



U6 Fix

# A July Vacation in the Job Market

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The July jobs report was like flat soda. Yes, there were over 200,000 jobs – 209,000 new jobs. But the unemployment rate edged up to 6.2 percent because labor force participation also blipped up by 0.1 percent to 62.9. The household survey showed growth in the labor force (329,000), but weak employment (131,000).

Turning to the employers, the job gains were less widely distributed than in the previous two months, but the advance in hours, earnings, and weekly payrolls did not show any acceleration that suggests the economy is growing faster than 2.0 to 2.4 percent.

A reflection of the overall lack of momentum was that the Hispanic unemployment rate stayed unchanged.

**Data junkies here's your fix: the July U-6 (the broadest measure of unemployment) edged back up to 12.2 percent from 12.1 percent.**

The bottom line: The July report is like flat soda – it will quench your thirst but not satisfy the desire for something that tastes good. There is no evidence of an acceleration above the 2 to 2.5 percent trend growth in the economy as a whole and the increases in employment are largely a reflection of poor productivity growth thus far in 2014.