



U6 Fix

Don't Judge a Jobs Report by the Jobs

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Just when everyone expected Washington to whack the jobs report – estimates were below 100,000 in some cases – surprise 204,000 jobs. That's the good news. Previous months were revised upward by over 60,000 jobs – even better news. The rest? Ugh.

Unemployment rose to 7.3 percent (from 7.2), which reflect a *loss* of 735,000 jobs and a *loss* of 720,000 in the labor market. Labor force participation fell to the lowest since March 1978; 62.8. The household survey is just plain bad news that can be partially attributed to the shutdown disruption, but can't be simply dismissed.

Continuing a theme, the report had soft details: hours and earnings were down to up modestly. Payroll growth continues to hover below 2 percent and there was a rise in the number of part time workers. The latter will reignite the concerns over the Affordable Care Act.

The Hispanic unemployment rate rose to 9.1 percent and labor force participation declined.

Data Junkies here's your fix: the September U-6 (the broadest measure of unemployment) rose from 13.6 to 13.8 percent.

The bottom line: The October jobs report shocked to the upside – 204,000 jobs – reminding everyone that there is more to the economy than Washington DC . Unfortunately, the remainder of the report – particularly the components of income growth – was weak. The economy continues to merely muddle along.