



U6 Fix

Nice Way to Start the Year

GORDON GRAY | FEBRUARY 7, 2020

Payrolls in January grew by 225,000, with private-sector payrolls growing by 206,000. The service sector gained 174,000 jobs, while goods-producing industries saw a pick-up of 32,000 workers, despite a loss of 12,000 manufacturing jobs. The unemployment rate inched up to 3.6 percent. The labor force grew by 50,000, and the labor force participation rate increased to 63.4 percent – the highest that measure has been since 2013.

Average hourly earnings increased by 7 cents, a 3.1 percent increase over the year. Average hourly earnings for production and non-supervisory workers increased by 3 cents for a 3.3 percent gain over the year.

By educational attainment, unemployment incrementally increased across all categories. By race, unemployment ticked down for white workers but increased for African Americans, Asians, and Hispanics. It is important to note that due to adjustments to the population measures, incremental changes from December to January are not a consistent indicator.

Data junkies here's your fix: The January U-6 (the broadest measure of unemployment) increased to 6.9 percent, reflecting slight increases in the regular unemployment rate and the contribution of workers marginally attached to the work force.

The January jobs report was rather sunnier than most analysts (including this one) expected. The American labor market continues to add jobs at a remarkable clip this late in the recovery, while wages showed healthy gains. For now, the combination of persistent low unemployment and wage growth look to keep the U.S. economy humming along in 2020.