

# Research Note

V1N9

East Boston Economics

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## U.S. Employment Situation May 2017

**U-Rate: 4.3%; Jobs: +138,000**

### OVERVIEW

- The unemployment rate declined to **4.3 percent in March while payrolls expanded by 138,000, according to the Bureau of Labor Statistics.**
- The **Labor Force Participation (LFP)** rate declined by 0.2 percentage point to 62.7 percent for May. The employment-population ratio also declined by 0.2 percentage point to 60.0 percent.
- Employment rose in **mining and health care**, +7,000 and +24,000 respectively.
- Employment in the other major sectors—**construction, manufacturing, wholesale trade, retail trade, transportation and warehousing, information, financial activities and government**—were unchanged.
- In May, **average hourly earnings** for all employees increased by 4 cents to \$26.22, representing a 2.5 percent year over year increase.
- In May, employment in the **professional services sector** remains strong keeping up with the average gains for 2016.
- The March employment situation report was revised down further to 50,000 from 79,000 originally reported. April's increase in jobs was also revised downward from 211,000 to 174,000. Over the past three months job gains averaged 121,000.
- The **average workweek for all employees** was unchanged at 34.4 hours.

### ANALYSIS

The payroll employment report fell well below [Wall Street consensus](#) of 180,000 jobs and below the 12-month average of 181,000. The BLS private sector employment reported 123,831 private sector jobs. [According to an ADP report earlier this week](#), private sector employment increased by 253,000 jobs from April to March. The number of persons employed part-time (but who would like more hours), was little changed at 5.2 million suggesting the growing jobs market isn't matching worker needs. Employment in mining, (which covers the oil and gas extraction industries) has increased by 47,000 since October 2016. Employment in food and drinking places also continued to move upward. In the last 12 months, this sector has added 267,000 jobs. The battered retail sector appeared to stem previous losses; job payrolls showed little change since April. The heavily government-funded health care sector continued to grow with hospitals adding 7,000 jobs. However current year to date average monthly growth is down at 22,000 per month compared to 32,000 for 2016. "This report is clearly soft in every material respect relative to expectations and relative to last month. That's a disappointment," said [Eric Winograd, U.S. economist at Alliance Bernstein](#). However, he added, "I don't think it's soft enough to cause a fundamental rethink of the economic outlook." Economists will now wait for the Federal Reserve Bank to weigh the new payrolls number as it adjusts monetary policy.

