UNITED STATES
Better job growth in April

HIGHLIGHTS

- The establishment survey shows that there were 165,000 net hires in April after a gain of 138,000 jobs (revised from 88,000) in March, and 332,000 (revised from 268,000) in February.
- The private sector created 176,000 new jobs, after a gain of 154,000 in March. Public sector employment contracted by 11,000 jobs.
- The construction sector lost 6,000 workers, whereas manufacturing employment was flat. As for the resources sector, it contracted by 3,000 jobs.
- In the private services sector, 185,000 jobs were created. After losing 3,900 jobs in March, retailers hired 29,300 workers, while food services expanded by 37,900 workers. In professional services, the number of workers grew by 73,000. In the health and education sectors, the increase was 28,000.
- The jobless rate dipped in April, from 7.6% to 7.5%. According to the household survey, job growth was 293,000, while the labour force expanded by 210,000.

COMMENTS

The sluggish job growth in March, as reported at the beginning of April, suggested another spring slowdown that might extend for a few months. April’s creation of 165,000 jobs and the upward revisions to the previous months’ numbers, which add a total of 114,000 new jobs in February and March, help ease these fears to a great extent.

One of the surprises in the April data is strong job growth among retailers. We might have thought that the weakness recorded in March was the start of a few months of less robust consumption. The combined total of nearly 70,000 new jobs in the retail and food services sectors is a positive sign for household spending in April, in contrast with the weakness of certain confidence indicators.

The decline in unemployment is also good news, and this time it rests on healthier foundations than in previous months, when it was mainly due to labour force contractions. The participation rate rose in April for the first time this year. As for the jobless rate, it stands at its lowest point since December 2008.

Among the less rosy aspects of the report, we note stagnating employment in the manufacturing sector, a general decline in hours worked and a slight increase in the broader unemployment rate.

Since the start of the year, 783,000 jobs have been created, slightly less than the 899,000 new jobs recorded during the same period in 2012. Since the trough of February 2010, the labour market has recovered 6,154,000 jobs; it needs another 2,582,000 jobs to get back to the peak reached in January 2008.

Implications: April’s job growth and the positive revisions to the previous data show that the job market is continuing to grow at a fairly good pace. This will give the Federal Reserve some comfort with respect to its current policy.

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