U6 Fix

A Cool August

GORDON GRAY | SEPTEMBER 1, 2017

The Toplines

Firms added 156,000 jobs in August, somewhat below the consensus forecast of about 180,000. Downward revisions to the June and July surveys of 21,000 and 20,000, respectively, temper the summer's jobs record. Construction and manufacturing industries were bright spots, picking up 28,000 and 36,000 workers respectively.

The unemployment rate ticked back up to 4.4 from 4.3 as seen in May and July, but otherwise a 16-year low. The labor force participation rate held at 62.9 percent, as 77,000 individuals entered the labor force.

Workers saw their average hourly earnings increase by 3 cents, which tracks with the 2.5 percent rate of earnings growth that has prevailed all year. Average weekly hours were actually down, sufficiently so as to drive average weekly earnings *down* from last month's report. Workers therefore continue to wait for the raise that a tighter job market is supposed to provide.

Important Population Segments

Hispanic unemployment inched up to 5.2 percent, teenage unemployment rose by 0.4 to 13.6 percent. The unemployment rate for those with bachelor's degree held at steady at 2.4 percent, while unemployment among high-school graduates ticked up by 0.6 percent. Workers without high-school degrees saw their unemployment rate drop to 6 percent, down 0.9 percentage points.

Data junkies here's your fix: the August U-6 (the broadest measure of unemployment) held at 8.6 – the same rate as in July and June.

The bottom line: The August report came in below the consensus forecast, and with significant downward revisions to June and July's report, the summer job market looks a bit cooler in retrospect. Workers and observers are still holding out for wage gains that have so far proven elusive.