April Nonfarm Payroll Report

Monthly U.S. Employment Data						
	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
NonFarm Total	+280	+271	+168	+233	+208	+160
Private	+279	+259	+155	+222	+184	+171
Goods-Based	+53	+44	+24	-20	+0	-3
Manufacturing	+3	+6	+18	-16	-29	+4
Construction	+65	+48	+18	+13	+41	+1
Private-Service	+226	+215	+131	+242	+184	+174
Retail	+52	+7	+67	+52	+39	-3
Temp	+1	+25	-44	-2	+9	+9
Educ. & Health	+45	+63	+26	+77	+43	+54
Government	+1	+12	+13	+11	+24	-11
Workweek	34.5	34.5	34.6	34.4	34.4	34.5
Hrly Earn. (m/m)	0.2%	-0.0%	0.5%	0.0%	0.2%	0.3%
Hrly Earn. (SA y/y)	2.4%	2.6%	2.5%	2.4%	2.3%	2.5%
Agg. Hrs Worked	0.2%	0.3%	0.4%	-0.4%	0.2%	0.4%
Agg. Emp. Income	0.4%	0.2%	0.9%	-0.4%	0.4%	0.7%
Unemploy Rate (%)	5.04	5.01	4.92	4.92	5.00	4.98
Household Emp.	+247	+485	+615	+530	+246	-316

Summary

The economy added only 160,000jobs in April well below the first quarter pace of 200,000 per month. Health and financial services added most jobs while manufacturing and construction were essentially flat. The February and March numbers were revised down by 19,000. The unemployment rate stayed 5.0 percent. Both labor force and participation rates fell. Wage gains increased at a faster pace of 0.3 percent for the month amounting to 2.5 percent from a year ago.

Analysis

The spring cold in the economy has infected the job market. Hopefully, both economic growth and employment will rebound in the summer as they did in 2014 and 2015.

However, there are concerns. As the economy approaches full employment, it is harder to find skilled workers. This is one of the reasons construction added few jobs. The good news is that the tighter labor market leads to higher wage increases rising 2.5 percent from a year ago. The labor market, both in skilled and unskilled categories, continues to tighten forcing employers to hike wages. All indications are that wage gains will accelerate in coming months.

Manufacturing weakness is more related to the softness in the global economy and the dollar. The dollar has softened in recent months but still is very expensive compared to a year ago and the tepid economy overseas hurts exports. Manufacturers are having to cede market share to foreign rivals benefitting from cheap currency. The plunge in the price of oil cut capital spending related to exploration and production reducing energy-related work.

The jobless rate remained at 5.0 percent near full employment. Unfortunately, both labor force and participation rate fell during the month. These statistics, if continued, are more worrisome because they could signal pessimism in the labor market. However, aggregate hours worked, a good proxy for economic growth, rose 0.4 percent indicating that the overall economic growth will continue. Average workweek edged up a bit.

A hike in the interest rate in June by the FOMC is on the back burner. The lackluster economic growth is keeping the FOMC anxious. The lingering doubts about inflation is a possible fly in the ointment. The global economy is not as healthy as thought late in 2015. The strong dollar will hold down inflation giving more time to the Fed before raising the interest rate.