Economy Loses 92,000 Jobs in Feb, BUTâ€¦

March 9, 2026 - The February jobs report delivered a headline that immediately caught attention: the U.S. economy lost 92,000 jobs last month, according to the latest Employment Situation report from the U.S. Bureau of Labor Statistics. The unemployment rate also edged up to 4.4 percent. On the surface, that sounds like troubling news for the labor market. But behind the headline numbers is another indicator that tells a more encouraging story about the broader workforce. That measure is known as the U-6 unemployment rate.

While the commonly cited unemployment rate - known as U-3 - counts only people actively looking for work, the U-6 measure takes a wider view. It includes unemployed workers, discouraged workers who have stopped searching, people marginally attached to the labor force, and those working part-time for economic reasons who would prefer full-time work. Because it captures underemployment as well as unemployment, many economists view U-6 as the most complete measure of labor market health. Over the past six months, that broader indicator has quietly been moving in a positive direction.

In late 2025, the U-6 rate stood near 8.7 percent. By December it had dropped to about 8.4 percent, followed by 8.1 percent in January and roughly 7.9 percent in February. This means that even as the February payroll report showed job losses, the share of Americans experiencing unemployment or underemployment actually declined.

That shift represents a significant improvement. With a labor force of roughly 167 million people, a drop of nearly one percentage point in the U-6 rate means roughly 1.3 million fewer Americans are counted in the broad category of labor underutilization.

Importantly, this improvement does not necessarily mean that 1.3 million new jobs were created. The U-6 measure also improves when workers who were stuck in part-time jobs gain full-time hours or when discouraged workers return to the labor market.

In fact, part of Februaryâ€™s improvement appears to have come from exactly that shift. The number of people working part-time for economic reasons fell sharply, meaning hundreds of thousands of workers who previously wanted more hours were able to obtain them.

That dynamic often occurs when employers expand hours before hiring additional workers. In other words, businesses may still be cautious about adding new employees, but they are increasing hours for workers already on payroll.

The February report itself included several temporary factors that contributed to the negative payroll number. A large healthcare strike reduced employment in that sector by roughly 28,000 jobs, while cold weather and layoffs in federal government positions also weighed on payroll totals.

Another possible factor behind the broader labor market trend involves changes in population growth and migration.

Last year, the United States experienced negative net migration for the first time in decades, meaning more people left the country than entered. Immigration has historically been a major source of U.S. labor force growth. When migration slows or turns negative, the working-age population grows more slowly, which can influence employment statistics and participation rates.

Some economists note that recent population adjustments in labor force data reflect a sharp drop in immigration levels, which may affect how employment totals are measured in the household survey used to calculate unemployment rates. That does not mean immigration changes alone explain the improvement in U-6. But it highlights how demographic shifts can influence labor market trends alongside hiring and wage dynamics.

The latest data present a more encouraging picture than the headline might suggest. Yes, the economy lost 92,000 jobs in February, a disappointing result that economists will continue to watch closely. But much of that was due to temporary factors including strikes, weather and a shrinking of the size of the federal government. And the broader measure of labor underutilization has been improving for several months, suggesting that fewer Americans are stuck in part-time jobs or discouraged from seeking work. And when you look at these factors together, they paint a much more positive picture of the direction the US economy is moving.

by Jim Malmberg

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