Written by **Bob Adelmann** on May 2, 2018

U.S. Economy Adds Another 204,000 Jobs in April

The booming U.S. economy added another 204,000 jobs in April, down slightly from the (revised) 228,000 jobs it created in March, but still more than forecasters predicted. Those forecasters have consistently underestimated the health of the economy and their record remains unbroken. Economists polled by Econoday expected 190,000 new jobs in April.

This is the sixth straight month of job growth over 200,000 which continues to confound observers. “The labor market continues to maintain a steady pace of strong job growth with little sign of a slowdown,” said Ahu Yildirmaz, vice president and co-head of the ADP Research Institute. “However, as the labor pool tightens it will become increasingly difficult for employers to find skilled talent. Job gains in the high skilled professional and business services industry accounted for more than half of all jobs added this month. The construction industry, which also relies on skilled labor, continued its six month trend of steady job gains as well.”

Indeed, ADP, the payroll service provider that prepares these monthly snapshots with the help of Moody’s Analytics, reported steady growth among all sizes of business establishments and across a broad spectrum of the economy. Small businesses added 62,000 jobs last month, medium-size businesses (50-499 employees) added 88,000, while large businesses (500 employees and up) added 54,000 jobs.

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Goods-producers added 44,000 jobs, while the service sector, which provides back-office support for those producers grew last month by 160,000.

But Mark Zandi, Moody’s chief economist and spokesman, continues to try to find clouds and rain in the economic forecast:

> Despite rising trade tensions, more volatile financial markets, and poor weather, businesses are adding a robust more than 200,000 jobs per month.

At this pace, unemployment will soon be in the threes [translation: unemployment below four percent], which is rarified and risky territory, as the economy threatens to overheat.

Zandi just isn’t happy. This is at least the third time he has warned that the economy is in in danger of "overheating," but without explaining exactly what that means. Perhaps he means "irrational exuberance," the famous phrase once (and only once!) uttered by Alan Greenspan when he was head of the Federal Reserve. In speaking to the American Enterprise Institute on December 6, 2006, Greenspan uttered the phrase that continues to hound him to this day:

> But how do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade?

Within minutes the Japanese stock market was off three percent, followed by other stock markets around the world. Wall Street, when it opened the next day, lost two percent as pundits tried to parse his meaning.

Investopedia took a stab at it: "Irrational exuberance refers to investor enthusiasm that drives asset prices up to levels that aren't supported by fundamentals." Wikipedia attempted to, as well, declaring that whatever Greenspan meant, it was taken as "a warning that the market might be overvalued."

But is it? The Standard and Poor's 500 Index (SPX) peaked at $2,872 on January 26 this year. Since then it has lost 7.5 percent of its value, trading on Wednesday at $2,653. Whatever "irrational exuberance" there might have been in that index (or the general market), has been greatly reduced if not eliminated altogether.

If there is "irrational exuberance" out there, Wall Street doesn't see it. All that can be seen is the enormous U.S. economy stretching its wings under the Trump administration's pro-business policies.

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