

NEWS BRIEF

U.S. Employers Added 175,000 Jobs in April, Well Below Expectations



The U.S. Bureau of Labor Statistics (BLS) recently released its April [Job Openings and Labor Turnover Summary](#). The report found that the economy added 175,000 nonfarm payroll jobs in April, well below the Dow Jones 240,000 estimate. To put this in perspective, the economy has added an average of 242,000 new positions a month over the past 12 months.

Furthermore, the unemployment rate was expected to hold steady at 3.8% but rose to 3.9% in April. The more encompassing jobless rate increased to 7.4%, its highest level since November 2021.

The number of job openings is an indication of the strength of the labor market and the broader economy. The Federal Reserve (Fed) wants labor demand to drop faster to reduce the upward pressure on wages that contribute to high inflation. As such, April's report may lift hopes that the Fed will be able to cut interest rates in the coming months.

"This is the jobs report the Fed would have scripted."

- Seema Shah, chief global strategist, Principal Asset Management

In April, nearly half (approximately 87,000) of the employment gains were in the health care and social assistance sectors, which remain key drivers of job gains. The remaining job growth was broad across other industries. Additionally, other BLS data pointed to cooling conditions in a strong labor market. Specifically, average hourly earnings rose 0.2% from the previous month and 3.9% from a year ago, the lowest since June 2021.

Employer Takeaways

The slower job growth in April could be good inflation news but may raise concerns about a broader economic slowdown.

Employers continue to hire to meet customer demands. Organizations will likely continue to have difficulties attracting and retaining workers, resulting in increased labor costs as they raise wages and offer competitive benefits to attract talent. Employers should continue to monitor employment trends to stay competitive in today's evolving market.

Contact us for more resources.

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