



## U6 Fix

# October Jobs: Trend Plus Noise

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The basic story in the October jobs report is more healing in the labor market. There were 161,000 new jobs and 44,000 additional jobs due to revisions of the past two months. Average weekly hours were flat, but average hourly earnings were up strongly – 0.4 percent and 2.6 percent from one year ago. Job growth was widespread.

The household survey, on the other hand, is full of strange numbers. The top-line unemployment rate fell by 0.1 to 4.9 percent – but for the wrong reasons. The labor force fell by 195,000 and labor force participation by 0.1 percentage points. Indeed, measured employment fell in the household survey.

The noise continued in some of the key unemployment rates. Hispanic unemployment fell by 0.7 to 5.7 percent, teenage unemployment fell by 1.3 percentage points to 17.2 percent and unemployment for those without a high school diploma dropped by 1.2 percentage points to 7.3 percent.

**Data junkies here's your fix: the October U-6 (the broadest measure of unemployment) dropped sharply to 9.5 percent due to a continued decline in part-time work for economic reasons. The U-6 is the lowest since April of 2008.**

*The bottom line: The October report looks like a labor market growing at trend with some noisy reading from the smaller household survey. The unemployment rate remains in the vicinity of full employment and it easily justifies a Fed increase at its December meeting.*