Nonfarm payroll employment added 43,000 jobs in April, the first net gain since August 2001. The monthly change for March was revised down from 58,000 to –21,000. Service-producing industries added 134,000 jobs in April, 87,000 of them in services. Help supply services, a component of business services, showed a net gain of 126,000 jobs over the last two months, after a net loss of 311,000 from April 2001 to February 2002. Goods-producing industries posted a net loss of 91,000 jobs in April, mostly in construction (–79,000).

Employment in durable goods manufacturing was stable—a dramatic improvement from 2002:IQ, when the average net job loss was 57,000. According to the Bureau of Labor Statistics’ (BLS) household survey, the preliminary civilian unemployment rate for April was 6.0%, the highest recorded since August 1994. Employment increased 82,000, but the labor force grew 565,000, leading to the surge of 0.3 percentage points in the unemployment rate.

When measuring multifactor productivity, the BLS estimates growth in both the quality and quantity of labor hours, which tend to be negatively related. In boom periods, tight labor markets cause firms to hire less-skilled workers, reducing growth in labor quality. In 2000, when the unemployment rate was the lowest since 1969, labor quality grew only 0.05%, its lowest rate since 1979. During recessions, firms lay off workers with less skills and experience, improving the average quality of the labor force. Some of the growth in hourly earnings witnessed in 2001 probably reflects layoffs of low-skilled workers, which raised average earnings.

Income growth has been stronger than productivity growth, producing a broad-based increase in median personal income.