

# March Hiring Topped Forecasts

BY HARRIET TORRY

Employers added jobs in March at a much stronger pace than expected, a sign that the labor market remained strong despite economic uncertainty, government layoffs and market turbulence.

The U.S. added 228,000 jobs last month, the Labor Department reported Friday, well above the gain of 140,000 jobs that economists polled by The Wall Street Journal had expected to see.

That was also well above the average monthly gain of 158,000 over the prior 12 months. However, job gains for January and February were revised lower. The U.S. added 117,000 jobs in February.

Services-sector hiring picked up in March after a period of winter weakness in industries like leisure and hospitality. Healthcare added 54,000 jobs, including at hospitals and nursing facilities. The transportation sector also had strong growth, adding jobs for couriers and messengers and in truck transportation.

Economists said that while the strong report offers some relief about the state of the U.S. labor market last month, that is likely to be upended by the new tariff uncertainty.

"The primary takeaway for the March jobs report is that it represents the calm before the storm," said Joseph Brusuelas, chief economist at RSM, adding "the new tariff regime is going to damp hiring and send unemployment higher in the coming months."

The report failed to halt the continued market selloff Friday. Stocks kept falling sharply, after plunging on Thursday. The Trump administration announced sweeping new tariffs on countries around the world late Wednesday.

The unemployment rate,

which is based on a separate survey from the jobs figures, ticked up to 4.2% as more people entered the labor force.

The Department of Government Efficiency's federal-government layoffs were a modest drag on payrolls. Federal government employment declined by 4,000 in March, after dropping 11,000 in February.

The Trump administration's efforts to lay off thousands of federal workers have been held back by lawsuits and court orders that put workers on paid administrative leave, or back on the job. Employees who were on paid leave or receiving continuing severance were counted as employed.

President Trump welcomed the jobs numbers. "IT'S ALREADY WORKING. HANG TOUGH, WE CAN'T LOSE!!!" he posted on social media.

U.S. households and businesses are becoming more jittery about the economy's future due to uncertainty about trade policy and rising costs, according to recent surveys.

Regular Americans are squaring up to the prospect of continued high borrowing costs, persistent inflation and tariffs on an array of imported goods. Measures of consumer sentiment from the Conference Board and the University of Michigan declined again in March. Two-thirds of consumers in the latest Michigan survey said they expect unemployment to rise in the year ahead, the highest reading since 2009.

"Three to four months ago, everyone was pretty upbeat; we thought Trump was going to turbocharge the economy with deregulation and tax cuts—and instead we've got austerity, trade protectionism and immigration controls," said James

← Note



Knightley, chief international economist at ING Financial Markets.

Some of that hesitation is translating into weak spending. In February, inflation-adjusted consumer spending edged up just 0.1% from the prior month, according to the Commerce Department, though that was better than January, when it declined.

In recent weeks, companies including shipping giant **FedEx**, retailer **Kohl's** and sportswear brand **Nike** lowered their outlook for sales. Meanwhile, several big airlines cut near-term financial forecasts.

Economists said Friday's report gives the Federal Reserve some breathing room to consider the path of rates. Wage pressures cooled in March: Average hourly earnings were up 3.8% on the year, easing from 4% in February and the lowest gain since July.

Fed Chair Jerome Powell said Friday that tariff in-creases are likely to raise in flation in the coming quarters, although he said it was too soon to say how monetary policy will respond.

"While uncertainty remains elevated, it is now becoming clear that the tariff increases will be significantly larger than expected. The same is likely to be true of the economic effects, which will include higher inflation and slower growth. The size and duration of these effects remain uncertain," he said at an event for business journalists in Arlington, Va.

Fed officials are likely to watch closely for signs of economic weakness in the weeks and months ahead, particularly if financial-market turbulence resulting from Trump's sudden tariff increases create a "sudden stop" dynamic in the economy.

But they have signaled little appetite to pre-empt any weakness from the trade war by cutting rates because progress on inflation has stalled, and prices are poised to go up in the coming months as costs rise on imported goods. Friday's jobs report is the latest indication that the U.S. economy was in reasonably good shape before the latest barrage of trade escalation.

Investors on Wall Street expect the Fed will ultimately cut rates as the trade war delivers a bigger hit to economic growth in hiring, swamping the short-run increase in prices.

The Fed cut its growth projections for this year at its most recent policy meeting, while raising its forecasts for the unemployment rate and inflation. The central bank held its benchmark federal funds rate steady at around 4.3%; its next meeting is scheduled for May 6-7.

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