



U6 Fix

Better and Better

GORDON GRAY | MARCH 4, 2022

The February jobs report is unalloyed good news. Employment gains were widely distributed throughout goods and service-producing industries, and the unemployment rate is firmly in 2019 territory. The conspicuous slowdown in nominal earnings growth is good news for those minding inflation. Since December 2020, employers have added an average of 564,000 workers to payrolls, a 14-month streak of positive job growth that is only gathering strength.

687,000 workers were hired in February, with private-sector payrolls growing by 654,000 and the public sector adding 24,000 workers. Private-sector gains were broadly dispersed. Goods-producing industries added 104,000 workers to payrolls in February, the largest such increase since March. One conspicuous exception was auto-parts manufacturers, which lost 18,000 workers in February. The service sector gained 549,000 workers. Leisure and hospitality industries led the gains, adding 179,000 workers, followed by a 112,000 payroll increase in education and health services, largely concentrated in health care and social assistance. The labor market has now recovered 90 percent of the 22 million jobs lost in March and April of 2020.

The unemployment rate fell by 0.2 percentage points to 3.8 percent – the lowest rate since March of 2019. The household survey showed a 548,000 gain in the number of employed workers, paired with a decline in the unemployed of 243,000. The labor force added a modest 304,000 workers. The labor force participation rate increased by 0.1 percentage points to 62.3 percent. Since February 2020, the labor force is down 457,000 workers, while the labor force participation rate stands at 0.8 percentage points below the average that prevailed for the year prior to February 2020.

The unemployment rate fell for all races and all but one education level. By race, it fell most for Hispanics and Asians, by 0.5 points each. For Blacks and Whites, it fell 0.3 and 0.1 points, respectively. By education, it rose for those with some college or an associate degree, by 0.2 points. Those without a high school diploma saw the largest drop, at 2.0 points. High school graduates and those with a bachelor's degree or higher each had a 0.1-point drop.

Average hourly earnings increased by 1 cent, reflecting a 5.1 percent yearly gain. Average hourly earnings for production and non-supervisory workers increased by 8 cents, for a 6.7 percent gain over the year.

Data junkies, here's your fix: The February U-6 (the broadest measure of unemployment) ticked up 0.1 percentage points to 7.2 percent. While the regular unemployment rate fell 0.2 percentage points, the share of individuals working part time for economic reasons increased by 0.3 percentage points for a modest net increase in the U6.