

U.S. unemployment rate ticks up in March as more resume job search

By Chris Fleisher

PITTSBURGH – Americans are becoming more optimistic about finding work as employers boost hiring and wages.

The latest report on employment trends showed nearly 400,000 Americans resumed their job hunt as companies capped a solid first quarter by adding 215,000 jobs in March. The gains come as workers are taking home more money in their paychecks. Average hourly wages increased 7 cents, a sign that a tightening labor market is forcing employers to compete for talent by raising pay.

The unemployment rate ticked up to 5 percent, the Labor Department reported Friday, but the increase was reason for optimism. It happened because more Americans began a job search. People who are not actively looking for work are not counted as unemployed.

“I think people are feeling much more confident in the job market even if the political chatter is all about recession,” said Gus Faucher, an economist at PNC Financial Services Group.

There were pockets of weakness, notably in manufacturing and the energy sector. Despite the solid monthly gain, wage growth over the past year remains tepid and a concern for monetary policy makers, Chase economist Anthony Chan said.

Still, last month’s job expansion should keep the Federal Reserve on track to raise the benchmark short-term lending rate this year after the first increase in nearly a decade in December.

“There’s no question,” Chan said. “(Fed Chair Janet Yellen) has already signaled the fact that there should be rate hikes this year, and this supports that.”

Financial markets reacted positively Friday. The Dow Jones industrial average increased 107.66, or 0.61 percent, to 17,792.75, and the S&P 500 index increased 13.04, or 0.63 percent, to 2,072.78.

Economists expect the next rate increase in June, though it is far from certain. Yellen this week said the Fed would “proceed cautiously in adjusting policy.”

Signs of slowing global growth that spurred volatility in financial markets at the beginning of the year compelled the Fed to hold the line on rates in March, and another disruption in markets in the months ahead may give policymakers reason to wait, said Mark Hamrick, economic analyst at Bankrate.com.

One unknown is the influence of the presidential race on financial markets, he said. Nervousness over the outcome of the election could lead to volatility.

“We have to at least consider the possibility of political risk becoming more of a downside for financial markets,” Hamrick said.

There are other concerns highlighted by Friday’s report. Manufacturing jobs fell by 29,000, the biggest monthly drop since December 2009. That sector has been hit hard by the global slowdown and the strengthening dollar, which has reduced demand for American goods sold overseas. A strong dollar makes American products more expensive abroad.

Not every manufacturer is hurting. **Fischione Instruments** has been adding software engineers, salespeople and machinists to its staff of 72, and recently doubled the size of its plant in Export. The company makes products used in the electronics industry to develop microprocessors for smartphones and computers.

Most of Fischione’s sales are outside the United States, in countries such as Japan or Europe — economies that have slowed significantly. And yet, Fischione continues to expand as consumers demand more powerful personal devices, said Drew Campbell, Fischione’s manager of human resources.

“We’re extremely optimistic,” he said.

Confidence overall in the U.S. economy is rising. The Conference Board’s Consumer Confidence Index gained 2.2 points in March.

More Americans are joining the workforce. The labor force participation rate — which measures the share of adults who are working or looking for work — improved for the fourth consecutive month to 63 percent, its highest point in two years.

Labor force participation had been hovering near a 38-year low for the past two years and bottomed out last September at 62.4 percent. Economists wondered when the trend would start to reverse. The steady increases in the past few months suggest that may be starting to happen.

“That’s a big deal,” said Harry Holzer, a professor of public policy at Georgetown University and author of “Where Are All the Good Jobs Going?” “We had lost so many of those workers. Now they are starting to come back.”