



May's Jobs Report Stronger Than It Appears

The headline number from the Department of Labor's Bureau of Labor Statistics' (BLS) [May jobs report](#), released on Friday, appeared weak: Just 138,000 new jobs were created last month compared to expectations of 185,000 by forecasters. But as usual, a peek beneath the headlines shows an economy growing steadily, providing it with more than enough workers to absorb those leaving or retiring.



After revisions were made to March and April numbers, May's job creation was more than the last three months' average of 121,000. Taking into account robust numbers reported from ADP, a national human resources and benefits firm, on Wednesday — it reported that 253,000 new jobs were created in May — Mark Zandi, chief economist at Moody's Analytics remarked, "Jobs growth is rip-roaring. The current pace of job growth is nearly three times the rate necessary to absorb growth in the labor force. Increasingly, businesses' number one challenge [in the future] will be a shortage of labor."

Positives in May's report from the BLS are easy to find: "Among the marginally attached [those not currently looking for work because they believe that no jobs are available for them], there were 355,000 discouraged workers in May, down by 183,000 from a year earlier."

Wage growth is keeping ahead of inflation with May wages up 2.5 percent over a year ago. The industries enjoying the most robust gains continue to be healthcare and mining, with construction, manufacturing, and other core industries retaining their previous months' gains.

All of which is remarkable considering the headwinds the economy continues to face, not only from policies implemented by the previous administration but from demographics and technology. About 500,000 workers left the labor force in May, due most likely to part-time workers having their jobs eliminated as the robotic revolution continues, as well as retiring Baby Boomers. Pew Research Center noted that, beginning on January 1, 2011, the oldest members of that generation would start turning 65, and more would continue to do so every day for the next 19 years.

Not every Baby Boomer leaves the workforce immediately, although many do. Economic pressures and opportunities keep many fully employed even though they may qualify for Social Security. But that's a headwind the economy is successfully overcoming. ObamaCare mandates remain in place, and there remains enough uncertainty about its eventual repeal that employers, especially small business owners, are likely to put expansion plans on hold until that issue is resolved.

It's also helpful to remember that the labor force in the United States is gigantic: About 160 million people are fully employed and go to work every day, generating an estimated \$20 trillion worth of goods and services every year. So month-to-month variations are hardly worth getting excited about. There has been positive job growth in the economy for 80 straight months, and unemployment is now at a level not seen since 2001. In addition, underemployment — those working part-time who would prefer fulltime work — just fell to its lowest level since November 2007, almost 10 years ago.

Forecasts are difficult (especially about the future!) but if just a few of Trump's promises to cut taxes,



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reduce regulations, push back or repeal ObamaCare, build the wall, and begin repairing the nation's infrastructure are kept, there's little reason why the economy cannot continue its steady upward climb out of the depths of the Great Recession. One indicator outside the purview of the BLS is Wall Street, which is considered a barometer for future growth. It continues to notch new highs in the major indexes in anticipation of an even brighter future.

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