Weekly Commentary

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After March's anemic nonfarm payrolls report, the markets were anxious to see the April numbers. Prior to the Friday release by the Department of Labor, less-watched reports such as jobless claims and the ADP Employment Report flashed positive figures, further building anticipation. Thankfully, elevated expectations were met when the government said 211,000 jobs were added in April—all the more significant as it revised the poor March numbers even lower. The unemployment rate moved down a tick to 4.4%, its lowest reading since 2001. But the labor participation rate decreased, indicating many Americans are still having trouble finding jobs that match their skills or have stopped looking for work at all. Payroll gains in April were centered in business services and government positions.

Despite the strong employment numbers, wage pressure is hardly building, lending credence to the weak report on personal income released earlier in the week that showed only a fractional increase in average hourly earnings in March. While the Federal Reserve did not raise rates at its meeting last week, it is still on course to hike them in June, but will be watching compensation closely as it makes that decision.

The short end of the London interbank offered rate (Libor) did not materially move last week from the week prior, with 1-month Libor remaining at 1% and 3-month increasing 2 basis points to 1.18% and 6-month staying at 1.43%.

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