



U6 Fix

A Good-ish Report

GORDON GRAY | MAY 6, 2022

The April jobs report offers a little a bit for everyone. The topline employment number was right in line with expectations and remained consistent with the remarkably steady employment growth observed for the past year. Continued strong gains in manufacturing and warehousing services reflect continued strong demand for goods. Double-digit nominal earnings gains and flagging labor force participation, on the other hand, are less comforting for those concerned with rising inflation in the face of supply constraints.

Employers added 428,000 new workers to their rolls in April, of which the private sector added 406,000, while government agencies added 22,000 new workers. Private-sector gains were broadly dispersed, matching last month's diffusion of employment growth, although not to the same extent as February, which saw a significant upward revision to 750,000. Goods-producing industries added 66,000 workers to payrolls in April, the second straight month with employment growth topping 60k. The service sector gained 340,000 workers. Leisure and hospitality industries continue to lead the service-sector employment gains, adding 78,000 workers, followed by a 59,000 payroll increase in education and health services. The labor market has now recovered 95 percent of the 22 million jobs lost in March and April of 2020.

The unemployment rate remained at 3.6 percent, which is one tenth of a percentage point from the 3.5 percent seen in February of 2020 – just prior to the onset of the pandemic. The household survey showed a 353,000 *decline* in the number of employed workers, paired with a modest decline in the unemployed of 11,000. The labor force lost 363,000 workers, pulling the labor force participation rate down 0.2 percentage points to 62.2 percent. The labor force is 400,000 workers below the level observed in February of 2020, while the labor force participation rate stands at 0.9 percentage points below the average that prevailed for the year prior to February 2020.

The unemployment rate rose for two education levels, fell for one, and one saw no change; it fell for two races, rose for one, and remained constant for one. By race, it rose for Asians by 0.3 points. For Blacks and Hispanics, it dropped 0.3 and 0.1 points, respectively. Whites saw no change. By education, it fell for high school graduates by 0.2 points. For those with less than a high school diploma and those with some college or an associate degree, it rose 0.2 and 0.1 points, respectively. Those with a bachelor's degree or higher saw no change.

Average hourly earnings increased by 10 cents, reflecting a 5.46 percent yearly gain. Average hourly earnings for production and non-supervisory workers increased by 12 cents, for a 6.39 percent gain over the year.

Data junkies, here's your fix: The April U-6 (the broadest measure of unemployment) increased 0.1 percentage points to 7.0 percent due to slight increases in the contribution of workers marginally attached to the labor market and discouraged workers.