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May probably didn't bring shower of jobs

Gain in employment likely to reflect modest pace of U.S. growth

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Jobs. Until the U.S. starts to produce new jobs at a much faster pace, the economy is likely to cling to its well-worn path of growth — a lackluster 2% or so.

The employment report for May, released Friday, headlines a busy week on Wall Street. Other highlights include auto sales, the manufacturing outlook and the Federal Reserve's latest snapshot of the economy.

The good news is, the labor market doesn't appear likely to fall victim to a midyear slump for the third straight time. Hiring accelerated last fall and has been fairly steady so far in 2013.

"The recovery's resilience is evident in the job market," said Scott Hoyt, senior director of consumer economics at Moody's Analytics. "Employers continue to add around 175,000 jobs per month, spread across most industries and regions of the country."

A similar gain is expected in May. The U.S. probably added a net 168,000 jobs last month, with unemployment holding steady at 7.5%, according to economists polled by MarketWatch.

The economy will have to kick into another gear, however, to reduce the nation's high unemployment rate more rapidly.

Heavy lifting

Before the key jobs report on Friday, investors will sift through a batch of other data to glean clues on the economy's progress.

For manufacturers, not much has changed. They are still expanding, but they've been shackled by modest growth in the U.S. and weak economies overseas.

The Institute for Supply Management's business-conditions index is forecast to rise to 51.0% in May from 50.7% in April. The report will be issued Monday.

Any number over 50% signifies growth, so that's a good thing. Yet the index remains well below its post-recession peak of 59.4%, achieved more than two years ago. There is a chance for some upside surprise, but nothing to suggest a sudden surge in business.

Also Monday, automakers are expected to report brisk demand in May after some softening in April. The pace of annual sales is likely to rise to 15.2 million from 14.9 million.

The Federal Reserve jumps in the spotlight on Wednesday. The central bank takes the temperature of the U.S. economy with its regular "Beige" book report.

Wall Street is abuzz with talk about whether the Fed will start to throttle back on a massive bond-purchasing program aimed at keeping interest rates low. Markets could get whipsawed once the Fed begins to act, but when that happens is still anyone's guess.

The end of the week brings further clarity on health of the labor market. Some economists expect a slightly disappointing number because the economy appears to have downshifted from the first-quarter's 2.4% growth rate.

Yet more bullish economists such as **Bernard Baumoh**l see little evidence of a slowdown in job creation.

"The trend is for improvement in hiring," said **Baumohl**, **chief global economist at The Economic Outlook Group**. "I think companies are starting to ramp up."

What's more, **Baumohl** believes the number of jobs created in April will be revised up from the initial estimate of 165,000. "There has been a tendency for the preliminary numbers to be revised up," he pointed out.

He's right. Employment gains have been revised up in 21 of the past 27 months, including two of the first three months of 2013.

Still, the economy cannot return to pre-recession levels of employment until there's a prolonged surge in job creation to the tune of 250,000 a month or more. The last time that happened was more than 13 years ago.

The steady diet of economic news can often draw a confused picture about whether growth is improving, but there's one report

Sifting through a blizzard of economic reports — some showing

The only way to know for sure if the economy is getting better is if companies hire more workers.

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