



U6 Fix

No Tricks, Lots of Treats

GORDON GRAY | NOVEMBER 1, 2019

U.S. firms and government added 128,000 jobs in October, with private firms adding 131,000 workers and government subtracting 3,000 workers. The goods-producing sector lost 26,000 jobs, driven by a decline in employment in the motor vehicles and parts sector – a direct reflection of the GM strike. Net of the strike, the goods sector was substantially net-positive. Employment in the service sector grew by 157,000, and retail posted employment gains, including revisions, for the last two months, reversing a year-long trend.

The unemployment rate ticked up to 3.6 percent. The labor force participation rate also inched up to 63.3 percent, reflecting a 325,000 increase in the labor force. That increase, the sixth straight increase, tipped the net increase in the labor force for the year to over one million.

Average hourly earnings increased by 6 cents, and revisions took last month's net decline into positive territory. Earnings for October were up 3.03 percent over the year. Average hourly earnings for production and non-supervisory workers increased by 4 cents for a 3.49 percent gain over the year.

By educational attainment, unemployment slightly increased across the board except for workers with some college or an associate degree, which was flat. Workers with less than a high school education saw the largest unemployment increase, with a 0.8 percentage point increase. Unemployment ticked up by 0.1 percentage points for workers with a high school education and with at least a bachelor's degree. By race, unemployment increased by 0.4 percent and 0.2 percent for Asians and Hispanics, respectively. Unemployment declined for African Americans by 0.1 percent.

Data junkies here's your fix: The October U-6 (the broadest measure of unemployment) increased to 7.0 percent, reflecting the slight increase in the regular unemployment measure.

The October jobs report delivered a surprisingly strong private payroll gain in the face of a slowing economy and labor strikes. Revisions improved the picture still further. A return to positive territory for workers' earnings also suggests continued strength for the American consumer.