U6 Fix

A More Stable Pace in April

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The U.S. economy added fewer jobs than expected in April, a noticeable downshift from the hot pace of hiring that began in December. The report reflected a slowdown in the pace of government hiring, while the private education and health services sector continued to lead. The labor supply side of the ledger held steady as the labor force participation rate remained unchanged. A slower pace in wage growth was a welcome sign to the Federal Reserve as it continues to try and balance fighting inflation while promoting maximum employment.

Employers added 175,000 new hires to their payrolls in April, according to the Bureau of Labor Statistics. Private-sector firms hired 167,000 new workers, while the hiring at all levels of government downshifted to 8,000 workers. It was the slowest pace of overall hiring since October 2023. Goods-producing industries added 14,000 new workers, with construction leading the way, gaining 9,000 workers to the payrolls. Manufacturers erased some of the recent losses, hiring 8,000 new workers in April. Service-providing industries' employment rose 153,000. Private education and health services continued to lead the sector, adding 95,000 jobs. The pace of hiring softened in the leisure and hospitality sector, up 5,000 compared to the 53,000 added in March. Continuing to lag was employment in temporary help services, which shed 16,400 jobs. The information sector also struggled, reducing headcount by 8,000. Revisions to prior months was mixed as February data were revised down by 34,000, while March was revised up by 12,000. Combined, employment gains were 22,000 lower than previously reported.

The unemployment rate inched higher to 3.9 percent. It was the 27th consecutive month below 4 percent. The labor force participation rate held steady at 62.7 percent as 87,000 new workers entered the labor force. According to surveyed households, the number of unemployed workers in the United States jumped by 63,000, while the number of employed grew by just 25,000.

Gains in average hourly earnings slowed, up 7 cents – a 0.2-percent monthly gain – after rising 0.4 percent in March. Earnings were up 3.9 percent from a year ago, the slowest pace since June 2021. Average hourly earnings for production and non-supervisory workers rose by 6 cents, for a 0.2-percent monthly gain.

Data junkies, here's your fix: The April U-6 (the broadest measure of unemployment) ticked higher to 7.4 percent from 7.3 percent in March driven by an increase in job losers and those who completed temporary jobs.