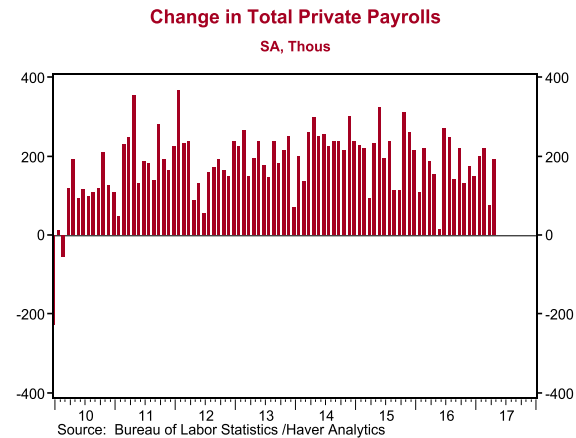


April Employment Report

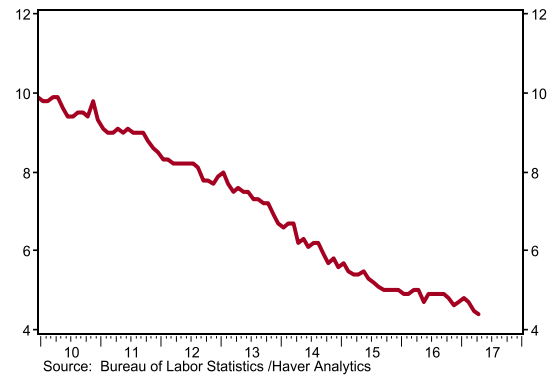
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- Nonfarm payrolls increased 211,000 in April, beating the consensus expected 190,000. Including revisions to February/March, nonfarm payrolls were up 205,000.
- Private sector payrolls increased 194,000 in April, although revisions to prior months subtracted 11,000. The largest gains were for leisure & hospitality (+55,000), professional & business services (+39,000, including temps), and health care & social assistance (+37,000). Manufacturing rose 6,000 while government increased 17,000.
- The unemployment rate dropped down to 4.4% in April from 4.5% in March.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.3% in April and are up 2.5% versus a year ago.



Implications: The Federal Reserve will see today’s jobs report as a sign it can and should move full speed ahead with another rate hike in June. Payrolls rose 211,000 in April after a temporary lull in March, gaining north of 200,000 for the third time in four months so far this year. Meanwhile, civilian employment, an alternative measure of jobs that includes small-business starts-ups, grew 156,000. In the past year, nonfarm payrolls are up 186,000 per month while civilian employment is up 214,000, suggesting an underlying trend of job gains of about 200,000. The gain in civilian employment helped push the unemployment rate down to 4.4%, tying its lowest level since 2001. The drop in the jobless rate was also helped along by a small gain of only 12,000 in the labor force (people who are either working or looking for work). However, in the past year the jobless rate has dropped from 5.0% to 4.4% even as the labor force has grown more than 1.7 million. In other words, the trend decline in the jobless rate is not due to workers leaving the labor force. The participation rate remains low by the standard of the last 40 years, but it’s no longer consistently declining. At 62.9% in April it is at the average level of the past four years. Perhaps most important, the total number of hours worked rose 0.5% in April while average hourly earnings (which excludes fringe benefits and irregular bonuses/commission) rose 0.3%. As a result, total earnings rose 0.7% in April, the most in seven months, and are up 4.3% versus a year ago. In an environment where consumer inflation is running at about 2%, that gain in total earnings plus low debt service ratios for households leaves plenty of room for rising purchasing power among consumers. Some investors may still think job growth is due to part-time employment. But since the end of 2009, part-time employment is down 246,000 while full-time employment is up 15.4 million. Keep in mind that the recent improvement in the labor market is without actual policy changes on health care or taxes. With those policy changes, the labor market will do even better.

Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Apr-17	Mar-17	Feb-17	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	4.4	4.5	4.7	4.5	4.6	4.7
Civilian Employment (monthly change in thousands)	156	472	447	358	288	214
Nonfarm Payrolls (monthly change in thousands)	211	79	232	174	176	186
Construction	5	1	54	20	22	14
Manufacturing	6	13	22	14	12	3
Retail Trade	6	-27	-29	-17	-2	6
Finance, Insurance and Real Estate	19	4	5	9	15	14
Professional and Business Services	39	57	35	44	45	51
Education and Health Services	41	10	68	40	36	43
Leisure and Hospitality	55	9	33	32	27	25
Government	17	2	10	10	5	15
Avg. Hourly Earnings: Total Private*	0.3%	0.1%	0.3%	2.6%	2.3%	2.5%
Avg. Weekly Hours: Total Private	34.4	34.3	34.3	34.3	34.4	34.4
Index of Aggregate Weekly Hours: Total Private*	0.5%	0.0%	-0.1%	1.5%	1.7%	1.7%

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