United States: The Jobless Rate Falls Below 4%

**HIGHLIGHTS**

- The establishment survey indicates that there were 164,000 new jobs in April, following gains of 135,000 in March (upgraded from 103,000) and 324,000 in February (downgraded from 326,000).
- The construction sector created 17,000 jobs and manufacturing gained 24,000 new hires.
- There were 119,000 net hires in private sector services, following a similar gain of 115,000 jobs in March. Retailers created 1,800 jobs and the food services sector created 14,800 new hires. The health care and education sector gained 29,300 workers. Professional services added 54,000 hires to payrolls. The public sector lost 4,000 jobs.
- After holding firm at 4.1% for six months, the jobless rate fell to 3.9% in April, its lowest level since December 2000. The household survey showed a gain of only 3,000 jobs, while the labour force shrank by 236,000 people. The participation rate dropped from 62.9% to 62.8%.
- The average hourly wage advanced a scant 0.1% in April, following a 0.2% increase in March (downgraded from 0.3%). Its annual change remained at 2.6%.

**COMMENTS**

After the disappointing results for March (but upgraded by 32,000 jobs), we hoped to see hiring rebound sharply in April. As such, the gain of 164,000 new jobs is fairly disappointing, coming in below the consensus forecast, which had called for 193,000 new hires, according to Bloomberg. It looks as though the very strong showing in February, with 324,000 new hires, was a one-time event in an otherwise much more modest environment. Excluding February, 162,200 jobs is the average job growth recorded since December 2017. This could be the new standard.

**IMPLICATIONS**

Hiring and salary growth are relatively disappointing. However, the economic backdrop and shifts in inflation are still consistent with the Federal Reserve (Fed) ordering a new key rate hike in June. That said, the Fed’s leaders could argue against accelerating the pace of monetary tightening.

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