

February Employment Report:
Bad news likely due to effect of snow storms across the Northeast

On Friday, March 5, the Bureau of Labor Statistics (BLS) will release its February 2010 employment report, showing the net number of jobs created or lost during the month of February as well as the unemployment rate. Currently, the consensus forecast is that 50,000 jobs were lost in February, although estimates range from 150,000 jobs lost to 30,000 jobs gained. Despite hiring for the 2010 Census, the pessimistic forecast is partly due to the severe weather experienced during the second week of February, when most employers were asked about employment for the month.

In January 1996, when the Northeast experienced a storm of similar magnitude, BLS initially reported, "Unusually severe weather in the eastern part of the country affected the number of payroll jobs in January and also caused a particularly large drop in the average workweek" and reported an employment decline of over 200,000 for the month. BLS followed the next month with a report that 705,000 jobs were gained in February 1996. These data were subsequently revised to show 19,000 jobs lost in January 1996 and 434,000 jobs gained in February 1996.

What leading economists have said about the effect of snow on Friday's employment report:

[Larry Summers in CNBC interview:](#)

"The blizzards that affected much of the country during the last month are likely to distort the statistics and in past blizzards those statistics have been distorted by one hundred to two hundred thousand jobs. So it's going to be very important to know- very important to look past whatever the next figures are to gauge the underlying trend." – *March 1, 2010*

[Federal Reserve Chairman Ben Bernanke in Senate Banking hearing:](#)

"The harsh weather is unlikely to have any permanent effects on the economy, but it does seem likely that there will be some impact on the employment statistics... It's very hard to know exactly how much but the snowstorms were during the week in which the information is gathered about payrolls. It may also affect unemployment insurance claims and some other kinds of information. So, we'll have to be particularly careful about not over interpreting the data that we receive..." – *February 25, 2010*

[Deutsche Bank's Chief Economist Joseph LaVorgna:](#)

"In January 1996, 1.8 million people said they had a job but couldn't go because of the weather... If we translate that into payroll impact this time around, we can see an impact of equal or greater than [in] 1996, when payrolls fell by approximately 160,000... Growth will resume pretty strongly once we move past February." – *February 11, 2010*

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[Barclays Capital Weekly Global Economics Report:](#)

“While we see weather as having only modest effects on the quarterly profile, we think it will have a much more dramatic effect on the monthly data... We expect nonfarm payrolls to decline 75,000 in February, reflecting a drag of about 125,000 from poor weather conditions and a trend of 50,000 absent the weather.” – *February 26, 2010*

[Floyd Norris, the Chief Financial Correspondent for *The New York Times*:](#)

“A lot of people who had jobs may report they did not work during the week, and companies may say they had fewer people on the payroll than they would have cited a week earlier or later. If so, we may get a truly horrid job number.” – *February 22, 2010*

[Harm Bandholz, Economist at UniCredit Research in New York:](#)

“The two blizzards will perceptibly weigh on major economic data releases for the month of February... [However] it has to be kept in mind that the likely declines in retail sales, nonfarm payrolls and construction activity understate the true economic situation. Barring another series of blizzards in March, the series will most likely show a rebound in the upcoming month.” – *February 11, 2010*

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The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

www.jec.senate.gov