

## APRIL EMPLOYMENT REPORT

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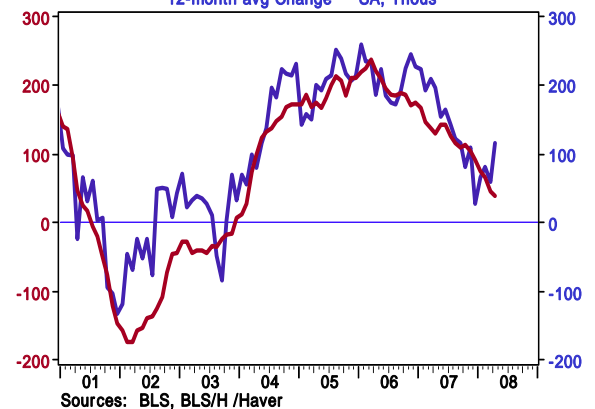
- Non-farm payrolls declined 20,000 in April while revisions to February and March subtracted 8,000. The consensus expected a loss of 75,000.
- Private (non-gov't) payrolls declined 29,000 in April. The weakest sectors were construction (down 61,000) and manufacturing (down 46,000). Solid sectors included education and health care (up 52,000), professional/business services (up 39,000), and leisure/hospitality (up 18,000).
- The jobless rate declined to 5.0% (4.953% unrounded) from 5.1% last month. The consensus had expected an increase to 5.2%.
- Average hourly earnings rose 0.1% and are up 3.4% versus a year ago.

**Implications:** Today's employment report was stronger than the consensus expected and consistent with sluggish growth, not recession. The unemployment rate ticked down to 5% and was a hair away from being down to 4.9% (4.953% unrounded). Although payrolls declined 20,000 this was much better than the consensus expected decline of 75,000. Meanwhile, civilian employment (adjusted for the payroll measure) *increased* 574,000 on top of the 153,000 increase last month. Recently, many economists have come around to the view (long held here) that the civilian employment measure of job creation is better at capturing turning points in the economy. Note that, as the chart to the right shows, civilian employment now signals a much healthier labor market than the payroll figures suggest. However, not all of today's data were positive. Aggregate hours worked declined 0.4% in April, the median duration of unemployment spiked to 9.3 weeks, and average hourly earnings increased only 0.1%, the smallest gain in almost two years. There will be some more pain in the labor market as the economy works through the housing correction, but productivity growth will keep the economy growing.

Civilian Unemployment Rate: 16 yr +  
SA, %



All Employees: Total Nonfarm  
12-month avg Change SA, Thous  
Civ. Employment (Pop. Smoothed and Payroll Compatible)  
12-month avg Change SA, Thous



Employment Report <i>All Data Seasonally Adjusted</i>	Apr-08	Mar-08	Feb-08	3-month moving avg	6-month moving avg	12-month moving avg
<b>Unemployment Rate</b>	<b>5.0</b>	5.1	4.8	5.0	4.9	4.8
<b>Civilian Employment (monthly change in thousands)</b>	<b>574</b>	153	-126	200	134	117
<b>Nonfarm Payrolls (monthly change in thousands)</b>	<b>-20</b>	-81	-83	-61	-27	39
<b>Construction</b>	<b>-61</b>	-46	-44	-50	-50	-32
<b>Manufacturing</b>	<b>-46</b>	-48	-47	-47	-34	-27
<b>Retail Trade</b>	<b>-27</b>	-19	-43	-30	-14	-9
<b>Finance, Insurance and Real Estate</b>	<b>3</b>	-4	-13	-5	-9	-7
<b>Professional and Business Services</b>	<b>39</b>	-44	-28	-11	0	14
<b>Education and Health Services</b>	<b>52</b>	43	48	48	45	46
<b>Leisure and Hospitality</b>	<b>18</b>	17	16	17	15	27
<b>Government</b>	<b>9</b>	14	26	16	21	19
<b>Avg. Hourly Earnings: Total Private*</b>	<b>0.1%</b>	0.3%	0.3%	3.0%	3.3%	3.4%
<b>Avg. Weekly Hours: Total Private</b>	<b>33.7</b>	33.8	33.7	33.7	33.8	33.8
<b>Index of Aggregate Weekly Hours: Total Private*</b>	<b>-0.4</b>	0.3	-0.1	-0.7	-0.9	0.4

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