

U.S. Data Review

- April labor market: below-average results, but not deeply disappointing

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April Employment

Nonfarm payrolls rose 164,000 in April, a bit lighter than the consensus estimate of 193,000 and below the average of 191,000 in the prior 12 months. Upward revisions of 30,000 in the prior two months tempered the disappointment of the below-average results in the latest month. In addition, the April results could be viewed as additional payback for strong results in February. The average gain 208,000 in the past three months was quite strong.

Job growth by industry did not show striking shifts in any particular sector. Rather, the softness in the latest month reflected below-average results in several areas. For example, the wholesale trade sector trimmed 10,000 from payrolls versus an average increase of 7,000 in the prior 12 months. Similarly, the transportation sector showed no job growth versus an average gain of 13,000; financial services added 2,000 rather than the previous average of 11,000. Similar shifts were evident elsewhere. Key cyclical areas in the goods-producing sector (construction, manufacturing, mining) performed well, adding 49,000 jobs in April versus an average of 44,000 in the prior 12 months. The business service category added 54,000, better than the average of 43,000.

Employment Report*

	Nonfarm Payrolls (Chg., Thousands)	Private- Sector Payrolls	Unemp. Rate (Percent)	Broad Unemp. Rate	Household Emp. (Chg., Thousands)	Labor Force	Emp.- Population Ratio (Pct.)	Median Duration of Unemp. (Weeks)	Part-Time Econ. Reasons (Thou.)	Avg. Hourly Earnings % Chg.	Avg. Workweek (Hours)
Annual Average											
2015	226	213	5.3	10.5	212	145	59.4	11.7	6,373	0.2	34.5
2016	195	178	4.9	9.6	175	141	59.7	10.8	5,945	0.2	34.4
2017	182	180	4.4	8.5	149	72	60.1	10.0	5,252	0.2	34.4
2018	200	203	4.1	8.1	290	233	60.3	9.4	5,038	0.2	34.5
Qtrly. Average											
17-Q2	190	186	4.3	8.5	62	-7	60.1	10.2	5,280	0.2	34.4
17-Q3	142	137	4.3	8.5	358	289	60.2	10.3	5,198	0.3	34.4
17-Q4	221	223	4.1	8.0	-101	-162	60.1	9.5	4,882	0.2	34.5
18-Q1	212	215	4.1	8.1	386	389	60.3	9.3	5,056	0.2	34.5
2017 Monthly											
July	190	188	4.3	8.5	261	253	60.2	10.4	5,236	0.3	34.4
Aug.	221	208	4.4	8.6	-40	131	60.1	10.3	5,209	0.2	34.4
Sept.	14	16	4.2	8.3	853	484	60.4	10.1	5,148	0.5	34.3
Oct.	271	277	4.1	8.0	-478	-711	60.2	9.8	4,880	-0.2	34.4
Nov.	216	217	4.1	8.0	71	162	60.1	9.5	4,851	0.3	34.5
Dec.	175	174	4.1	8.1	104	64	60.1	9.1	4,915	0.4	34.5
2018 Monthly											
Jan.	176	188	4.1	8.2	409	518	60.1	9.4	4,989	0.3	34.4
Feb.	324 (326)	321	4.1	8.2	785	806	60.4	9.3	5,160	0.1	34.5
Mar.	135 (103)	135	4.1	8.0	-37	-158	60.4	9.1	5,019	0.2	34.5
Apr.	164	168	3.9	7.8	3	-236	60.3	9.8	4,985	0.1	34.5

* Preliminary readings on nonfarm payrolls are shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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The unemployment rate dropped 0.2 percentage point to 3.9 percent, but it was not an impressive decline, as it reflected a drop in the size of the labor force (off 236,000) rather than a sizeable increase in employment (the household survey showed job growth of only 3,000). The broad unemployment rate also fell 0.2 percentage point to 7.8 percent. This drop was a bit more encouraging, as it partly reflected declines in both involuntary part-time workers and marginally attached workers (those who would like a job but have not searched recently). The broad unemployment rate is now below the low in the prior expansion, although it is still a percentage point higher than the low during the tech boom in the late 1990s and 2000.

Average hourly earnings disappointed with an increase of 0.1 percent. The measure almost rounded up to 0.2 percent (0.149 percent), but it was still a sub-par reading. The latest change left year-over-year growth at 2.6 percent (barely, 2.560 percent), a reading in the middle of the recent range. This measure includes all workers; earnings of production or nonsupervisory workers was stronger month-to-month (0.223 percent), but its year-over-year change matched the 2.6 percent in the overall tally.