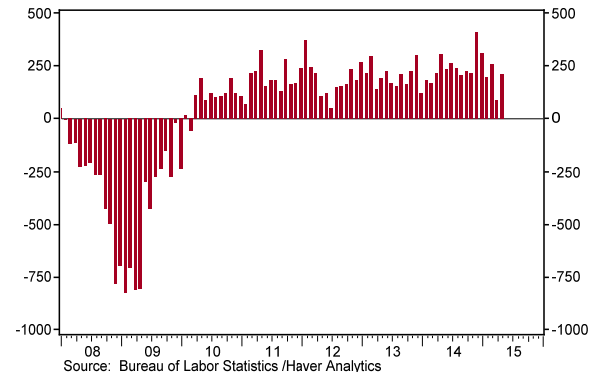


# April Employment Report

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- Nonfarm payrolls increased 223,000 in April, very close to the consensus expected 228,000. Including revisions to prior months, nonfarm payrolls increased 184,000.
- Private sector payrolls increased 213,000 in April, while February and March were revised down by a combined 38,000. The largest gains were for professional & business services (+62,000, including temps), health care & social assistance (+56,000), and construction (+45,000). Manufacturing payrolls rose 1,000 while government increased 10,000.
- The unemployment rate ticked down to 5.4% (5.443% unrounded in April versus 5.465% unrounded in March).
- Average hourly earnings – cash earnings, excluding tips, commissions, bonuses, and fringe benefits – increased 0.1% in April and are up 2.2% versus a year ago.

**Change in Total Private Payrolls**  
SA, Thous



Source: Bureau of Labor Statistics /Haver Analytics

**Implications:** The job market improved in-line with consensus expectations in April and while the report certainly doesn't guarantee the Federal Reserve will start raising rates in June, it is not a reason for the Fed not to start raising rates. Remember, the Fed thinks the unemployment rate should average about 5.1% over the long run and the jobless rate now looks like it will hit 5% by the end of the year and head even lower in 2016, due to the lagged effects of loose monetary policy. We believe Fed chief Janet Yellen is well aware of this and the bar for starting on the gradual path to lifting rates is lower than the market assumes. Nonfarm payrolls expanded 223,000 in April, close to the average of 249,000 per month over the past year. Meanwhile, civilian employment, an alternative measure of jobs that includes small business start-ups, increased 192,000. That's also close to the average of 210,000 per month for the past year. The increase in jobs helped push the unemployment rate down to a headline of 5.4%, a low so far this cycle. However, the unrounded rate was 5.443% compared to 5.465% in March, so there was really little change. The brightest spot in terms of job growth was a 45,000 increase in construction jobs. Home building jobs increased 24,000, the largest gain since the peak of the housing boom back in early 2006. Other details were also positive. The median duration of unemployment fell to 11.7 weeks, the lowest so far in the recovery. To put this in perspective, the median duration was 17.0 weeks at the end of 2013, which shows what a difference it made when Congress ended extended unemployment benefits at the beginning of 2014. Meanwhile, the labor force grew 166,000 in April and the participation rate ticked up to 62.8%. That's still very low by the standards of the past few decades, but the participation rate has been hovering close to 62.8% for the past year, suggesting cyclical improvement in the labor market is finally offsetting the negative impact of retiring baby boomers, overly generous aid to students, and easily available disability benefits. As always, we like to track workers' total cash earnings, which were up 0.3% in April and are up 4.7% versus a year ago, more than enough for consumers to increase their spending. In other recent news, new claims for jobless benefits increased 3,000 last week to a still-low 265,000. Continuing claims fell 28,000 to 2.26 million, the lowest since 2000. Figures like these suggest more solid job growth in May.

**Civilian Unemployment Rate: 16 yr +**  
SA, %



Source: Bureau of Labor Statistics /Haver Analytics

<b>Employment Report</b> <i>All Data Seasonally Adjusted</i>	<b>Apr-15</b>	<b>Mar-15</b>	<b>Feb-15</b>	<b>3-month moving avg</b>	<b>6-month moving avg</b>	<b>12-month moving avg</b>
<b>Unemployment Rate</b>	<b>5.4</b>	5.5	5.5	5.5	5.6	5.8
<b>Civilian Employment (monthly change in thousands)</b>	<b>192</b>	34	96	107	158	210
<b>Nonfarm Payrolls (monthly change in thousands)</b>	<b>223</b>	85	266	191	255	249
<b>Construction</b>	<b>45</b>	-9	31	22	30	23
<b>Manufacturing</b>	<b>1</b>	0	3	1	14	15
<b>Retail Trade</b>	<b>12</b>	25	23	20	26	24
<b>Finance, Insurance and Real Estate</b>	<b>9</b>	7	9	8	13	13
<b>Professional and Business Services</b>	<b>62</b>	35	49	49	56	55
<b>Education and Health Services</b>	<b>61</b>	35	61	52	51	47
<b>Leisure and Hospitality</b>	<b>17</b>	-6	61	24	32	36
<b>Government</b>	<b>10</b>	-9	5	2	4	5
<b>Avg. Hourly Earnings: Total Private*</b>	<b>0.1%</b>	0.2%	0.1%	1.8%	2.3%	2.2%
<b>Avg. Weekly Hours: Total Private</b>	<b>34.5</b>	34.5	34.6	34.5	34.6	34.5
<b>Index of Aggregate Weekly Hours: Total Private*</b>	<b>0.2%</b>	-0.3%	0.3%	0.8%	2.0%	2.5%

\*3, 6 and 12 month figures are % change annualized