



U6 Fix

November Jobs Amaze

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The payroll survey is incredible: 321,000 jobs. Average hourly earnings up 0.4 percent. Average workweek up strongly. This is the kind of job report that has been long awaited because there are jobs, hours, and wages creating income.

The major note of caution is that some of the jump may reflect difficulties in seasonal adjustment. Also, unless GDP growth accelerates, the mirror image of stronger jobs will be lower productivity.

The household survey is a completely different story. It shows only 4,000 newly employed people, and unchanged labor force participation (62.8 percent) and unemployment (5.8 percent).

Consistent with the household survey, teen unemployment fell to 17.7 percent from 18.4 percent. Hispanic unemployment fell from 6.8 percent to 6.6 percent, even though participation rose from 66.3 to 66.5 percent.

Data junkies here's your fix: the November U-6 (the broadest measure of unemployment) fell from 11.5 percent to 11.4 percent.

The bottom line: The November survey was the mirror image of October: an extremely strong payroll report paired with a modest household survey. The strong jobs number is less important than evidence of accelerating labor income. The next milestone is whether these data translate into a stronger GDP performance.