Big jobs number gives the Fed ammunition for 2017

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Job creation in April was strong at 211,000. The report confirmed an expected spring bounce back from somewhat lackluster first quarter jobs growth and exceeded expectations. The drop in the unemployment rate to 4.4 percent was encouraging. It is the lowest unemployment rate in a decade.

Overall, the report is bullish and will likely be used by the Federal Reserve to bolster the case for continued rate hikes. It raises the odds of a June rate hike. If job growth is sustained at this rate, a second rate hike might be in the making by year end.

The big number is also good news for the Trump administration. Expect the president's supporters to make the case for tax cuts to keep job growth going.

The average workweek increased marginally at 0.1 hour. Average hourly earnings are now up 2.5 percent year over year. But the labor force participation rate dropped slightly to 62.9 percent. Observers have been hoping that rising wages would attract sidelined workers back into the labor force. That is needed to sustain economic growth.

Continued weak labor force participation is discouraging. It is an issue that should concern policy makers. And weak labor force participation undermines triumphalist announcements that we are at full employment. We are well below the employment figure we would have if the labor force participation rate were at more historical levels.

There are no simple policy fixes for declining labor force participation, which is concentrated among less educated males. A well-designed retraining program would be helpful, but the federal government has never shown itself adept at that.

Nonetheless, the report is a good one. It bodes well for the economy in 2017.

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