



U6 Fix

Not Disappointing Enough?

GORDON GRAY | OCTOBER 2, 2020

Today's overall jobs number disappointed, coming in somewhat below expectations. Despite the underwhelming report, marked by a significant decline in government workers and other indicators of softening, it likely was not a sufficiently shocking disappointment to fundamentally alter the course of the congressional negotiations or the election.

American employers added 661,000 new workers to payrolls in September, with private sector payrolls picking up 877,000 new employees. The private sector gains were largely concentrated in service jobs, which saw 784,000 employees gained. Overall government lost 216,000 jobs, driven substantially by a 280,000 decline in state and local education jobs. Combined, over the last 4 months payrolls have recovered about 49 percent of the jobs lost in March and April.

The unemployment (U-3) rate fell 0.5 percentage points to 7.9 percent. The labor force participation rate declined to 61.4 percent, reversing the gains from the previous month. Since May, 3.7 million Americans have entered the labor force, just under half of the roughly 8 million lost in March and April.

The unemployment rate dropped for all education levels except for those with some college or an associate degree, for whom it rose by 0.1 percentage points. For those without a high school diploma, it dropped by 2.0 percentage points, the largest drop of any education level. The unemployment rate dropped by 0.8 and 0.5 percentage points for those with a high school diploma and those with a bachelor's degree or higher, respectively. The unemployment rate decreased for all races. Unemployment decreased by 0.2, 0.3, and 0.9 percentage points for Hispanics, Whites, and African Americans, respectively. Unemployment decreased the most for Asians, dropping by 1.8 percentage points.

Average hourly earnings increased by 2 cents, marking a 4.65 percent yearly gain, while production and nonsupervisory workers gained 1 cent per hour for a 4.60 percent yearly gain. Both figures remain substantially elevated due to the compositional changes in the measured workforce.

Data junkies here's your fix: The September U-6 (the broadest measure of unemployment) decreased to 12.8 percent, reflecting declines in all measures of labor underutilization.