



U6 Fix

August Vacation for the Labor Market?

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 6, 2013

The jobs report disappointed. Despite stronger real-time data leading into the report, total jobs were a mere 169,000 and the unemployment rate fell to 7.3 percent only because labor force participation fell yet again. It's as if the economy took a month off.

Continuing a theme, the report had mixed details: hours and earnings were up modestly, but show real weakness.

Inside the top line data:

- The labor force lost 312,000 workers and labor force participation ticked down to 63.2 percent. As has been true for too many months to count, this remains at a decade's low rate.
- The private sector created 152,000 jobs, meaning government added to employment growth.
- June and July job growth were revised down by a total of 74,000 jobs.
- The Hispanic unemployment rate dropped along with labor force participation – from 9.4 to 9.3 percent.

Data Junkies here's your fix: the July U-6 (the broadest measure of unemployment) fell from 14.0 to 13.7 percent.

The bottom line: The August report disappointed. Earlier data suggested gathering strength the potential for upside job growth. Instead, jobs were weak, income growth was modest, and participation fell yet again. At this pace, it will take nearly 5 years to get to 6.0 percent unemployment. Hopefully the economy will shake off its August vacation, but there are yet to be definitive signs of a robust economy. The labor market is just like the Nationals, you keep hoping for better but they just disappoint you.