U6 Fix

Just the Beginning

GORDON GRAY | APRIL 3, 2020

The March jobs report marks the end of a 113-month run of positive job creation, with payrolls falling in March by 701,000 – the largest decline since March of 2010. This report shows a bit more of the economic storm that is the coronavirus pandemic than many were expecting, but it is nevertheless only a partial view of the labor-market turmoil currently underway. Less reliable and more contemporaneous data show that current job conditions are substantially worse than this report suggests.

Payrolls in March fell by 701,000, with private sector payrolls shedding 713,000 jobs. The service-sector lost 659,000 jobs. The leisure and hospitality industry was singularly devastated, losing 459,000 jobs in a month, eclipsing the previous single-month loss record of 89,000 experienced in 1989. Goods-producing industries saw a decline of 59,000 workers, with construction shedding 29,000. The unemployment rate jumped to 4.4 percent, last seen in August of 2017. The labor force lost 1,633,000 workers, the largest single-month decline on record.

Average hourly earnings increased by 11 cents, a 3.3 percent increase over the year. Average hourly earnings for production and non-supervisory workers increased by 10 cents for a 3.5 percent gain over the year. This somewhat higher earnings increase may reflect disproportionate losses of hourly and lower-income workers from the survey.

Unemployment was up for all of the major demographic groups. By education, unemployment increased for everyone: by just over a percentage point for those with less than a high-school degree, and by 0.8, 0.7, and 0.6 percentage point for those with a high-school diploma, some college or an associate degree, and a bachelor's degree or higher, respectively. By race, unemployment ticked up 0.9 percentage point for Whites and African Americans and increased 1.6 percentage points for Asians and Hispanics.

Data junkies here's your fix: The March U-6 (the broadest measure of

unemployment) increased to 8.7 percent, reflecting a substantial increase in the regular unemployment rate and a 0.9 percentage point increase in those working part-time for economic reasons.