Unemployment rate falls to two-year low

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WASHINGTON — The unemployment rate fell to a two-year low of 8.8 percent in March, capping the strongest two months of hiring since before the recession.

The economy added 216,000 jobs last month, the Labor Department said Friday. Factories, retailers, the education and health care sectors and professional and financial services all expanded payrolls. Those job gains offset layoffs by local governments.

Another month of brisk hiring provided the latest sign that the economy is strengthening nearly two years after the recession ended. Still, a surprisingly large number of people who stopped looking for work during the downturn have yet to start looking again.

Private employers, the backbone of the economy, are driving the gains. They added more than 200,000 jobs for a second straight month. It was the first time that's happened since 2006 — more than a year before the recession started.

"The U.S. labor market is finally making some serious progress," said Sal Guatieri, economist at BMO Capital Markets Economics.