



U6 Fix

End of Year Bonus

JANUARY 6, 2017

The December jobs report had only one piece of drama: an end of year bonus as average hourly earnings rose at an annualized rate of 4.7 percent. Otherwise, there was a bland collection of numbers.

The economy generated 156,000 jobs, spread broadly across industries and sectors. The unemployment rate ticked up to 4.7 percent (following an anomalous drop in November) and labor force participation remains stalled below 63 percent. Long-term unemployment continues to fall; the long-term unemployed constitute 24.2 percent of overall unemployment – the lowest since March 2009.

Looking at the foundations of income growth, average weekly hours were flat, but combined with the sharp rise in hourly earnings (a rebound from a fall a month earlier) means that weekly payrolls also rose at 4.7 percent annually.

The noise continued in some of the key unemployment rates. Hispanic unemployment rose by 0.2 to 5.9 percent. The teenage unemployment rate is as volatile as the teens themselves; down 0.5 percent to 14.7 percent.

Data junkies here's your fix: the December U-6 (the broadest measure of unemployment) continued to decline, falling another 0.1 to 9.2 percent due to a reduction in those marginally attached to the labor force.

The bottom line: U.S. workers got a raise, but that was the only highlight to a jobs report that was otherwise as exciting as watching the Cleveland Browns.