

MRINetwork Analysis of the BLS Employment Situation Report May 2011 Employment

The full report can be seen here: <http://www.bls.gov/news.release/empsit.htm>.

This morning, the Labor Department reported U.S. unemployment rose from 9 to 9.1 percent in May while adding 54,000 non-farm jobs. Local governments shed 28,000 positions during the month while private industry added 83,000. The federal and state governments combined to cut just 1,000 positions during the month.

Professional and technical services added the lion's share of positions, tacking on 40,000 new jobs — most notably in accounting and bookkeeping (+17,800) and computer systems design and related services (+8,200). Temporary help services were mostly unchanged. The remaining job gains mostly came from health care (+27,200) which has added jobs throughout the recession. Other sectors experienced very mild growth or losses, most so small as to be not statistically significant.

Chart 1. Unemployment rate, seasonally adjusted, May 2009 – May 2011



Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, May 2009 – May 2011



The management, professional, and related occupations unemployment rate fell from 4.5 to 4.4 percent year over year while the four-year degree unemployment rate was down from 4.4 to 4.3 percent over the same period.

These numbers are an aberration from what has been seen since the beginning of the year, yet they seem to be supported by other recent readings. The Purchasing Managers' Index fell from 60.4 to 53.5 percent in May and the ADP Employment Report saw job growth fall from 177,000 in April to 38,000 in May. These other reports make it impossible to dismiss the Labor Department's figures. However, there is reason to think May was an exception, and not a change in momentum.

Some economists point to the supply chain disruptions resulting from March's Japanese earthquake and tsunami hitting U.S. manufacturing in May. The Manufacturing sector lost 5,000 jobs during the month—not a significant decrease from the 11.7 million person manufacturing workforce—its first loss in six months. After today's numbers, the U.S. remains on track to add between 1.5 and 2 million jobs during the year in total. With the disaster in Japan, continued skittishness in Europe over sovereign debts and heated unrest in the Middle East, May's modest growth seems more an indicator of the resilience, rather than the fragility, of the U.S. economy.