



U6 Fix

Jobs Machine Rolls On

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Once again the U.S. labor market created more jobs – 213,000 – than the demographics would suggest, and the numbers for April and May were revised up by 37,000 jobs. On the household survey side, there was a sharp jump in the labor force (601,000) and number of unemployed (499,000) leading to an increase in the unemployment rate to 4.0 percent. The bottom line, however, is that the employment-population ratio was unchanged.

The other key indicator is average hourly earnings, which ticked up by 5 cents. Looking back over the past year, hourly earnings are up by 2.7 percent. Combined with additional jobs and steady hours, payrolls are up by 5 percent since June 2017.

Across all education levels unemployment ticked up slightly. Similarly, unemployment was a bit higher for all ethnicities except Hispanics (down by 0.3 to 4.6 percent). The most dramatic jump was the 0.6 percentage point rise in African-American unemployment – probably a tribute to noisy data more than anything else.

Job growth was widespread across both the goods and services sectors, with the largest gains in professional and business services and education and health services.

Data junkies here's your fix: the June U-6 (the broadest measure of unemployment) rose by 0.2 to 7.8, largely due to the rise from 3.8 to 4.0 percent in the base unemployment rate.

The bottom line: One could get greedy and wish for even faster wage growth. But taken as a whole, the June report is very strong: jobs, employment-population ratio stable despite the aging population, and solid wage gains.