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Employment stalls in April but remains strong year-over-year; spending rises in March

Nonfarm payroll **employment** in April increased by 160,000, seasonally adjusted, from March and by 2,682,000 (1.9%) over 12 months, and the unemployment rate held steady at 5.0%, the Bureau of Labor Statistics (BLS) reported on Friday. ***Construction employment*** *rose by 1,000 for the month (to 6,670,000) and by 261,000 (4.1%) year-over-year (y/y). Industry employment reached the highest level since December 2008. Residential construction employment (residential building and specialty trade contractors) slipped by 3,800 for the month but increased by 140,800 (5.7%) y/y. Nonresidential employment (nonresidential building, specialty trades, and heavy and civil engineering construction) rose by 4,400 for the month and 120,100 (3.0%) y/y. The number of* ***unemployed jobseekers*** *who last worked* ***in construction*** *declined from 652,000 in April 2015 to 530,000, and the unemployment rate for such workers dropped from 7.5% to 6.0%, the lowest April figures since 2000. (Industry unemployment data are not seasonally adjusted and should only be compared y/y, not across months.)* ***Average weekly hours*** *for all employees in construction increased to 39.1, seasonally adjusted, in April from 38.7 in March and 38.9 in April 2015. The minimal gain in employment from March to April may be a result of mild winter weather that enabled contractors to do more work early in the year, so that hiring that normally occurs in April took place earlier. In addition, the rise in weekly hours and the decrease in the number of unemployed construction workers to a 16-year low suggest contractors may have been unable to hire experienced workers and instead had their existing employees work longer.*

Construction spending *in March totaled $1.137 trillion at a seasonally adjusted annual rate, 0.3% above the downwardly revised February rate and up 8.0% y/y, the Census Bureau reported on May 2. Spending growth was again widespread and balanced among segments y/y, though monthly results diverged.* ***Public construction*** *dropped 1.9% for the month but climbed 6.7% y/y. Those results were driven largely by highway and street construction, which increased 0.4% for the month and 19% y/y. The other major public segment, educational construction, climbed 0.4% and 9.4%, respectively.* ***Private residential spending*** *rose 1.6% and 7.8%. New multifamily construction soared 5.6% and 35%; new single-family construction, 0 and 13%; and residential improvements 2.4% and -8.9%.* ***Private nonresidential spending*** *increased 0.7% and 9.3%. By subsegment, in descending order of March size, manufacturing construction rose 2.2% for the month but decreased 2.0% y/y; power declined 1.8% for the month but increased 2.0% y/y (comprising a 1.4% y/y drop in oil and gas pipelines and field structures and a 3.8% rise in electric power facilities); commercial (retail, warehouse and farm) increased 0.8% for the month and 13% y/y; office slipped 0.8% for the month but jumped 24%, y/y; and health care rose 1.4% and 5.9%, respectively.*

The ***Dodge Momentum Index*** *rose 0.6% in April from its revised March reading, Dodge Data & Analytics reported on Friday. "The Momentum Index is a monthly measure of the first (or initial) report for nonresidential building projects in planning, which have been shown to lead construction spending for nonresidential buildings by a full year. April's gain was due to increased planning activity for both commercial and institutional building, with commercial planning moving 0.8% higher and institutional planning rising 0.4%. Over the last eight months institutional planning has been on somewhat of a roller coaster ride—making impressive gains through early 2016 before falling 16% last month. With April's slight gain, institutional planning is now 7% above its year-ago level, which suggests that despite volatility on a month-to-month basis the sector's recovery is continuing. The overall Index is essentially even with its April 2015 level, due to a subdued pace for commercial planning relative to a year ago."*

Steel rebar price increases are continuing. The e-newsletter Steel Orbis reported on Tuesday, "Between late Friday and late Monday, four US domestic rebar mills announced price increases for a variety of amounts." One of the mills was Gerdau Long Steel North America, which informed customers on May 2, "Effective immediately, [Gerdau] will be increasing the transactional price of Concrete Reinforcing Bar Products in the United States by…$40 per net ton….This price increase is in addition to previous price announcements of $30 per net ton on March 14 and April 1 for a total of $100 per net ton. In addition to this increase, we will be increasing another…$20 per net ton to the Distribution market."

On Friday, Census posted tables showing the **number of firms**, establishments, employees and annual payroll in 2013 **by legal form of organization**, industry and employee size range. *There were 646,000 construction firms, of which 128,000 (20%) were C-corporations, 360,000 (56%) were S-corporations, 51,000 (8%) were partnerships and 107,000 (17%) were sole proprietorships. Employment at those firms totaled 5,470,000. Corporations accounted for 33% of the employees, with an average headcount of 14; S-corporations, 53% and 7, respectively; partnerships, 9% and 9; and proprietorships, 5% and 3.*

On April 6, the American Association of Port Authorities released a report summarizing ***planned expenditures on port infrastructure*** *in 2016-2020. The "U.S. ports & their private sector partners plan to spend at nearly $155 billion in port-related improvements through 2020…three times that of the previous five-year survey," covering 2012-2016. In addition, the "'best case' for federal investments in infrastructure to aid freight movements through ports could be up to $24.825 billion thru 2020."*