



U6 Fix

September Jobs: Goldilocks

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It turns out that Goldilocks is real: the labor market is not too hot and not too cold. In September the U.S. economy produced 156,000 new jobs, with increases in both the goods and services sectors. More importantly, average hourly earnings grew at an annual pace that approaches 2 percent - very solid. Hours ticked up somewhat as well, so the foundation of income growth was solid.

The household report was even stronger. Unemployment ticked up from 4.9 percent to 5.0 percent, but for the right reason. The household survey showed a jump of 444,000 in the labor force in September, as the participation rate rose by 0.1 percentage points. Job growth in the household survey was 354,000.

The teenage unemployment rate rose 0.1 percentage points to 15.8 percent. The Hispanic unemployment rate rose by 0.8 to 6.4 percent, a shift that was *not* attributable to higher labor force participation.

Data junkies here's your fix: the September U-6 (the broadest measure of unemployment) stayed unchanged at 9.7 percent as a decline in part-time work for economic reasons offset the rise in the base unemployment rate.

The bottom line: The September report looks like a labor market growing at trend. The unemployment rate remains in the vicinity of full employment. It is strong enough to justify a Fed rate increase, but the Fed can always find a reason to not pull the trigger.