+15,000) and among couriers and messengers (+7,000). Over the year, transportation and warehousing added 219,000 jobs.

Retail trade employment edged up by 21,000 in January. Sporting goods, hobby, book, and music stores added jobs over the month (+17,000), while general merchandise stores lost jobs

(-12,000). Overall, employment in retail trade has shown little net change over the year (+26,000).

Mining employment rose by 7,000 in January and by 64,000 over the year, mostly in support activities for mining.

Employment continued to trend up in professional and business services in January (+30,000). Over the past 12 months, this industry has added 546,000 jobs.

Manufacturing employment continued to trend up in January (+13,000). Durable goods added 20,000 jobs over the month, while employment in nondurable goods changed little (-7,000). Over the year, manufacturing employment has increased by 261,000, with more than four-fifths of the gain in durable goods industries.

Employment in other major industries--including wholesale trade, information, and financial activities--showed little change over the month.

Average hourly earnings of all employees on private nonfarm payrolls rose by 3 cents in January to \$27.56, following a 10-cent increase in December. Over the past 12 months, average hourly earnings have grown by 3.2 percent. From December 2017 to December 2018, the Consumer Price Index for All Urban Consumers (CPI-U) increased by 1.9 percent (on a seasonally adjusted basis).

Turning to measures from the household survey, both the unemployment rate, at 4.0 percent, and the number of unemployed

people, at 6.5 million, edged up in January. The impact of the partial federal government shutdown contributed to the uptick in these measures.

The number of unemployed people on temporary layoff rose by 175,000 in January; much of the increase occurred among federal government workers (discussed in more detail below).

Among the unemployed, the number who had been searching for work for 27 weeks or longer, at 1.3 million, was little changed in January. These long-term unemployed accounted for 19.3 percent of the total unemployed.

The labor force participation rate, at 63.2 percent, changed little in January. The employment-population ratio, at 60.7 percent, also changed little. Over the year, both measures were up by 0.5 percentage point.

In January, 5.1 million people were working part time for economic reasons (also referred to as involuntary part-time workers), up by about one-half million from the prior month. Nearly all of this increase was in the private sector and may reflect the partial federal government shutdown.

Among those neither working nor looking for work in January, 1.6 million were considered marginally attached to the labor force, little different from a year earlier. Discouraged workers, a subset of the marginally attached who believed no jobs were available for them, numbered 426,000 in January, also

little different from a year earlier. (People who are marginally attached to the labor force had not looked for work in the 4 weeks prior to the survey but wanted a job, were available to work, and had looked for a job within the last 12 months.)

As noted above, unlike the establishment survey, some of the estimates from the household survey show the effects of the partial federal government shutdown. This is due to differences in the concepts and definitions used in the two surveys. In the household survey, workers who indicate that they were not working during the entire reference week due to a shutdown-related furlough and expect to be recalled to their jobs should be classified as unemployed on temporary layoff, whether or not they are paid for the time they were off work. In January 2019, many furloughed federal employees were so classified, contributing to a rise in the overall number of people unemployed on temporary layoff. This mirrored the effect of the October 2013 partial federal government shutdown on the estimate of unemployed on temporary layoff.

However, as with the October 2013 shutdown, some federal workers who were not at work during the entire January reference week were not classified as unemployed on temporary layoff. Instead, they were classified as employed but absent from work. Our review of the underlying data indicates that most of these workers should have been classified as unemployed on temporary

layoff. This type of misclassification is an example of nonsampling error and can occur when respondents misunderstand questions or interviewers record answers incorrectly. As in 2013, no ad hoc actions were taken to reassign survey responses; the data were accepted as recorded.

If the federal workers who were recorded as employed but absent from work had been classified as unemployed on temporary layoff, the overall unemployment rate would have been slightly higher than reported. Additional information is available online at www.bls.gov/bls/shutdown_2019_empsit_qa.pdf.

In January, there were routine adjustments to the data from our two surveys, following our usual annual practice. The establishment survey data released today reflect the incorporation of annual benchmark revisions. Each year, we re-anchor our sample-based survey estimates to full universe counts of employment, primarily derived from the Quarterly Census of Employment and Wages, which counts jobs covered by the unemployment insurance tax system. The effect of these revisions on the underlying trend in nonfarm payroll employment was minor. (Additional information about the benchmark revision and its impact is contained in our news release and on our website at www.bls.gov/web/empsit/cesbmart.htm.)

Household survey data for January reflect updated population estimates from the U.S. Census Bureau. Again this

year, the impact of the new population controls on the unemployment rate and other ratios was negligible. (Further information can be found in our news release and on our website at www.bls.gov/web/empsit/cps-pop-control-adjustments.pdf.)

In summary, nonfarm payroll employment increased by 304,000 in January, and the unemployment rate edged up to 4.0 percent.