The Daily Dish

July Jobs

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The June jobs report showed that top-line job growth was 222,000, and employment growth was broadly distributed. In addition, the previous two months were revised upward by 47,000 jobs. The unemployment rate rose a tick from 4.3 to 4.4 percent, largely because the labor force grew by 361,000; the labor force participation rate also rose a tick to 62.8 percent.

Here is a brief summary of the major economic indicators since the last jobs number:

• The Producer Price Index for final demand increased 0.1 percent in June;
• The Consumer Price Index did not change in June;
• Real average hourly earnings increased 2 cents from May to June;
• Orders for durable goods increased 6.5 percent in June;
• New home sales increased 0.8 percent in June;
• The Price Index of U.S. imports decreased 0.2 percent in June;
• ISM nonmanufacturing index decreased to 53.9 percent in July;
• ISM manufacturing decreased to 56.3 percent in July;
• Consumer Confidence index increased from 117.3 to 121.1 in July;
• ADP reported private sector employment increased by 178,000 jobs in July.

Eakinomics: July Jobs

First, let's get rid of any suspense. I'm betting that the economy will have created 188,000 jobs in July, the unemployment rate will be unchanged, and average hourly earnings will rise by 5 cents, which translates to an annual rate of 2.5 percent. Done.

Now, why do I think that? First, all are consistent with the latest year-over-year trends in the labor market. Second, the most recent high-frequency data don't suggest much of a change. Last month saw 222,000 jobs and a tick up of 0.1 percent to 4.4 percent in the unemployment rate. The ADP Employment Report showed a modest drop from 191,000 jobs in June to 178,000 in July. Similarly, the employment indices in the ISM Manufacturing Report and the Non-Manufacturing Report both declined modestly. This echoes a small drop in consumer sentiment as well. The upshot is essentially "more of the same" with a small downside risk.

Now let's think about the trajectory of the labor market. There is a lot of speculation about how much slack is left. July's report may be informative on this front. What happens to the unemployment rate among those without a high school degree? In June their unemployment rate was 6.4 percent. This is well above the average of 4.4 percent (those with a college — or more — education are at 2.4 percent), but down from 7.5 percent a year ago. Is the labor market tightening enough to pull them in even more?

Similarly, what will happen to the number working part-time for economic reasons? This is down by 152,000 over the past year. Will it continue to fall?

Finally, what will be the changes in discouraged workers and those marginally attached to the labor force? Declines in these categories have driven the sharp decline in the U-6 (the broadest measure of unemployment and underemployment) over the past several months. Focusing on these three areas will permit a bit more information on the state of the overall economy.

Stay tuned for the announcement at 8:30.