



U6 Fix

So Far So Good

GORDON GRAY | AUGUST 2, 2019

The economy showed a healthy payroll gain in July of 164,000, somewhat in line with expectations. The service sector saw the bulk of the gains, posting 133,000 jobs gained for the month. Retail lost 3,600, a decline for the seventh straight month. Downward revisions of 41,000 took some of the shine off of previous months' payroll gains.

The unemployment rate held at 3.7 percent, while the labor force participation rate ticked up to 63.0 percent, reflecting an increase in the labor force of 370,000 potential workers. Between June and July, the labor force has gained over 700,000 potential workers and is now positive for the year.

Average hourly earnings were up 8 cents for a 3.2 percent year-over-year gain, while production and non-supervisory workers saw a 4-cent gain for the month, a yearly gain of 3.3 percent.

By educational attainment, unemployment declined by .2 and .3 percentage points for workers with some high school education and high school degrees, respectively, but increased by .2 and .1 percentage points for workers with some college and college degrees, respectively. Unemployment by race was largely unchanged, though unemployment for Asians and Hispanics or Latinos increased 0.7 and 0.2 percentage points, respectively.

Data junkies here's your fix: The July U-6 (the broadest measure of unemployment) declined to 7.0 percent, essentially reflecting a decline in workers employed part time for economic reasons.

The July jobs report showed durable strength in the labor market, but policy and demographic headwinds present real risks going forward.