



This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your

colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for

samples and additional information. [Order a reprint of this article now.](#)

May 6, 2011

April Job Data Is Strong, but Some Doubt Trend Can Last

By CHRISTINE HAUSER

The United States economy added far more jobs than expected in April, but with more than 13 million people still out of work, analysts cautioned that it was too early to say whether the momentum could be sustained for a full recovery in the labor market.

The Labor Department said Friday that 244,000 jobs were added last month after a gain of a revised 221,000 in March. The unemployment rate rose to 9 percent in April from 8.8 percent in March.

“There are yellow warning flags that are popping up,” Joshua Shapiro, the chief United States economist for MFR Inc. “It remains to be seen whether this nascent recovery we are seeing is going to peter out or not.”

As has been the case for several months, all of the increase came from private employers, which added another 268,000 jobs last month, after a revised gain of 231,000 in March, the report said. Results of the previous two months were revised to show another 46,000 jobs were added.

Governments, struggling to balance budgets as they dealt with shrinking revenues and growing deficits, cut 24,000 jobs last month. Most of the drop came at the local level, where 14,000 jobs were lost in April after a decline of 15,000 in March.

April's numbers exceeded the forecasts of analysts, who had expected a gain of 185,000 jobs over all, with the change in private payrolls of 200,000. The rise in the unemployment rate that came even as employers were adding jobs was an indication that more people were entering the work force as hopes for hiring increased.

While better than expected, Friday's employment numbers showed that the national economy still had a long way to go to fully recover. Though down from its peak of 10.1 percent in late 2009, April's unemployment rate reflects only those Americans who are still actively looking for work.

As such, economists said the April jobs report was part of a larger picture of the economy that remained mixed. The rise in the unemployment rate reflects the survey of households, which indicated a 190,000 decline in employment in April. And recent data on initial jobless claims and other employment indicators have been weak.

"Millions of people are unemployed and many have left the labor market and given up," Mr. Shapiro said. "Against that we are maybe creating 244,000 jobs. That is all well and good but it just shows you how much further we have to go to make a dent into what has happened in the labor market."

"It gets the basic debate out there about the economy," he added. "Is all we have seen the product of government stimulus, and are all the problems coming back or not?"

Austan Goolsbee, chairman of President Obama's Council of Economic Advisers, noted that the economy had added 2.1 million private sector jobs in the last 14 months, including more than 800,000 this year. The last three months of private jobs gains have been the strongest in five years, he said, despite the "headwinds" from higher energy prices and the Japan disaster.

President Obama, speaking in Indianapolis, said the report showed that the economy "can take a hit and still keep on going."

Mr. Goolsbee added a note of caution. "While the solid pace of employment growth in recent months is

encouraging, faster growth is needed to replace the jobs lost in the downturn,” he said.

The latest snapshot covered a period when several indicators pointed to signs of weakness. The American economy grew at a tepid 1.8 percent in the first quarter, according to the government’s estimate for the first quarter. Personal consumption has slowed and construction remains weak, though winter weather was cited as a reason.

Turmoil in the Middle East and North Africa has sent crude **oil** prices higher, pushing up the cost of gasoline, which in turn has taken a larger share of the money consumers have to spend. Supply disruptions in the aftermath of the earthquake and tsunami in Japan have rippled through American industries, especially the automobile sector where plants have reduced production and idled workers.

John Canally, economist for LPL Financial, said that there was a marked difference between the April report of last year, when the economy was hurt by uncertainty over the **oil spill** in the Gulf of Mexico and the **European debt crisis**.

“I think it is a sign that the economic recovery can continue. It is stronger than it was a year ago when we hit a wall,” Mr. Canally said. “This spring it looks like we went right through the wall, despite higher oil prices, and despite the Japan slowdown.”

There were bright spots. Temporary jobs declined as permanent were added, while those in leisure and hospitality were up, meaning that people were spending, said Nigel Gault, the chief United States economist for IHS Global Insight. But Mr. Canally said that the decline in temporary help jobs could be interpreted as a negative because it was a leading indicator that could signal companies were taking the first step toward permanent employment.

“This is by no means a booming report,” said Mr. Canally. “But you’re chipping away at it.”

He and other economists said there were other offsetting factors, like falling government employment numbers, poor construction figures, no expansion in average weekly hours, and a small rise in average hourly earnings.

“This is simply not good enough to support consumption on a secular basis and while we keep waiting for income gains to following payroll growth, such gains have yet to materialize in any significant manner,” said Dan Greenhaus, the chief economic strategist for Miller Tabak & Company, in a research note.

About 13.7 million people were out of work in April, and 5.8 million had have been jobless for six months or longer. In March, the number of people who were unemployed was 13.5 million, with 6.1 million considered the long-term unemployed. In April, about 64.2 percent of adults were either in the work force or looking for a job, the fourth consecutive month it has been at that level, which is the lowest labor participation rate in a quarter-century.

The Labor Department’s report on Friday showed that most of the increases in nonfarm jobs came in retail trade, while jobs in services , health care and leisure and hospitality also grew. An additional 29,000 manufacturing jobs were added in April, compared with 17,000 in March. Analysts had forecast a rise of 20,000 manufacturing jobs in April.

The average workweek was 34.3 hours in April, the same as in March, while average hourly earnings rose by 3 cents to \$22.95, compared with a revised \$22.92 in March.

The outlook for the near-term job growth remains murky.

The housing downturn, high oil and commodity prices, government austerity measures and limited consumer spending will prevent gross domestic product growth from being more robust, and unemployment is likely to remain above 8 percent through 2012, according to Gad Levanon, associate director of macroeconomic research at [the Conference Board](#).

“Longer-term prospects are more promising, however,” Mr. Levanon said in a statement. “In the last six months, employment outside of construction, finance and state and local government has already been growing faster than nearly any other six-month period in the last decade. Once constraints in

these hard-hit sectors loosen, overall job recovery is likely to pick up pace.”



More in Economy (6 of 21 articles)

OPEN

Companies Hedge Bets at a Cost to Consumers

[Read More »](#)