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## Job Market Is Showing Hopeful Signs for Recovery

BY MATT GROSSMAN

For most of the past year, a sluggish labor market kept job seekers on edge. Job searches increasingly stretched on for months, and economists worried the gradual hiring slowdown could prefigure a deeper downturn.

A string of positive reports this spring is now boosting hopes that the job market may be on the mend.

Numbers from human-resources firm ADP Wednesday showed the private sector added 109,000 jobs in April, the best in 15 months. On Tuesday, the Labor Department reported hiring picked up considerably in March in its monthly survey of job openings.

Add in a solid pace of job gains in the government's official monthly jobs report— about 68,000 jobs a month this year, on average—and the recent run amounts to a genuine bright spot. That 68,000 pace would once have signaled trouble, but with immigration slowed to a trickle, it is likely more than enough to keep unemployment from rising. “I think we have seen a step-level change in the labor market,” said Nela Richardson, ADP’s chief economist. “Now that we have the April data, we are seeing a return to dynamism.”

A sharper verdict on the labor market’s recovery arrives Friday, when the Labor Department publishes its April jobs report. Unlike ADP’s figures, which sample businesses that are ADP clients, the Labor Department numbers come from a national survey of hundreds of thousands of employers and include public-sector jobs. Month to month, the government data sometimes differ substantially from ADP’s numbers.

Friday’s report could confirm the improving trend or, if disappointing, reignite fears that the labor market is sputtering. Economists polled by The Wall Street Journal expect 55,000 net new jobs were added in April, with the unemployment rate holding steady at 4.3%.

The recent run of good news carries caveats. Hiring has been concentrated in the healthcare sector; job growth in all other industries combined has been lackluster at best. Tuesday’s Labor Department report showed that while hiring improved in March, the number of job openings has trended lower. The economy has shed jobs in five of the past 12 months, including a dismal February that saw a net loss of 133,000.

In surveys, companies say that changes in trade policy and the energy shock from the Iran war have put plans on hold. A harsh immigration crackdown has reduced growth in the number of available workers.

That demographic shift means that, even at its best, the economy won’t add as many jobs as it did during the postpandemic boom.

Earlier in the 2020s, so many workers were joining the labor force that even much higher job creation wasn’t enough to keep the same share of people employed. Now, with sharply lower immigration, more sedate hiring will be enough to avoid a downturn.

A firmer labor market would be a great relief to Federal Reserve officials, who have been worried about having to confront weaker hiring while inflation stays elevated. The Fed’s main policy tool, short-term interest rates, can’t address both challenges at once.