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Retail Employment Picks Up in April

By Kristi Ellis

WASHINGTON — Retailers buoyed by more positive economic news added a combined total of 29,000 jobs to payrolls in April, in line with a steady gain in employment in the overall economy.

Apparel and accessories stores added a seasonally adjusted 400 jobs to employ 1.44 million last month. General merchandise retailers, including discounters and department stores, added 14,800 jobs to employ 3.12 million. Within the general merchandise group, 7,900 of the jobs came from department stores, which employed 1.49 million at the end of last month.

Rajeev Dhawan, director of the Economic Forecasting Center at Georgia State University, said with Easter falling in April, retailers were in a hiring mood, but he cautioned that the payroll tax hike, which hit in January, coupled with the full impact of the sequester — the steep federal spending cuts that have hit agencies and led to staggered furloughs — will dampen consumer spending at some point.

“Merchants are a bit nervous about what is going to happen in the future,” Dhawan said. “It’s not that they won’t expand, but they are not going to ramp up. They will keep hiring in the next few months but then they will wait in the summer and fall to see how the Christmas season looks.”

Dhawan said discounters could be hit a little harder because of the end of the payroll tax holiday in January.

“That’s where the caution comes in. Richer consumers have enough savings to make up for the payroll tax [increase], but a person making $50,000 or less a year has no margin. In particular, this person also had to pay higher utility bills because of the colder winter and spring and that will impact spending and stores at that level will feel the impact.”

Overall retail employment rose by 165,000, beating economists’ expectations. The unemployment rate edged down to 7.5 percent from 7.6 percent in March

“The bounce back [in overall retail employment] from March to April is very welcome. It
doesn’t suggest there are any serious problems at retail in terms of employment or sales,” said Nariman Behravesh, chief economist for IHS Global Insight.

Behravesh said that the revised March retail employment numbers showed a 4,000 decline overall, which was followed by the rebound in April of a 29,000 gain.

“Consumers are feeling pretty good, not great, but reasonably good and they are spending accordingly,” he said. “There is not a lot of belt-tightening going on by consumers even though there are serious headwinds, such as the increase in payroll taxes in January, higher taxes for high-end families and the sequester.”

Jack Kleinhenz, chief economist at the National Retail Federation, said: “Today’s solid employment news combined with positive March revisions may bode well for the broader economy and portend steady retail sales in April. Retailers are continuing to find innovative ways to engage shoppers with the right mix of products, inventory and employment to meet their customers’ demands.”

Kleinhenz said jobless claims are at their lowest level since the recession. That, combined with an increase in personal discretionary spending and consumer confidence, bodes well for retailers.

Matthew Shay, president and chief executive officer of the National Retail Federation, warned that the payroll tax increase and impact of the sequester remain a concern.

“Unease over taxes and spending and the upcoming debate on the debt ceiling in Congress may once again stymie business investment and consumer spending,” Shay said.

In the manufacturing sector, apparel employment fell 2,900 to 142,800. Mills making apparel fabrics and yarns trimmed 100 jobs from payrolls to employ 114,500, while mills making home furnishings products cut 700 jobs to employ 115,200.