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Employment Report

February payroll employment rises an in-line 227,000 (Consensus: +220,000; Decision Economics: +257,000), with the workweek flat, as expected, but with average hourly earnings up a less-than expected 0.1% (Consensus and Decision Economics: +0.2%).

The earnings result followed on a January increase revised down to +0.1% from +0.2%--limiting the power of the overall job market improvement in terms of generating spendable income.

Still, the message of the report in terms of the reassembly of the real economy is solid--with employment growth continuing broadly spread across industries.

Even the income message has been rendered uncertain by the enormous upward revisions to the productivity-data compensation per hour measures on Wednesday--showing the third-quarter figure up 5.7% instead of down 0.3%, and the fourth quarter up 3.7% instead of up 1.9%. Better quality data have been showing bigger increases in income (and in labor costs) than the payroll data have, for whatever reason.

All of this probably leaves the state of play largely unaffected, with standing economic scenarios undisturbed--and the Fed debate frozen. Hawks will continue confident that the economy is healing itself satisfactorily, and that slack is being overestimated. Doves will continue to want further juice applied, in order to speed employment growth. Middle-of-the-roaders--whose consent to any more easing is probably necessary for appearances--likely remain unconvinced of the wisdom of it.

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