



## Job Gains Sink as Unemployment Hits Decade Low

By Andrew Soergel, Economy Reporter | April 7, 2017

### What Happened:

The labor market tacked on only **98,000 jobs** last month for its softest performance since May, according to a report published Friday by the **Bureau of Labor Statistics**.

March's overall job tally clocked in at less than half of February's 219,000 gains. And revisions to prior months' data ended up knocking off 38,000 previously reported new positions.

Retail and information-sector jobs, in particular, struggled in March, shedding nearly 30,000 and 3,000 positions respectively.

Still, the national unemployment rate fell to 4.5 percent – its lowest level in nearly a decade. And average hourly earnings ended up climbing 2.7 percent over the year.

### What It Means:

"Many will no doubt blame March's surprisingly weak payroll numbers on stormy winter weather. That could be one explanation for the underwhelming 98,000 increase in total payrolls," Bernard Baumohl, chief global economist at The Economic Outlook Group, wrote in a research note Friday. "Frankly, we don't buy it. There is a long history of late snowstorms in March and the seasonal adjustment factors should have corrected for it. ... No, we believe something more fundamental is going on here."

Baumohl goes on to say March's underwhelming employment report is tied directly to employers "sobering up to the fact that both the timing and size of the fiscal stimulus" efforts out of President Donald Trump's administration could be "quite disappointing."

"If you set aside for a moment all those soaring confidence surveys taken of business leaders and investors, there is another sentiment that has quietly been bubbling up," he said. "Based on our own contacts with business leaders and money managers, we have noticed a growing undercurrent of concern about the bizarre political machinations in Washington and that these concerns have generated enough doubt about the economic outlook that companies are reviewing the need to rush out and hire more workers."

Trump has only been in office for a little more than two months, so it will likely take a few more reports to see where Baumohl's theory goes. Still, though, there is some belief that March's report signals a more fundamental weakness in certain sectors – namely, retail.

"One needs only to walk through a mall, in some areas of the country more so than others, or through a strip center or in a downtown to see that some storefronts are vacant. And some of them don't go filled for a long time," says Mark Hamrick, a senior economic analyst and Washington bureau chief at Bankrate.com. "And the retail name cemetery is bursting at the seams, and more are probably to come. Sears and Kmart are in critical condition, and there probably are many more names that will at least have to lighten up on their capacity."

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