

April 2019 U.S. Employment, ISM Non-MF, Q1 Productivity

Strong Job Growth in April

- Payroll Employment increased by a strong 263,000 jobs in April.
- The Unemployment Rate for April fell to 3.6 percent.
- The ISM Non-Manufacturing Index for April decreased to 55.5.
- U.S. Productivity Growth increased to a strong 3.6 percent in the first quarter of 2019.

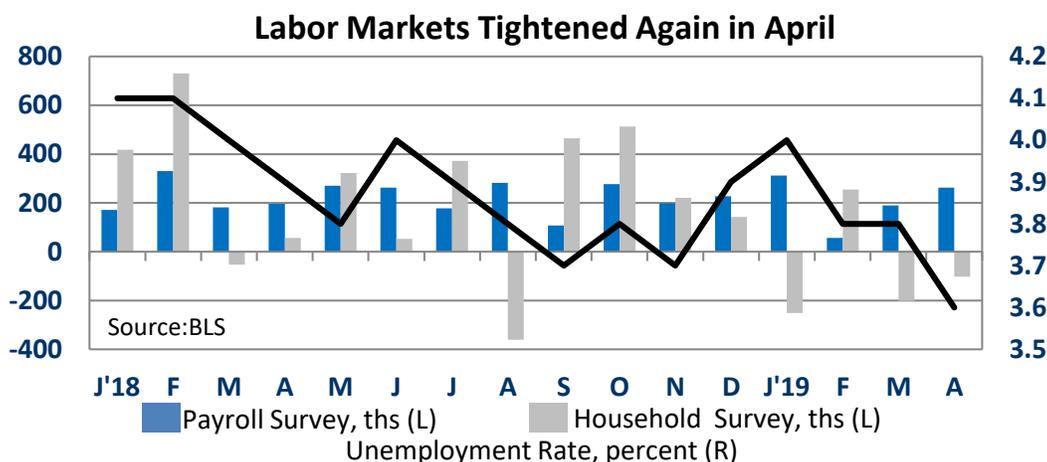
The February lull in job growth, now reported at +56,000 for the month, is behind us with two months of solid job gains since then. March payroll job growth has been revised to +189,000. Payroll job growth in April was stronger than expected, with a net gain of 263,000 jobs. The unemployment rate fell to 3.6 percent due to a large 490,000 worker drop in the labor force. The April unemployment rate is the lowest since December 1969. Average hourly earnings were up 6 cents, or 0.2 percent for the month. Over the last year, average hourly earnings are up by 3.2 percent. Strong employment growth counterweights cooler-than-expected inflation data in the Federal Reserve's monetary policy calculation.

Manufacturing industries added a net 4,000 jobs in April. Mining and logging subtracted 3,000. Construction employment was up a strong 33,000 net new jobs for the month. Wholesale trade employment increased by 9,900 jobs. Retail trade continues to restructure, dropping 12,000 jobs in April. Employment in transportation and warehousing increased by 11,100 jobs. Information services subtracted 1,000 jobs in April. Financial activities added 12,000. Professional and business services added a strong 76,000 net new jobs in April. Education and healthcare employment increased by 62,000 jobs. The leisure and hospitality sector gained 34,000 jobs for the month. Government employment increased by a very strong 27,000 in April.

The ISM Non-Manufacturing Index for April declined to 55.5, down from 56.1 in March. This is well below the September peak of 60.8. All 10 sub-indexes remained in positive territory, consistent with a moderate economic expansion in early Q2. All 15 non-manufacturing industries reported growth in April including professional, scientific and technical services, health care, mining and educational services. Anecdotal comments included concerns about labor shortages in the health care industry, price pressures coming from rising minimum wages and price pressures on some food products.

Nonfarm business productivity increased at a strong 3.6 percent annual rate in the first quarter of 2019. This is the strongest gain in output per hour per employee since 2014Q3. Productivity growth has been weak by historical standards through the current economic expansion. Weak productivity growth means that wage increases have more inflationary potential, and this has kept the Fed focused on wage gains and the potential for inflation.

Market Reaction: U.S. equity markets opened with gains. The 10-Year T-bond yield is up to 2.54 percent. NYMEX crude oil is up to \$62.34/barrel. Natural gas futures are down to \$2.56/mmbtu.



To subscribe to our publications or for questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/insights>.

Follow us on Twitter: @Comerica_Econ.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information.