

Did job growth bounce back in April?



Did the labor market rebound after adding just 98,000 jobs in March?

That's the question this week's economic news will answer. Most analysts believe job growth resumed its solid pace, but another disappointing showing would raise concerns about the economy's health after the anemic first-quarter growth reported by the government on Friday.

Meanwhile, the Federal Reserve isn't expected to raise interest rates at a meeting that concludes **Wednesday**, but could give clues about a June hike. The week also features data on consumer spending, manufacturing and service-sector activity.

Consumer spending was sluggish in January and February, largely because unusually warm weather crimped demand for utilities. But March was snowier and colder in the Midwest and Northeast, and Nomura economist Lewis Alexander expects a sharp recovery in heating usage. At the same time, a core measure of retail sales picked up smartly as consumers received delayed tax refunds but auto sales continued to drop. Overall, economists expect the Commerce department to report **Monday** that consumer spending rose a modest 0.2% in March.

Manufacturing activity has staged a nice comeback, expanding seven straight months on the back of the oil sector's resurgence and an improving global economy. After hitting a more than two-year high in February, an index of factory activity dipped in March but remained at a robust

level. Economists expect the Institute for Supply Management (ISM) to announce that its index slipped again in April, indicating healthy growth at a slightly slower pace.

Unlike manufacturing, the service sector has expanded steadily for more than seven years. But like U.S. factories, growth in sectors such as retail and health care moderated in March after posting the fastest gains in a year the prior month. Economists figure ISM on **Wednesday** will report a slight pick-up in the pace for April.

The Federal Reserve has been on a roll, lifting its benchmark short-term interest rate by a quarter percentage point in December for just the second time in a decade, and then again in March. Fed officials estimate they'll raise the rate twice more this year amid steady job creation and an improving economy, and its statement after a two-day meeting could signal whether a June hike is likely. But with March's weak job gains and last quarter's feeble economic growth, the Fed may keep a poker face and await a pickup.

Economists chalk up March's meager job gains to bad weather and expect the Labor Department on **Friday** to report a healthy 193,000 payroll additions in April, noting initial jobless claims -- a gauge of layoffs -- are near four-decade lows. A second straight weak showing could cause angst among Fed officials and a pullback in their rate-hike plans.

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