Labor markets were strong in April. Payroll employment growth rebounded from minimal gains in March, and the unemployment rate rose slightly from the 29-year low reached a month earlier. Neither the Employment Cost Index nor hourly earnings indicated any substantial upward wage pressure.

Nonfarm payroll growth picked up in April, increasing 234,000, a gain which is on a par with the average monthly growth for 1998. April’s gain follows a revised increase of only 7,000 in March, the smallest addition to payrolls in over three years.

Job gains in service-producing industries far outweighed continued losses in goods-producing industries. Manufacturing jobs decreased 29,000 for the month, with job losses accumulating to 402,000 since March of last year. Construction jobs (seasonally adjusted) increased 8,000 following a loss of 53,000 jobs in the previous month. In the service-producing sector, finance, insurance, and real estate, as well as business services and health services, posted above-average employment growth.

The unemployment rate inched up one-tenth of a percent to 4.3%. April marks one year of unemployment at or below 4.5%, the longest stretch of such low unemployment in 30 years. The employment-to-population ratio fell slightly to 64.2%.

Wage pressures remained muted in the beginning of 1999. The Employer Cost Index increased 3.0% in the first quarter, the smallest annual increase in more than year. Both benefits and wages increased at relatively slow rates (2.3% and 3.4%, respectively). In April, hourly earnings rose just 3.2% from a year earlier, the smallest increase since March 1996.