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Strong Early '07 Pace for Iowa Nonfarm Jobs Nonfarm Jobs Rise, Jobless Rate Falls in February

MOUNT VERNON, Iowa (March 29, 2007) – Iowa nonfarm jobs posted their largest two-month gain in almost nine years as the unemployment rate dropped a notch to 3.3 percent in February.

Nonfarm jobs showed an increase of 5,100 jobs during the month after a 4,700 increase in January. Both results follow recent government revisions of nonfarm jobs estimates for the past several years.

“The first two months of 2007 showed strong growth in nonfarm jobs,” said Elaine Ditsler, research associate for the nonpartisan Iowa Policy Project. “While these recent gains are promising, the long-term picture remains one of slow growth.”

By the numbers:

- Nonfarm employment rose by 5,100 jobs in February after a 4,700 increase in January. This is the fourth straight net gain in payroll jobs.
- The February nonfarm job level of 1,518,600 jobs is 45,600 ahead of the March 2001 level, at the start of the last recession. That compares with a net gain of 148,500 nonfarm jobs at the same 71-month point from the start of the 1990 recession.
- The unemployment rate fell to 3.3 percent, from 3.4 percent in January and 3.5 percent in December. The rate was 3.9 percent a year earlier.

The two-month nonfarm job boost of 9,800 was the largest since a 10,200 increase in April-May of 1998. Since the 2001 recession, nonfarm jobs have shown a two-month increase of 9,000 only one other time – 9,500 in January-February of last year. In 2006, however, job growth slowed after the first two months so that for the year, the average increase was only 1,500 per month.

“That is why we need to be careful not to draw too much from short-term analysis of these numbers,” Ditsler said.

Retail trade showed the largest single increase in nonfarm jobs for the month, at 1,800 following a 400-job decline a month earlier. Construction gained 1,100, manufacturing 700, leisure and hospitality 600 and education and health services 500.

Wholesale trade, other services, mining, and federal government job categories all showed declines in the month.

The Iowa Policy Project (IPP) is a nonpartisan, nonprofit research and policy analysis organization based in Mount Vernon. IPP reports on job and income trends are available on the web at <http://www.iowapolicyproject.org>.