Nonfarm payroll employment rose by 262,000 in February, with job gains occurring across a range of industries. The unemployment rate returned to 5.4 percent in February after dipping to 5.2 percent in January.

Employment in professional and business services increased by 81,000 in February. Within this sector, temporary help services added 30,000 jobs over the month, following 3 months in which employment was little changed. Since its most recent low in April 2003, employment in this industry has grown by 374,000. Elsewhere among professional and business services industries in February, employment was up in architectural and engineering services and in services to buildings and dwellings.

Several other industries in the service-providing sector contributed to the overall employment gain in
February. The health care industry continued to expand, adding 23,000 jobs. Food services employment also remained on its growth trend, increasing by 27,000. Retail employment was up by 30,000 over the month. In the financial activities sector, employment in credit intermediation and in real estate continued to trend up.

In February, construction employment rose by 30,000, following no gain in the prior month. Job growth in construction was likely subdued in January due to unusually severe weather conditions in some parts of the country. Over the last year, construction employment growth averaged 23,000 per month.

Manufacturing employment was up by 20,000 in February; much of this increase reflected automotive workers returning from temporary layoffs. A few other manufacturing industries had small job gains in February. Overall, manufacturing employment was up slightly over the year; however, it has shown little net change since mid-2004. In February, factory hours were down by two-tenths of an hour, while overtime edged up by one-tenth of an hour.

Average hourly earnings of private production or nonsupervisory workers were flat in February, following a
5-cent increase in January. Over the year, average hourly earnings increased by 2.5 percent.

Most labor market measures from the survey of households were little changed in February. The unemployment rate edged up to 5.4 percent over the month, returning to its December level. The jobless rate was either 5.4 or 5.5 percent in each of last 6 months of 2004. The labor force participation rate held at 65.8 percent in February and was about the same as a year earlier.

Among those who were not in the labor force, the number who were marginally attached to the job market, at 1.7 million in February, was little changed over the year. About half a million of this group cited discouragement about their job prospects as their reason for discontinuing their job search. This also was about the same level as a year earlier.

In summary, payroll employment rose by 262,000 in February and by 2.4 million over the past year. The unemployment rate was 5.4 percent, essentially the same as in the last half of 2004.