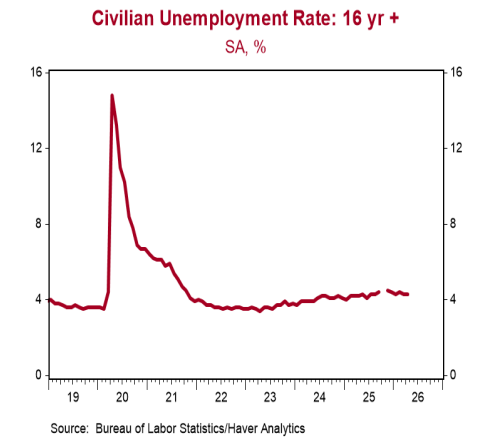
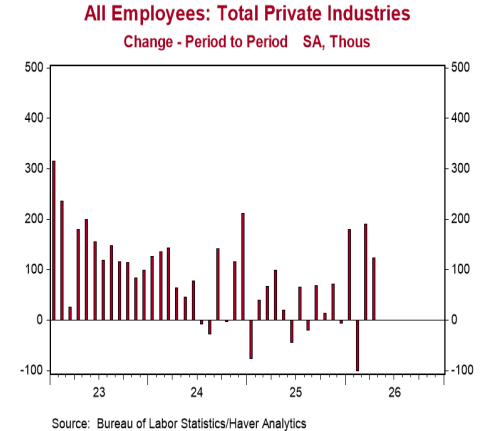


# April Employment Report

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- Nonfarm payrolls rose 115,000 in April, beating the consensus expected gain of 65,000. Payroll gains for February and March were revised down by a total of 16,000, resulting in a net gain, including revisions, of 99,000.
- Private sector payrolls rose 123,000 in April but were revised down by 15,000 in prior months. The largest increases in April were health care & social assistance (+54,000), transportation & warehousing (+30,000), and retail (+22,000). Manufacturing declined 2,000 while government declined 8,000.
- The unemployment rate remained unchanged at 4.3% in April.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.2% in April and are up 3.6% versus a year ago. Aggregate hours rose 0.2% in April and are up 0.3% from a year ago.

**Implications:** Solid labor market, but not without some blemishes. Nonfarm payrolls rose 115,000 in April and 99,000 including downward revisions for prior months – either way beating the consensus expected 65,000. Meanwhile, the unemployment rate remained at a relatively low 4.3%. The job gains in April itself were led by health care & social assistance, transportation & warehousing, and retail. Total hours worked in the private sector rose 0.3%. We like to follow payrolls excluding government and health care & education (which are often driven by government policies), which rose 77,000 in April. Notably, federal payrolls were down 9,000 in April. Compared to January 2025, federal payrolls excluding the Post Office and Census are down 337,000, or 14%. Leaving out the end of the Census every decade, the decline in federal payrolls in the past fifteen months has been the steepest since the wind-down from World War II. Over time, we think a smaller federal government will help boost growth in the private sector. However, not all the details were as robust as the headlines. For example, although they rose in April, payrolls excluding government and health care & education are down 107,000 from a year ago. Civilian employment, an alternative measure of jobs that includes small-business start-ups, dropped 226,000 in April. That series can be volatile month-to-month but is worth watching. Yes, the unemployment rate was steady, but that was due to a 92,000 decline in the labor force (people working or looking for work), which ticked the participation rate down to 61.8%, the lowest since 2021. Average hourly earnings rose a tepid 0.2% in April, which is very likely below the pace of inflation for the month. Put it all together and we expect continued jobs gains in the months ahead but at a noticeably slower pace than the headline 115,000 for April. In other recent news, initial jobless claims rose 10,000 last week to a still-low 200,000; continuing claims declined 10,000 to 1.766 million, also low. Construction increased 0.6% in March after a 0.2% dip in February, with the net gain for those two months led by single-family home building. Productivity (output per hour) increased at a 0.8% annual rate in Q1 and is up 2.9% from a year ago, a good sign versus the long-term trend of about 1.5%. Unit labor costs increased at a 2.3% rate in Q1 but are up a mild 1.2% in the past year.



Employment Report <i>All Data Seasonally Adjusted</i>	Apr-26	Mar-26	Feb-26	3-month moving avg	6-month moving avg	12-month moving avg
<b>Unemployment Rate</b>	4.3	4.3	4.4	4.3	4.4	NA
<b>Civilian Employment (monthly change in thousands)</b>	-226	-64	-185	-158	NA	NA
<b>Nonfarm Payrolls (monthly change in thousands)</b>	115	185	-156	48	55	21
<b>Construction</b>	9	16	-21	1	13	4
<b>Manufacturing</b>	-2	15	1	5	-1	-6
<b>Retail Trade</b>	22	19	0	13	5	0
<b>Finance, Insurance and Real Estate</b>	-11	-19	2	-9	-11	-7
<b>Professional and Business Services</b>	7	26	4	12	18	-2
<b>Education and Health Services</b>	46	91	-49	29	50	52
<b>Leisure and Hospitality</b>	14	29	-31	4	5	12
<b>Government</b>	-8	-5	-8	-7	-14	-22
<b>Avg. Hourly Earnings: Total Private*</b>	0.2%	0.2%	0.3%	2.8%	3.1%	3.6%
<b>Avg. Weekly Hours: Total Private</b>	34.3	34.2	34.3	34.3	34.3	34.2
<b>Index of Aggregate Weekly Hours: Total Private*</b>	0.3%	-0.1%	-0.2%	0.3%	1.2%	0.3%

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