

- **Job growth was slower but still solid in April at 175,000, with most of the growth coming from the private sector. The unemployment rate rose slightly to 3.9% and has been below 4% for more than two years.**
- **Wage growth slowed in April and was below 4% for the first time in more than three years.**
- **The April jobs report supports fed funds rate cuts later this year.**

The U.S. economy added 175,000 jobs in April, according to a survey of employers from the Bureau of Labor Statistics. This is somewhat below the recent pace, and the smallest number of jobs added since November, but is still solid. Job gains in March were revised higher to 315,000 from 303,000, while February job growth was revised lower to 236,000 from 270,000. Over the past three months the economy has added an average of 242,000 jobs per month, above the economy's long-term potential. This is very close to the 2023 average of 250,000 jobs per month. The private sector added 167,000 jobs over the month while government added just 8,000 jobs, after average increases of more than 60,000 in the first three months of this year.

The unemployment rate increased slightly to 3.9% in April from 3.8% in March; it has been between 3.7% and 3.9% since August. The unemployment rate has now been below 4% for 27 straight months, the longest-such stretch since the late 1960s. Employment in a survey of households (different from the survey of employers) increased by 25,000 in April from March. The labor force—the share of participation those 16 and older working or looking for work—increased by 87,000 in April. The labor force participation rate—the share of adults working or looking for work—held steady at 62.7% in April. The labor force participation rate has been between 62.5% and 62.8% for more than a year. Although the labor force participation is up from the pandemic, when it fell to 60% in April 2020, it remains consistently below the pre-pandemic 63+% rate that prevailed in 2019.

Goods-producing industries added 14,000 jobs in April, with small gains in construction and manufacturing. Private services-providing industries added 153,000 jobs, with almost 100,000 of those in education and health care.

Average hourly earnings rose a modest 0.2% over the month, after increasing 0.3% (0.347% before rounding) in March after revisions. This is welcome news for the Federal Reserve, which remains concerned about wage growth that is running too hot to achieve the central bank's 2% inflation objective. On a year-over-year basis average hourly earnings were up 3.9% in April, the first-time wage growth has been below 4% since mid-2021, and the first time excluding pandemic-caused distortions since early 2020. Still, inflation needs to slow to something closer to 3.5% to be consistent with 2% inflation. The average workweek fell slightly to 34.3 hours from 34.4 hours. With more jobs, somewhat higher wages, and a drop in the workweek, labor market income was likely up 0.2% over the month, somewhat below expected inflation of 0.4% (CPI to be released May 15).

The April jobs report was close to what the Federal Open Market Committee wants to see. Job growth wasn't quite as strong as in the first three months of the year but is close to the economy's long-run potential given growth in the labor force and is certainly strong enough to maintain consumer spending. And unlike earlier in the year, most of the job gains came from the private sector. Wage growth continues to ease, which should reduce inflationary pressures in the economy.

