



U6 Fix

The Labor Market Runs for the Roses

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The April jobs report showed a labor market in the home stretch of recovery from the Great Recession. The economy generated 211,000 jobs, with only modest revisions to February and March. Employment growth was widely dispersed and showed up in both goods and services. Average weekly hours worked edged up by 0.1 to 34.4 and average hourly earnings were up by 0.26 percent, which translates to annual growth of 3.3 percent; in short, solid real wage growth.

In the household survey, the unemployment rate dipped further to 4.4 percent, down from 4.5 percent in March. Among some of the key unemployment rates, adult male unemployment fell sharply from 4.3 to 4.0 percent, Hispanic unemployment was up to 5.2 from 5.1 percent, and the teenage unemployment rate – a volatile series – to rose by a full point to 14.7 percent.

The only weak point was a drop from 63.0 to 62.9 in the labor force participation rate, leaving the recovery just short of the finish line.

Data junkies here's your fix: the April U-6 (the broadest measure of unemployment) fell to its lowest level in nine years, falling another 0.3 to 8.6 percent due to a fall in the core unemployment rate and a decline in those working part time for economic reasons.

The bottom line: The April report was solid to strong across the board, featuring an important decline in the U-6 rate and widespread job growth. This sets the Fed up for another rate hike in June.