



Written by [Bob Adelman](#) on July 6, 2017

## Jobs Market Getting Tighter, Says ADP

At first blush [the jobs report from ADP](#), the data-processing firm that works with Moody's Analytics in developing its monthly review, looked disappointing. Economists had expected 185,000 new jobs created in June but instead they got just 158,000. Further, both estimates and ADP were well below the 230,000 new jobs number reported for May.



A closer look behind the headlines reveals a startling fact: The U.S. economy is awfully close to full employment and as a result there are increasingly more job openings than people to fill them. For instance, initial claims for unemployment benefits was the 122nd straight week — more than two years running — that claims remained below 300,000, a threshold associated with a healthy labor market. That is the longest stretch since 1970, reflecting the unemployment rate of 4.3 percent, the lowest in 16 years.

There's another indicator of a strong labor market too: layoffs in the United States are at the lowest levels in nearly half a century. In other words, while no one was looking, the U.S. economy has successfully removed most of the slack evident during its long slow recovery from the recession nearly 10 years ago.

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Mark Zandi, chief economist for Moody's Analytics, the company that helps ADP analyze the data from its 411,000 business clients (which employ nearly 24 million people), was positive about the jobs report:

The job market continues to power forward. Abstracting from the monthly ups and downs, job growth remains stalwart between 150,000 and 200,000. At this pace, which is double the rate of labor force growth, the tight labor market will continue getting tighter.

Ahu Yildirmaz, ADP Research Institute's vice-president, also waxed positive over the latest report: "Professional and business services had the strongest monthly increase since 2014. This may be an indicator of broader strength in the workforce since these services are relied on by many industries."

In June 6,000 manufacturing jobs were created, offsetting slight declines in employment in mining and construction. Professional and business services hired 69,000 new people in June while administrative and support services companies hired 43,000 new people. Right behind was trade, transportation and utilities companies which hired 30,000 people, followed by 28,000 new jobs created in education and healthcare services.



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Further, the job gains were all across the spectrum, from small business firms (less than 49 employees) hiring 17,000 people, midsized businesses (50-499 employees) adding 91,000 people to their payrolls, and large (500 employees or more) adding 50,000 new people in June. No matter how the data is sliced, America's labor market is robust, being limited for the first time in many years by the number of workers available to hire.

And that's the operative number: full employment is defined simply as "everyone who wants to work is working." It's also the limiting number. An economy is always limited by the resources available to it, be it technology, capital, or labor.

It's also increasingly apparent that the ADP numbers, and those to be released on Friday by the Department of Labor, are becoming less and less relevant as a measure of the health of the economy. Thanks to the robotic revolution, the invasion of the kiosks and Amazon (and the Internet in general), the economy is not limited solely by the number of humans in the workforce. Neither the Bureau of Labor Statistics (BLS) nor the ADP measure the impact on GDP these unpaid forces and influences are having on the economy. Robots and kiosks don't draw paychecks and so they aren't counted either by ADP or the BLS.

Even if the BLS confirms ADP when it releases its jobs report on Friday (economists are expecting 170,000 new jobs), it's easy to conclude that the economy is humming along nicely.

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