Hiring slowdown not yet in sight

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Notwithstanding weaker markets abroad and sputtering demand at home, the American jobs machine is well-tuned and running.

The April employment report will signal it will stay that way. Friday's data will also provide some indication how well the economy is set to perform after the weakest quarter in two years.

"April employment will be decent," said Joseph LaVorgna, chief U.S. economist at Deutsche Bank Securities in New York. "A trend-like payrolls number doesn't do much, but a weak number has a much bigger potential to change expectations. People will revisit the idea of the second-quarter rebound."

Here's what to watch for when the Labor Department issues the figures at 8:30 a.m. in Washington:

» Payrolls. Employers added 200,000 workers in April after a 215,000 advance the prior month, according to the median forecast of economists surveyed by Bloomberg. That's in line with the first-quarter average of 209,000.

However, figures from ADP Research Institute earlier this week raised some concern that hiring managers are getting a bit anxious after three straight quarters of slowing economic growth. ADP data on Wednesday showed businesses took on 156,000 workers last month, the fewest since April 2013.

"Overall, we'd go for a view that we'll have a healthy number," said David Sloan, senior economist at 4cast Inc. in New York, who predicts a 240,000 gain. "Certainly the ADP numbers hint that a pullback is possible."

A sudden collapse in hiring seems unlikely, economists said, citing jobless claims that have been below 300,000 — considered consistent with a healthy labor market — for the longest stretch since 1973. Another positive sign was a pickup in the employment measure of the Institute for Supply Management's services index, which covers industries that make up almost 90 percent of the economy.

» Unemployment rate, slack measures. The Bloomberg survey median shows unemployment eased to 4.9 percent, matching the lowest since 2008, from 5 percent in March. That's within the range that Federal Reserve officials consider consistent with full employment, or the level below which inflation pressures start to build.

The labor force participation rate, the share of working-age people who are employed or looking for work, probably held at 63 percent, economists predicted. That's the highest since March 2014 and indicates improving job prospects are pulling discouraged people into the workforce.

Another data point to watch is the number of Americans working part-time for economic reasons. It rose in March to 6.12 million, the highest since August, and pushed up the underemployment rate, which captures involuntary part-timers along with discouraged workers who've stopped looking for a job, to 9.8 percent.

Fed Chair Janet Yellen closely tracks both the above measures of labor-market slack.