



U6 Fix

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The September Employment Situation Report jobs report showed healthy, if slightly less rapid employment growth and healthy, and slightly less rapid earnings growth. Declines in government hiring pulled down the topline employment gain number, though seasonal adjustments reflecting the resumption of the school year may distort these figures. Hurricane Ian, according to the Bureau of Labor Statistics (BLS), had no discernable impact on this report.

BLS reported this morning that employers hired 263,000 workers in September, with 288,000 joining the private sector. State and local governments lost workers, including a decline in local education employment of nearly 22,000 that was partially offset elsewhere. Education employment is somewhat exposed to seasonal adjustments. On net, government employment declined by 25,000. Goods-producing industries added 44,000 employees. The service sector gained 244,000 workers. The education and health services industry led the gains with 90,000 new workers, while leisure and hospitality employers added 83,000 new workers. Three major industries saw net employment decline this month with the financial activities, transportation and warehousing, and retail trade industries seeing employment declines of 8,000, 7,900, and 1,100, respectively. As of this print, the labor market has recovered 514,000 more than the 22 million jobs lost in March and April of 2020.

BLS reported that the unemployment rate in August was 3.5 percent, a decline of 0.2 percentage points, bringing the U-3 rate back to pre-pandemic lows. The labor force declined by 57,000 workers, bringing the participation rate down to 62.3 percent. The labor force is now 106,000 greater than the level observed in February of 2020, while the labor force participation rate stands at 0.8 percentage points below the average that prevailed for the year prior to February 2020. If the labor force participation rate was at a similar level, the current labor force would be over 2.1 million workers stronger.

The unemployment rate fell for all races and all but one education level. By race, it fell the most for Hispanics by 0.7 points. Whites, Asians, and Blacks saw 0.1-, 0.3-, and 0.6-point decreases, respectively. By education, those with some college or associate degree saw no change. It dropped the least for those with a bachelor's degree and higher, at 0.1 points. Those with less than a high school diploma and high school graduates had respective drops of 0.6 and 0.5 points, respectively.

Average hourly earnings increased by 10 cents, reflecting a 4.98 percent yearly gain – a deceleration of about 0.2 percentage points from the prior month and is the first month of yearly growth below 5 percent (barely) in nine months. Average hourly earnings for production and non-supervisory workers increased by 10 cents, for a 5.75 percent gain over the year.

Data junkies, here's your fix: The September U-6 (the broadest measure of unemployment) decreased to 6.7 percent, driven by declines in the regular unemployment rate and the contribution of those working part time for economic reasons.