



U6 Fix

June Sizzle

GORDON GRAY | JULY 5, 2019

The economy showed a surprisingly strong 224,000 jobs gain in payrolls in the month of June. Gains were broadly distributed with the one-month diffusion index ticking up to 60.7. The service sector gained 154,000 jobs, though retail continued to shed workers for the fifth straight month.

The unemployment rate ticked up to 3.7 percent. The labor force participation rate inched up to 62.9 percent, reflecting an increase in the labor force of 335,000 potential workers.

Average hourly earnings were up 6 cents for a 3.1 percent year-over-year gain, while production and non-supervisory workers saw a 4-cent gain for the month for a yearly gain of 3.4 percent.

By educational attainment, unemployment incrementally increased or was unchanged for most workers, though workers with less than a high school diploma saw their unemployment decline slightly. High school graduates saw their unemployment climb 0.4 percentage points. Unemployment by race was largely unchanged, though unemployment for Asians and African Americans fell 0.4 and 0.2 percentage points, respectively.

Data junkies here's your fix: The June U-6 (the broadest measure of unemployment) increased to 7.2 percent, essentially reflecting the slight increase in the standard unemployment rate.

The June jobs report defied consensus predictions and showed strong labor market growth. Naturally, financial markets will react with some pessimism.