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## US Non-farm payrolls (April): In good health

by **Katherine Judge** [katherine.judge@cibc.com](mailto:katherine.judge@cibc.com)

Employment change (thousands, unless otherwise noted)	Apr 2026	Mar 2026	Feb 2026	Jan 2026	Dec 2025
Unemployment rate (%)	4.3	4.3	4.4	4.3	4.4
Avg. hrly earn all (Monthly % Chg)	0.2%	0.2%	0.3%	0.4%	0.1%
Avg. wkly hour all (Monthly % Chg)	0.5%	-0.1%	0.3%	0.6%	-0.2%
Nonfarm employment	115	185	-156	160	-17
Total private	123	190	-148	180	-7
Goods-producing	10	33	-21	45	-21
Construction	9	16	-21	45	-7
Manufacturing	-2	15	1	2	-13
Priv. Serv providing	113	157	-127	135	14
Wholesale trade	6	7	8	2	-6
Retail trade	22	19	0	13	-24
Transp. & Warehousing	30	22	-46	23	-5
Information	-13	-6	-23	-27	-6
Financial	-11	-19	2	-39	1
Business services	7	26	4	36	-19
Temporary help	8	5	2	19	-14
Education, health	46	91	-49	119	38
Leisure, hospitality	14	29	-31	5	25
Government	-8	-5	-8	-20	-10
Federal Government	-9	-15	4	-37	-11

Source: Haver Analytics

- Hiring slowed down but remained brisk in the US in April, with the 115K jobs added well above the 65K consensus expectation. Health care/social assistance was the single largest contributor, adding 54K jobs and extending a trend of strong hiring, with other industries seeing mixed readings. The unemployment rate remained steady at 4.3% as expected, despite job losses reported in the household survey, as the participation rate ticked down. Wage growth was a tick slower than expected at 0.2% m/m, which should help to offset fears of broader inflationary pressures in the economy. Overall, the report suggests that the labor market is on solid ground for now, which will leave the Fed comfortably on the sidelines. Given the monthly volatility, the three-month average hiring pace of 48K provides a better picture for the underlying trend, and is just at the pace needed to sustain the current unemployment rate.
- Despite worries about the Iran war hitting discretionary consumption, retail payrolls increased by 22K, and leisure and hospitality by 14K. Still, over the past year, hiring in private services has been overwhelmingly concentrated in the

health care/social assistance sector, where payrolls are sitting 2.8% above year-ago levels. Excluding that industry shows that other private service payrolls are down slightly from year-ago levels. Nursing homes and residential care facilities, along with home health services, saw strong hiring on the month, extending recent trends and in line with the aging population. However, job openings in the health care sector have trended lower and that industry won't be able to sustain strong hiring gains indefinitely. Aggregate hours worked in services rebounded by 0.3%, which was fully attributable to a bounce from health care/private education and the leisure/hospitality sector.

- Looking at cyclical sectors showed pockets of weakness, as manufacturing and residential construction payrolls dropped modestly. As a whole, goods-producing payrolls are sitting 0.2% below year-ago levels. Still, advances in aggregate hours worked for production workers rebounded to 0.4% in goods-producing industries, suggesting that activity is still contributing to GDP.
- The household survey continued to look weaker than the payrolls data, showing a loss of 226K jobs in April. Payroll employment is sitting 0.2% above year-ago levels, while the comparable household survey measure is down 0.5% y/y. Despite the monthly drop in the latter survey, a decrease in the participation rate left the unemployment rate unchanged, with the prime-age (25-54 years) participation rate also ticking down, while remaining near multi-decade highs. The U-6 unemployment rate, which is broader measure that includes discouraged and marginally attached workers as well as those working part-time for economic reasons ticked up to 8.2% from 8.0%.
- Despite strong employment growth, hourly earnings were a tick weaker than expected at 0.2% m/m (3.6% y/y). While that's not great for households given the pressure on disposable incomes from higher gasoline prices, it may help to ease concerns at the Fed regarding broader-based inflationary pressures.

## Implications & actions

**Re: Economic forecast** — The US labor market is on solid ground for now, and with the unemployment rate holding steady, it isn't strong enough to justify higher interest rates but also isn't weak enough to warrant near-term cuts, particularly given the inflationary backdrop. Some further weakening could be seen ahead as health care sector job openings dwindle. However, for now, the Fed will remain comfortably on the sidelines given the uncertain inflation backdrop.

**Re: Markets** — Bond yields and the USD were little changed as the upside surprise in hiring was offset by the downside miss in wages.

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