



## Employment report sends mixed signals on job outlook

By Paul Davidson, USA TODAY

05/08/2011

Last week's report of better-than-expected employment gains in April raised hopes that U.S. job growth that has sputtered since the recession ended almost two years ago is finally picking up momentum.

But some economists see flashing yellow lights in the numbers that could signal at least a temporary lull the next few months.

Employers added 244,000 jobs in April, driven by the largest private-sector gains since 2006, according to the survey of businesses and government agencies. Private employers have added an average 253,000 jobs the past three months.

But the government's report contained some worrisome signs. Its survey of households showed that 190,000 fewer Americans were working in April than the previous month and the unemployment rate rose to 9% from 8.8% in March. "At best, this is a self-contradictory report," says **Bernard Baumohl** of The Economic Outlook Group.

**Baumohl** also notes that the number of Americans unemployed less than five weeks rose by 242,000 in April and this group now makes up 20% of the unemployed. Both figures are the highest since October 2006 and are consistent with the jump in jobless claims reported last week, suggesting layoffs have picked up recently.

The number of temporary workers, meanwhile, fell 2,300 after rising steadily since fall 2009. Increases in temporary staffing typically herald the hiring of permanent employees. The dip could mean smaller payroll gains

the next couple of months, says Ian Shepherdson of High Frequency Economics. A measure of service-industry activity also fell sharply last week.

Other economists downplay the concerns. While the jobless rate rose in April, it has fallen from 9.8% in November, suggesting April's rise was a blip, says Jim O'Sullivan of MF Global.

The Labor Department partly attributed the jobless claim spike to spring-break layoffs in New York. Also, a drop in temporary workers this late in the recovery could mean employers instead are hiring permanent employees, says Dean Maki of Barclays Capital. Maki says job growth could slow in May but should pick up after that. He cites an April increase in aggregate weekly hours worked.

Harry Griendling, CEO of DoubleStar, a staffing consultant, says "uncertainty exists" among his clients because of oil prices. But they're flush with profits and can squeeze little more from existing workers. "They are loosening up on hiring, and we would expect it to continue," he says.