The Daily Dish

April Jobs

GORDON GRAY | MAY 4, 2018

In advance of the March report, there were two key points of interest: wages and labor force participation. Everybody expected a solid jobs number, even if not another behemoth like February with its initial report of 313,000 jobs. Unfortunately, things apparently cooled off considerably in March with the job market creating 103,000 jobs. Average hourly earnings rose by 0.3 percent, and were up by 2.7 percent from a year ago. Quite solid. The weak number was a decline in labor force participation by 0.1 percentage points to 62.9 percent – leading the labor force to decline by 158,000. The overall unemployment rate stayed steady at 4.1 percent. Teen unemployment dropped sharply from 14.4 percent to 13.5 percent, while the Hispanic and Asian rates ticked up by 0.2 percent.

Here is a brief summary of the major economic indicators since the last jobs numbers:

- The Producer Price Index for final demand increased 0.3 percent in March;
- The Consumer Price Index decreased 0.1 percent in March;
- Real average hourly earnings increased 4 cents from February to March;
- Orders for durable goods increased 2.6 percent in March;
- New home sales increased 4.0 percent in March;
- The Price Index of U.S. imports recorded no change in March;
- ISM Non-Manufacturing Index decreased to 56.8 percent in April;
- ISM Manufacturing decreased to 57.3 percent in April;
- Consumer Confidence Index increased from 127.0 to 128.7 in April;
- ADP reported private sector employment increased by 204,000 jobs in April.

Eakinomics: April Jobs
Guest authored by Gordon Gray, AAF Fiscal Policy Director

Last month’s jobs report took many observers by surprise, with what many viewed as a disappointment in payroll growth of 103,000. A decline in the labor force was probably a more unfortunate indicator. But following on the heels of a “behemoth” February report, which had very strong labor force gains in addition to a jobs increase of over 300,000, the March report shouldn’t be given too much weight.

I expect the April numbers to fit snugly in between the March and February reports and settle closer to the trend that had been emerging prior to February. Indeed, payroll growth in February and March, when averaged, is a bit above the 3-month average for monthly payroll growth of 189,000 prior to February. Depending on movements in labor force participation, this growth could push the unemployment rate down to 4 percent, which would be the lowest observed rate since December 2000.

I predict that payrolls will increase by 220,000, which is exactly what I predicted for March, because I think this number still reflects the direction of the labor market. I expect workers to report a 9 cent hourly raise in April. This figure would mark an above-average earnings gain and take hourly earnings growth back up to 2.8 percent year-over-year, which has stood as the upper bound of earnings growth since 2009. In short, I expect a strong report.