



U6 Fix

# Impressive Job Growth Despite Michael

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Everyone expected that Hurricane Michael would knock down the October employment report. Instead the labor market just kept roaring. Begin with the employer survey. There were 250,000 jobs created – well above the recent trend – and revisions for August and September were a wash. Job growth was widespread as no sector lost a job.

Wage growth continued to be strong – up 3.1 percent from October of 2017, and rising at an annual rate of 2.2 percent in October this year.

The household survey was very strong. The labor force rose by 711,000 and the participation rate rose by 0.2 percentage points to 62.9 percent. This leaves the employment-population ratio at 60.6 – also up by 0.2. The household survey showed 600,000 new jobs. Even taking all of this with a statistical grain of salt, it is a very solid report.

The overall unemployment rate stayed at 3.7 percent, but there were a few anomalies. The rates for those with less than a high school education rose 0.5 percentage points to 6.0 and those with a high school degree rose by 0.3 to 4.0. Weirdly, teen unemployment fell by 0.9 percentage points – but this is a highly volatile category.

**Data junkies here's your fix: the October U-6 (the broadest measure of unemployment) fell to 7.4, essentially unchanged.**

*The bottom line: This continues the trend of strong reports, with wage growth continuing to show some strength. It kicks off the 4<sup>th</sup> quarter quite well and practically guarantees that the Fed raises rates at its December meeting.*