Jobless rate dips to 7-year low

April's 223,000 gains lower figure to 5.4%

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A healthy rebound in job growth last month was tainted by a sharp downward revision in March's gains, raising questions about the strength of the economy.

Employers added 223,000 jobs in April, in line with economists' estimates, the Labor Department said Friday. The unemployment rate fell from 5.5% to 5.4%, lowest since May 2008.

But March payroll gains were revised down to 85,000 from a previously reported 126,000. That took the gleam off the April tally, leaving average gains the past two months at 154,000, down from an average 233,000 the first two months of the year and 260,000 for all of 2014.

Many economists had chalked up March's anemic job growth to frigid weather in some parts of the country and a labor dispute at West Coast ports that slowed shipments. But Lindsey Piegza, chief economist of Sterne Agee, says the downward revision to the March total and the absence of a stronger recovery in April suggests more enduring factors are at work.

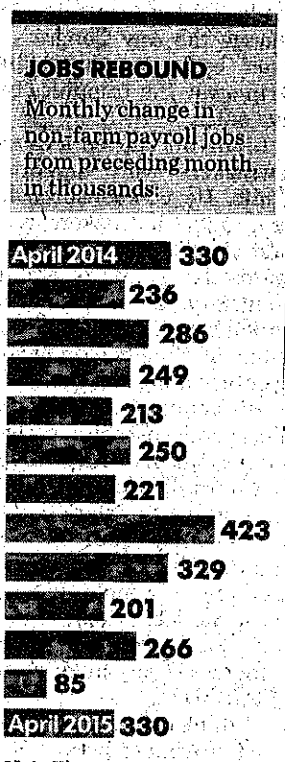
Doug Handler, chief U.S. economist of IHS Global Insight, cites a strong dollar that's hampering manufacturers' exports and reduced oil company investment as a result of low crude prices. He expects the latter to accelerate in coming months. He also points to aggressive business stockpiling earlier this year that will crimp growth in the current quarter as firms draw down inventories. He has revised down his estimate for second-quarter growth to an annual rate of 2.1% from 3.4%.

The slowdown, he says, could prompt the Federal Reserve to push an expected September hike in short-term interest rates to later this year, or even early 2016.

But by the second half of the year, Handler expects the effects of the lofty greenback and weak energy-sector spending to ease while rising inflation-adjusted wages boost consumer spending. Monthly job growth, he says, should average about 225,000 the rest of the year.

In April, businesses added 213,000 jobs on strong advances by professional and business services, health care and construction. Federal, state and local governments added 10,000. Mining employment continued to decline, falling by 15,000, as energy companies shed workers because of low crude oil prices.

Wage growth, sluggish throughout the recovery, ticked up a bit. Average hourly earnings increased 3 cents to $24.87 an hour. Over the past year, pay is up 2.2%, in line with previous tepid advances.



Note Figures are seasonally adjusted

Source Bureau of Labor Statistics from Haver Analytics

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