

## April Employment Report

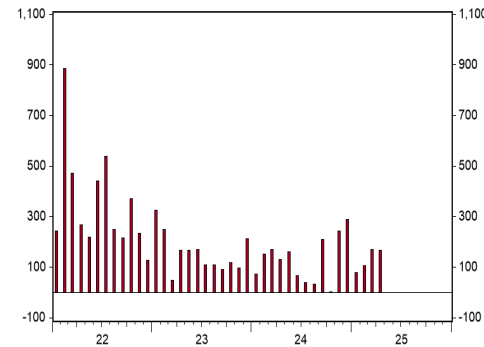
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- Nonfarm payrolls increased 177,000 in April, beating the consensus expected 138,000. Payroll gains for February and March were revised down by a total of 58,000, resulting in a net gain, including revisions, of 119,000.
- Private sector payrolls rose 167,000 in April but were revised down by 48,000 in prior months. The largest gain in April was education and health services (70,000). Manufacturing fell 1,000 while government increased 10,000.
- The unemployment rate remained unchanged at 4.2% in April.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.2% in April and are up 3.8% versus a year ago. Aggregate hours increased 0.1% in April and are up 1.5% from a year ago.

**Implications:** The labor market continued to perform better than expected following “Liberation Day” tariffs, adding more jobs than even the most optimistic forecast by any economics group surveyed by Bloomberg. Nonfarm payrolls grew 177,000 for the month, and even after factoring in large downward revisions to prior months rose 138,000, which matched consensus expectations. A large part of the gain came from education and health services, up 70,000. Meanwhile, jobs at restaurants & bars rose 24,000. We like to follow payrolls excluding three sectors: government, education & health services, and leisure & hospitality, all of which are heavily influenced by government spending and regulation (that includes COVID lockdowns and re-openings for leisure & hospitality). In what is probably the best news for April, this “core” measure of jobs rose 73,000, beating the 37,000 monthly average in the past year. Notably, jobs in the manufacturing sector (which is most affected by tariffs) declined by 1,000 in April. However, manufacturing employment was also revised up by 2,000 in April and is up 5,000 since the beginning of 2025. Meanwhile, civilian employment, an alternative measure of jobs that includes small-business start-ups increased 436,000. Given these job increases, why did the unemployment rate remain unchanged at 4.2% in April? Because the labor force (people who are either working or looking for work), rose 518,000. Other details in today’s report suggested moderate economic growth through April, but reasons for the Federal Reserve to be cautious about cutting short-term interest rates. Total hours worked increased 0.1% in April and are up 1.5% in the past year. Add that gain in hours worked to the trend growth rate in productivity (output per hour) of 1.8% per year in the past decade and we are seeing above 3% economic growth. Meanwhile, average hourly earnings rose 0.2% in April and are up 3.8% in the past year, still higher than the 3.5% we think the Fed would like to see. Finally, it looks like DOGE continued to make progress in reducing federal government payrolls in April, with jobs falling 9,000. Over the past three months federal employment has dropped by 26,000 (the most outside of the COVID pandemic since the 2013 budget sequestration), and the BLS points out that employees on paid leave or receiving severance aren’t included in these declines. Given the Trump Administration’s goal of reducing the federal workforce, we expect more of this in the months ahead, potentially much more. That may cause some short-term pain for the US economy, but we expect long-term gains from reducing the size and scope of the federal government, including more jobs gains in the private sector. In other recent news, cars and light trucks were sold at a 17.3 million annual rate in April, down 3.1% from March but up 7.8% from a year ago, but was likely affected by buyers front running tariffs.

**All Employees: Total Private Industries**

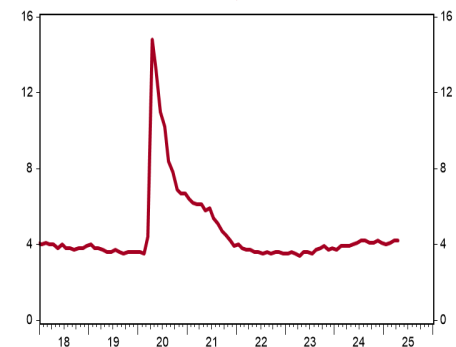
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Source: Bureau of Labor Statistics/Haver Analytics

**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-25</b>	<b>Mar-25</b>	<b>Feb-25</b>	<b>3-month moving avg</b>	<b>6-month moving avg</b>	<b>12-month moving avg</b>
<b>Unemployment Rate</b>	<b>4.2</b>	4.2	4.1	4.2	4.1	4.1
<b>Civilian Employment (monthly change in thousands)</b>	<b>436</b>	201	-588	16	415	204
<b>Nonfarm Payrolls (monthly change in thousands)</b>	<b>177</b>	185	102	155	193	157
<b>Construction</b>	<b>11</b>	7	12	10	8	12
<b>Manufacturing</b>	<b>-1</b>	3	8	3	3	-7
<b>Retail Trade</b>	<b>-2</b>	22	-4	5	12	4
<b>Finance, Insurance and Real Estate</b>	<b>14</b>	6	15	12	13	9
<b>Professional and Business Services</b>	<b>17</b>	3	15	12	12	-3
<b>Education and Health Services</b>	<b>70</b>	74	65	70	71	75
<b>Leisure and Hospitality</b>	<b>24</b>	38	-34	9	19	19
<b>Government</b>	<b>10</b>	15	-5	7	18	27
<b>Avg. Hourly Earnings: Total Private*</b>	<b>0.2%</b>	0.3%	0.2%	2.6%	3.3%	3.8%
<b>Avg. Weekly Hours: Total Private</b>	<b>34.3</b>	34.3	34.2	34.3	34.2	34.3
<b>Index of Aggregate Weekly Hours: Total Private*</b>	<b>0.1%</b>	0.4%	0.3%	3.5%	1.6%	1.5%

Source: Bureau of Labor Statistics \*3, 6 and 12 month figures are % change annualized