



U6 Fix

September Jobs: More Drama than Solid Data

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SEPTEMBER JOBS: MORE DRAMA THAN SOLID DATA

The storm-damaged September jobs report featured a top-line decline of 33,000 jobs, the first decline since September 2010. The Bureau of Labor Statistics Commissioner's statement indicated that 1.5 million people had a job but were unable to work because of the weather. A huge decline in leisure and hospitality employment – 111,000 – dragged down the top-line numbers. It is hard to reconcile this with a modest 2,900 decline in retail employment. Sorting this out will await the October report.

The household report contained a lot of striking – but hard to rely upon – numbers. The labor force rose a huge 575,000 and the labor force participation rate by 0.2 percentage points. The household survey showed 906,000 new jobs and a decline of 331,000 in the unemployed. The upshot is that the unemployment rate dipped to 4.2 percent, down from 4.4 percent.

Within the unemployment rates there were some interesting moves. Those with less than a high school education saw their unemployment rate rise 0.5 to 6.5 percent, while those with a high school education plummeted 0.8 percentage points to 4.3 percent. Teen unemployment fell 0.7 to 12.9, but volatility in this series is common.

Turning to earnings, average weekly hours were not impacted by the weather – which is unusual – and average hourly earnings rose dramatically. They rose 5.6 percent (annualized) and are up 2.9 percent year over year.

Data junkies here's your fix: the September U-6 (the broadest measure of unemployment) fell to 8.3 percent due to a decline in the base unemployment rate and fewer individuals marginally attached to the labor force.

The bottom line: In the age of Trump everyone wants to be a drama queen and the September report is just that. Unfortunately, the drama sheds little light on the outlook for the labor market.