U6 Fix

September Jobs: A Joaquin-Like Miss

DOUGLAS HOLTZ-EAKIN | OCTOBER 2, 2015

The September jobs report was a huge miss: only 142,000 jobs, downward revisions to July and August jobs, and an unchanged unemployment rate. The only real job growth was concentrated in health care (not necessarily good news), information services, and business services. Employment in goods producing industries declined.

It gets worse. The labor force fell by 350,000 and the labor force participation rate fell 0.2 points to 62.4 percent. The upshot is the employment-population ratio is down to 59.2 (from 59.4).

The unemployment rate for Hispanics edged down from to 6.4 percent from 6.6, while the rate for teenagers fell a full 0.6 percentage points to 16.3 percent. These likely reflect the decline in labor force participation.

Turning to the foundations of income growth, there is bad news. Average hourly earnings were flat, while weekly and overtime hours declined.

Data junkies here's your fix: the September U-6 (the broadest measure of unemployment) fell slightly to 10.0 percent. The decline from 10.3 was due to a smaller fraction employed part-time for economic reasons.

The bottom line: The September report was a complete whiff. It eliminates any hope the Fed will raise rates at its next meeting. But more important it reinforces the ugly reality that this recovery has never gained momentum and likely will not without a change in economic policies.