



U6 Fix

July Jobs: Strong Across the Board

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July is the first month in recent memory that doesn't have some significant downside. This report features impressive top-line job growth with 255,000 new payroll jobs, but evidence of earnings growth is even more notable. Job gains were widely distributed, showing a rebound in goods-producing employment as well as the cyclically-sensitive temporary help services. At the same time, the labor force participation rate ticked up by to 62.8 percent, for a July labor force growth of 407,000.

The unemployment rate remained unchanged from June at 4.9 percent. Average hourly earnings rose by 8 cents in July, for an annual rate of 3.8 percent – a very strong, and long-awaited improvement. Average weekly hours ticked up slightly by 0.1 to 34.5 hours. Furthermore, jobs figures for May and June were revised up by a total of 18,000. Combined with July's numbers, this demonstrates that the economy didn't see a big downshift in job creation in the second quarter, as many thought.

The teenage unemployment rate dropped by 0.4 to 15.6 percent, while the Hispanic unemployment rate fell by 0.4 to 5.4 percent.

Data junkies here's your fix: the July U-6 (the broadest measure of unemployment) rose by 0.1 to 9.7 percent. This is the anomaly in the report – a slight rise in those working part-time for economic reasons.

The bottom line: The July report is surprisingly solid. Wage growth figures indicate that the tide is turning when it comes to worker compensation, and it is certainly strong enough to justify a Fed rate increase.