



U6 Fix

Not Bad, Not Great

GORDON GRAY | OCTOBER 4, 2019

U.S. firms and government added 136,000 jobs in September, with private firms adding 114,000 workers. Government added 22,000 workers, though only a small share were due to Census-hiring. The goods-producing sector added 5,000 jobs, with the manufacturing sector losing 2,000 workers. The service sector posted a 109,000-payroll gain, though retail posted a decline in employment for the eighth straight month.

The unemployment rate fell steady to 3.5 percent, the lowest rate since December of 1969. That this substantial decline in unemployment was paired with a modest, but positive increase in the labor force (117,000) is encouraging. This is the fifth straight month of growth in the labor force, which has seen net gains of over 1.5 million potential workers since May.

Average hourly earnings showed a one-cent decline for the month. Though this still reflects a 2.9 percent gain over the year, it is nevertheless disappointing. Average hourly earnings for production and non-supervisory workers increased by 4 cents, for a 3.46 percent gain over the year.

By educational attainment, unemployment declined nearly across the board. Workers with less than a high school education saw the largest unemployment decline, with a 0.6 percentage point drop. Unemployment was unchanged for high school graduates. Unemployment ticked up by 0.3 percentage points for workers with a high school education. By race, unemployment was also down nearly uniformly. Unemployment for African Americans was unchanged from last month's 5.5 percent – which remains the lowest on record.

Data junkies here's your fix: The September U-6 (the broadest measure of unemployment) fell to 6.9 percent, largely reflecting the broad decline in unemployment.

The September jobs report delivered a mixed bag, with healthy payroll gains and strong household data, but with disappointing earnings in some specific sectors.