Insight

Groundhog Day

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The August labor market looks like the July labor report which looks like…..more of the same.

- The top-line numbers showed a decline of 54,000 jobs – predictable because of layoffs of temporary Census workers – and an unemployment rate of 9.6 percent, up 0.1 percent from July.
- The better indicator of the labor market is the modest 67,000 increase in private sector jobs. This growth is accompanied by other modest signs of expansion:
- Average hourly earnings and average weekly earnings for production workers expanded at a steady pace.
- Average weekly hours worked and the index of aggregate hours for production workers grew solidly.
- Employment rise in the temporary help – typically a leading indicator of greater labor market strength.
- The labor force and employment in the household survey both rose strongly – typically associated with strength at turning points.

This report is another strike against fear of a double-dip recession, but shows no indication of robust growth. The economy continues to grow but at an unacceptably slow pace and unemployment will remain stubbornly high.

The bottom line: The August report should calm fears of an imminent double dip. It will not signal a robust expansion and speaks volumes for the need for a new approach to economic policy in Washington.