U6 Fix

April Flowers

GORDON GRAY | MAY 3, 2019

The April jobs report ran to the high end of most observers' predictions – the employment figures reflect largely unalloyed strength. The 236,000 private-sector job gains were broadly distributed across the economy, with Bureau of Labor Statistics' private diffusion index ticking up to 60.1. The construction industry has picked up 53,000 jobs since a disappointing February, despite some prior signs of concern in the housing industry, for example. The retail sector, which is down for a third month, is the only area of concern in this report.

The unemployment rate fell to the lowest rate since 1969. This is in part due to the loss of 490,000 workers from the labor force, the largest such decline since August of 2018. This is not to suggest, however, that a historically low unemployment rate is a statistical anomaly – the labor market is historically strong.

Workers saw a 6-cent raise in their hourly earnings, reflecting a 3.2 percent year-over-year earnings growth. Production and non-supervisory workers saw a 7-cent earnings gain, continuing the encouraging trend of earnings growth for lower-income workers.

By education levels, unemployment largely declined. Workers with less than a high-school degree saw the largest decline of 0.5 percent. Unemployment rates by race broadly declined, with Hispanic unemployment declining to its lowest observed rate of 4.2 percent. Teenage workers saw a modest increase in unemployment of 0.5 percent.

Data junkies here's your fix: The April U-6 (the broadest measure of unemployment) held at 7.3 percent, reflecting continued strength in the labor market.

The bottom line: The April jobs report reflected the enduring strength of the current recovery, now looking to hit its 10-year anniversary. There remain areas of concern, but for now, this report suggests that the labor market remains sunny.