This jobs report is consistent with the Federal Open Market Committee cutting the federal funds rate a couple of times later this year. The fed funds futures market is pricing in a 75% probability of at least one 25 basis point cut in the fed funds rate by the FOMC's mid-September meeting, up from 62% yesterday.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
<b>Fed Funds Rate Target</b> <b>Range Mid-Point</b> (after the FOMC meeting on 6/12/24)	5.38-5.38%	5.38%	5.38%	We expect the first of two 25 bps funds rate cuts to be in July or September followed by a another cut in November in response to slower inflation giving the FOMC the confidence they need to start cutting rates.
<b>Mar Consumer Credit</b> <b>(5/7, Tuesday)</b>	\$11.7-\$18.0B	\$15.3B	\$14.1B (Feb)	Up \$15 billion.
<b>Initial Claims, Wk of 5/4/24</b> <b>(5/9, Thursday)</b>	209K-215K	210K	208K (4/27/24)	Up to 212K.
<b>May U. Mich. Consumer Sentiment (prelim)</b> <b>(5/10, Friday)</b>	73.9-79.5	76.1	77.2 (Apr final)	Up to 79 reflecting higher stock prices and lower gasoline prices.
<b>Apr PPI (5/14, Tuesday)</b>	0.2-0.4%	0.3%	0.2% (Mar)	Up 0.4% on higher energy prices.
<b>Apr PPI (ex-food &amp; energy)</b> <b>(5/14, Tuesday)</b>	0.2-0.3%	0.2%	0.2% (Mar)	Up 0.2%.
<b>Apr CPI (5/15, Wednesday)</b>	0.2-0.4%	0.3%	0.4% (Mar)	Up 0.4%, partly caused by a 3.3% rise in gasoline prices. The Y/Y rise should hold steady at 3.5%.
<b>Apr CPI (ex-food &amp; energy)</b> <b>(5/15, Wednesday)</b>	0.3-0.4%	0.3%	0.4% (Mar)	Up 0.3%. The Y/Y rise should edge down to 3.7% from 3.8% in March.
<b>Apr Retail Sales</b> <b>(5/15, Wednesday)</b>	0.2-0.5%	0.4%	0.7% (Mar)	Up 0.3%.
<b>Apr Retail Sales (ex-auto)</b> <b>(5/15, Wednesday)</b>	0.2-0.6%	0.3%	1.1% (Mar)	Up 0.2%. Control sales (excluding vehicles, building materials, gasoline and restaurant sales) should be flat.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
<b>Mar Business Inventories (5/15, Wednesday)</b>	-0.1 to 0.4%	0.0%	0.4% (Feb)	Unchanged. Sales up 0.5%.
<b>Apr Housing Starts (5/16, Thursday)</b>	1.300-1.480M	1.435M	1.321M (Mar)	A rebound to 1.48 million, as both single-family and multi-family starts increase.
<b>Apr Export Price Index (5/16, Thursday)</b>	-1.2 to 0.4%	0.2%	0.3% (Mar)	Up 0.2%.
<b>Apr Import Price Index (5/16, Thursday)</b>	0.1-0.4%	0.2%	0.4% (Mar)	Up 0.3%.
<b>Apr Industrial Production (5/16, Thursday)</b>	0.1-0.5%	0.2%	0.4% (Mar)	Up 0.1%. Manufacturing output also up 0.1%.
<b>Apr Capacity Utilization (5/16, Thursday)</b>	78.4-78.6%	78.4%	78.4% (Mar)	Unchanged at 78.4%.
<b>Apr Leading Indicators (5/17, Friday)</b>	-0.5 to 0.0%	-0.2%	-0.3% (Mar)	Down 0.2%.

## Monthly Calendar of Economic Data: May 2024

### May 7

Consumer Credit (\$B)	
Jan	\$17.7
Feb	\$14.1
Mar	

### May 9

Unemployment		Claims (000)		
Dec	Jan	Feb	Mar	Apr
216	198	213	210	212
205	194	211	212	212
207	221	200	212	208
213	225	213	212	208
198			222	

### May 10

May U Mich. Consumer Sentiment (prelim)

### May 14

Producer Price Index		
	Total	Core
Feb	0.6	0.4
Mar	0.2	0.2
Apr		

### May 15

Consumer Price Index		
	Total	Core
Feb	0.4	0.4
Mar	0.4	0.4
Apr		

Retail Sales		
	Total	Ex-Autos
Feb	0.6	0.3
Mar	0.7	1.1
Apr		

Mfg and Trade		
	Inv	Sales
Jan	0.1	-1.1
Feb	0.4	1.6
Mar		

### May 16

Housing (000)		
	Starts	Permits
Feb	1.549	1.524
Mar	1.321	1.467
Apr		

Industrial Prod		Cap Util
Feb	0.4	78.2
Mar	0.4	78.4
Apr		

Apr Import Price Index

### May 17

Leading Indicators	
Feb	0.2
Mar	-0.3
Apr	

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