

The NewsLine

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USA

Back to solid jobs growth

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The jobs report for April supports our view that the US economy is getting back into stride after a very subdued start to the year. The healthy rise in employment indicates that labor demand is based on substantially better production and sales conditions than in the first quarter.

The solid jobs growth seen in April (+223,000) was fueled primarily by increases in the private services sector. Following job losses in March, there was also a strong rebound in the construction sector, which was likely attributable to a return to more normal weather conditions. Last month's negative development in the government sector was also corrected. By contrast, conditions in the manufacturing sector still seem to be difficult, with employment more or less stagnating since February. Nonetheless, things are likely to improve here too in the coming months, with the ISM index showing an appreciable improvement in the assessment of new orders of late. A rosier assessment of export orders also helped here.

With the marked rise in employment, aggregate hours worked were 0.1% up on the average first quarter level (0.2% for nonsupervisory employees). Having slipped for two quarters, it seems likely that labor productivity is now rising again. Real economic output is therefore likely to increase more strongly than hours worked. The household survey of the jobs report confirms the picture of brisker demand for labor and shows that this lies behind the drop in the unemployment rate to 5.4%. The unemployment rate is thus rapidly approaching the 5%-level, at which wage pressure could start to rise appreciably.

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This business success with insurance, asset management and assistance services is based increasingly on customer demand for crisis-proof financial solutions for an aging society and the challenges of climate change. Transparency and integrity are key components of sustainable corporate governance at Allianz SE.

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