



U6 Fix

Better Than The Headline

GORDON GRAY | SEPTEMBER 6, 2019

U.S. payrolls added 130,000 jobs in August, with private firms adding 96,000 workers. Government added 34,000 workers, buoyed by a federal pickup of 28,000 workers in part related to hiring for the upcoming census. The goods-producing sector added 12,000 jobs, with the manufacturing sector picking up 3,000 workers. The service sector posted an 84,000-payroll gain, though retail posted a seventh straight decline in employment.

The unemployment rate held steady at 3.7 percent, despite a substantial increase in the labor force of 571,000. That is the largest labor force gain since October of 2018 and marks the fourth straight month of growth in the labor force. Since May, the labor force has grown by over 1.4 million potential workers.

Average hourly earnings for all workers increased by 11 cents, for a 3.2 percent gain over the last year. Average hourly earnings for production and non-supervisory workers increased by 11 cents for a 3.46 percent gain over the year – the largest yearly increase since December.

By educational attainment, unemployment declined by 0.1 percentage points for workers with some college or an associates degree, and for workers with at least a bachelor's degree. Unemployment ticked up by 0.3 percentage points for workers with a high school education. By race, unemployment increased by 0.1 percentage points for whites, but was otherwise unchanged or declining. Unemployment for African Americans declined substantially, by 0.5 percentages points, to the lowest level on record.

Data junkies here's your fix: The August U-6 (the broadest measure of unemployment) increased to 7.2 percent, reflecting slight increases in the number of discouraged workers and workers employed part time for economic reason.

The August jobs report disappointed at the top-line, but reflected other strengths in the labor market including persistent gains in entrants to the labor force and strong earnings data.