



U6 Fix

The U-6 Fix: Analysis of Today's Jobs Report

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Today's jobs report was good across the board, but hardly overwhelming. The jobs numbers beat expectations – 175,000 in May – but net downward revisions to the past two months. The unemployment rate rose to 7.6 percent as labor force participation rose.

Inside the top line data:

- The labor force grew by 420,000 and labor force participation ticked up to 63.4 percent. Unfortunately, this remains near a decades-low rate.
- The private sector created 178,000 jobs, meaning that fears of the government sequester remain overstated.
- Average hours and earnings rose modestly, supporting the tepid income growth experienced to date in the recovery.
- The Hispanic unemployment rate rose from 9.0 to 9.1 percent.
- Job gains reversed course and were more widely dispersed.
- Part-time work – feeding fears of the impact of the Affordable Care Act – continued to inch up.

Data Junkies here's your fix: the May U-6 (the broadest measure of unemployment) fell from 13.9 to 13.8 percent.

The bottom line: The May report was, well, meh. Jobs, labor force, hours, and earnings went north, but the ascent is still only degrees above the horizon.

This report should put to rest the “we are out of the woods” story line – but probably won't. The army of discouraged workers remains awaiting mobilization that will push unemployment higher. Nothing to date suggests a strong reversal in the declining median incomes during the recovery.