



Economics Group

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Nonfarm Employment Surges in April

Nonfarm payrolls rose a solid 244,000 in April, despite continued government layoffs. The household data were not as rosy, showing a drop in employment and a rise in the unemployment rate to 9.0 percent.

Another Solid Increase

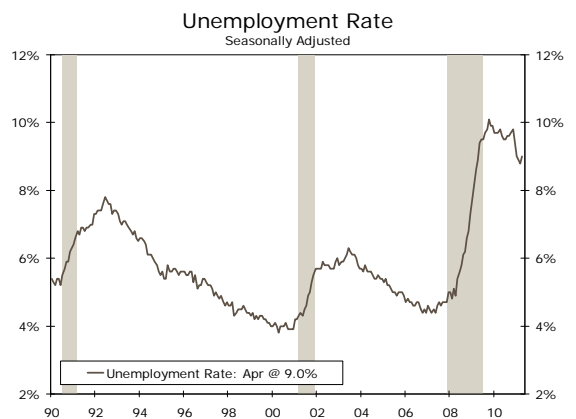
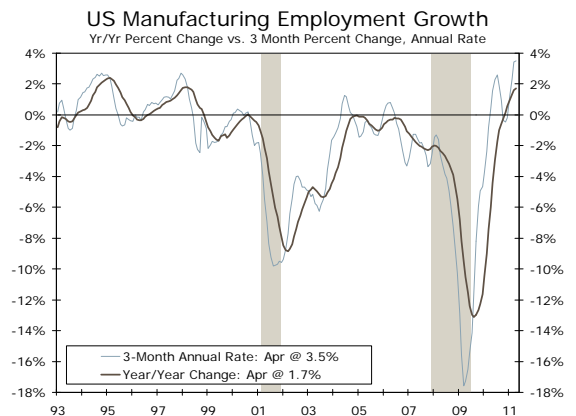
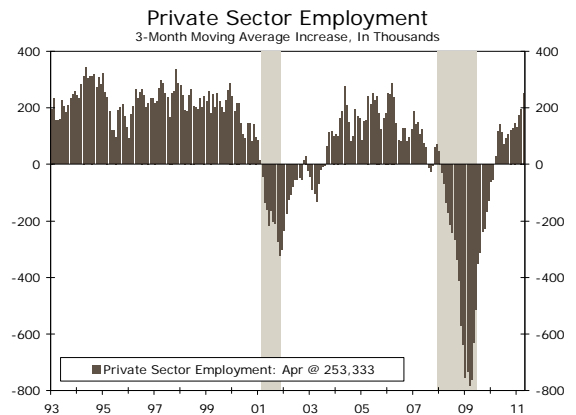
Nonfarm payrolls posted their third consecutive solid increase and seventh consecutive gain, rising 244,000 in April. Overall job growth continues to be restrained by layoffs in the public sector. Government shed 24,000 jobs in April, with most of the cuts coming at the state and local level. Private sector payrolls rose 268,000 in April. Gains were broad based following an upwardly revised 231,000-job gain in March and a 261,000-job gain in February. The 253,000-average gain for the past three months is the strongest three-month pace since March 2006. Gains were also exceptionally broad based, with all of the major categories, including construction, posting increases.

The late Easter may have played a minor role in boosting April's figures. Hiring in retail trade rose by a robust 57,100 jobs, with the bulk of the increase coming at general merchandise stores. Hiring was also up sharply in the leisure and hospitality sector, which added 46,000 jobs. About two-thirds of that increase was at restaurants and hotels. Amusement attractions accounted for the bulk of the remaining increase.

Solid gains are also evident in nearly every other industry group. Construction payrolls rose for the second straight month, adding 5,000 jobs in April, following a 2,000-job gain the previous month. All of the improvement has been in heavy construction and civil engineering, which added 12,700 jobs. Stimulus dollars are undoubtedly playing a role in this increase. Private construction remains in the doldrums, however, with residential builders shedding 5,400 jobs and nonresidential builders and contractors cutting 2,700 jobs.

Manufacturing continues to post solid gains, with overall payrolls rising by 29,000 jobs in April and up by a total of 250,000 jobs since bottoming in December 2009. Average weekly hours in manufacturing fell 0.1 hour to 41.8 hours. The slight drop in hours combined with continued increase in manufacturing employment casts some doubt as to whether supply disruptions from the Japanese earthquake have significantly disrupted production in the United States. Employment in motor vehicle assembly plants and parts manufacturers actually rose slightly in April, as did hiring at semiconductor and electronic manufacturers.

The one caveat is the 0.2 percentage point rise in the unemployment rate to 9.0 percent. The household survey was every bit as weak as the payroll survey was strong. Household employment fell 190,000 in April, following a 291,000 increase the previous month. The number of discouraged workers also increased significantly. The weakness in the household survey might, and we stress "might", be a sign that the pace of job growth is set to decelerate, which would corroborate recent reports on rising first-time unemployment claims and the recent softness in the ISM surveys.



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