

# U.S. Employment Flash

## Employment Growth Rebounds From March But Remains Soft

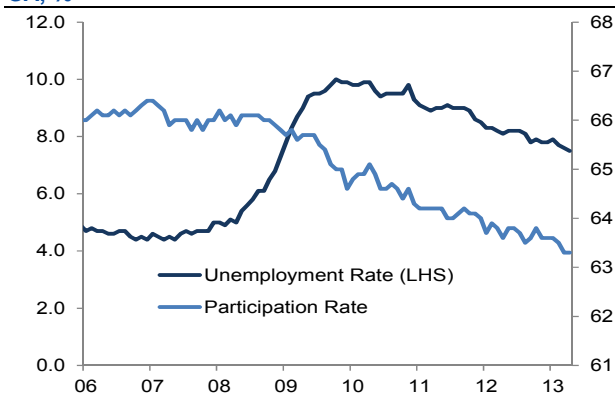
- **Nonfarm payrolls grew 165K in April and March's figure was revised up to 138K**
- **The unemployment rate fell to 7.5% as the participation rate remained stable**
- **Growth in the labor market led primarily by service sector in April**

The labor market appears to have shed the appearance of a marked slowdown as March payroll figures were revised upward and April added 165K in nonfarm payrolls. The revision for March brought the quarters average back above 200K which is a needed gain given how lackluster the original 88K first reported. With March's revision made, April's 165K nonfarm payroll growth was a welcome start of the second quarter's employment figures. In addition, the unemployment rate for April declined to a 4 year low of 7.5% despite the number of participants in the labor force increasing. This points toward an actual decline in those unemployed rather than the recent experience of a decline in labor force participation driving down the unemployment rate with little real job growth. The goods producing sectors did not fare well as the continued lull in manufacturing does little to bolster employment growth. The component as a whole declined 9K which is the first tick into negative territory for the industry in 7 months. In spite of the housing market recovery construction employment declined in April by 6K which is the first time in 11 months that the sector has shed jobs.

Turning to the service sector the situation becomes more optimistic. Save information services, every service component posted positive employment figures for April. Wholesale and retail trade both grew at impressive rates respectively with wholesale trade gaining 4.1K and retail trade adding 29.3K. Despite the slower consumer activity over the first quarter it seems retail firms are continuing to hire as companies feel more confident they can expand their market and employee base. Transportation and warehousing, which has shed almost 34K jobs since the beginning of the year, posted its first gain in 2013 in terms of payroll growth, adding 4.2K employees. Financial activities grew by 9K which remains low as banks and firms continue to lean themselves out and consolidate to manage costs. The leader of the survey was professional and business services which has been a key driver for employment growth since early 2012. The sector added an impressive 73K which, February notwithstanding, would be the highest monthly gain in the last 12 months. This is the most diverse of industries which includes scientific and technical workers such as engineers to legal and accounting services. Education continues to grow as a sector, adding 28K while the healthcare and social assistance subsector added a stable 26.1K. Leisure and hospitality also added a strong set of figures to the overall payroll expansion, growing 43K. The government figure declined 11K as the process of leaning out has put pressure on hiring and is expected to continue as the sequester hinders the budgets of many federal bureaus.

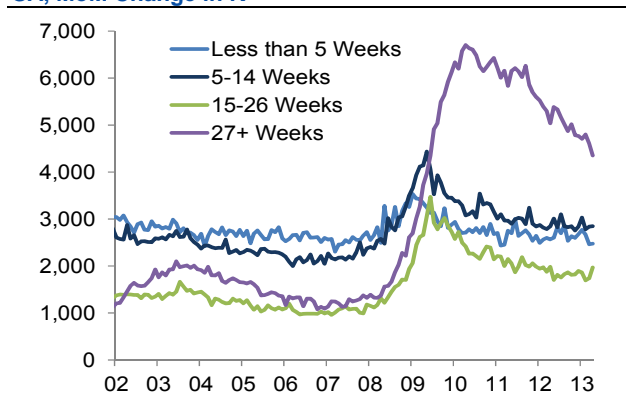
The average weekly hours worked fell slightly to 34.4 from 34.6 as both weather conditions and some holiday's worked their way into the workweek for April. With regard to earnings the data shows a moderate rise in the average hourly earnings but a surprising decline in the weekly earnings figure which may take into account the government induced furloughs that took effect over the month. Overall, April employment growth remains softer than the economy requires and we continues to expect the coming months to remain below 200K due to slower consumer activity and a lull in manufacturing. However our expectations for steady employment gains over the second half of 2013 remain, led primarily by the service sector with goods producing industries aiding in the latter half of the year.

Chart 1  
**Unemployment and Participation Rates**  
SA, %



Source: Bureau of Labor Statistics & BBVA Research

Chart 2  
**Civilian Unemployment Duration**  
SA, MoM Change in K



Source: Bureau of Labor Statistics & BBVA Research

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