



U6 Fix

# December Jobs: All Surprises, But Not All Good Surprises

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The December jobs report was filled with surprises. The top-line job growth was 292,000 – well above expectations – and both November and October were revised up substantially. Good news. However, combined with slow GDP growth, this means productivity growth is dismal. Bad news. Surprisingly (there's a theme here), manufacturing employment rose (modestly) despite the poor monthly readings. Good news.

The unemployment rate held steady at 5.0 percent even though the labor force grew a substantial 466,000 (and labor force participation ticked up by 0.1 to 62.6 percent) because the household survey showed 485,00 new jobs. Good news.

The teenage unemployment rate spiked by 0.5 percent to 16.1 percent. Weird and bad news – just like teens. The Hispanic unemployment rate fell 0.1 to 6.3 percent.

Inside the report, average weekly hours were flat and average hourly earnings fell slightly. The latter was unexpected bad news. Combined they indicate that weekly earnings softened as well.

There were two weak points in the report. Weekly hours of work declined slightly and led to a decline in average weekly earnings. There was also an increase of 319,000 in part-time work for economic reasons.

**Data junkies here's your fix: the December U-6 (the broadest measure of unemployment) stayed at 9.9 percent.**

*The bottom line: The December report was filled with jobs, but no income or productivity growth. Viewed in the larger economic landscape, it displays little wage-based inflation pressure and no evidence of a significant upshift in top-line growth beyond the 2.2 percent average since the recovery began.*