



U6 Fix

Some Treats and No Real Tricks

GORDON GRAY | NOVEMBER 4, 2022

The October jobs report came in and was perhaps just slightly on the warmer side. Even while the Federal Reserve is leaning on a “restrictive” monetary policy, employment growth continues at a healthy clip. Observers are necessarily looking for cracks in the labor market, and beyond a significant gain in the unemployed population as measured by the household survey, they’ll have to look elsewhere. To be sure, the pace of growth across the major labor indicators reflected in this report has downshifted, but payroll gains and broad-based employment growth suggest the labor market remains strong.

Today, the Bureau of Labor Statistics (BLS) reported that employers added 261,000 to their payrolls in October, with 233,000 joining the private sector. Government payrolls were also up by 28,000. In the private sector, no major industry saw a decline in employment. Goods-producing industries added 33,000 employees, largely from a 32,000 increase in manufacturing employment. The service sector gained 200,000 workers. The education and health services industry led the gains with 79,000 new workers, followed by a 39,000 gain in professional and business services. Employment gains in August and September were revised up by a combined 29,000 workers. As of this print, the labor market has recovered 804,000 more jobs than the 22 million jobs lost in March and April of 2020.

BLS reported that the unemployment rate in October was 3.7 percent, which was last seen in August. Prior to that, 3.7 percent is the highest unemployment rate since February of 2022. The labor force lost 22,000 workers, and the participation rate declined to 62.2 percent. The labor force is 84,000 Americans short of the level observed in February of 2020, while the labor force participation rate stands at 0.9 percentage points below the average that prevailed for the year prior to February 2020. If the labor force participation rate was at a similar level, the current labor force would be 2.3 million workers stronger.

The unemployment rate rose for all races and education levels. By race, it rose most for Asians and Hispanics by 0.4 points. Whites and Blacks both saw a 0.1-point increase. By education, it rose most for those with less than a high school diploma by 0.7 points. For high school graduates, it rose by 0.2 points. For both those with some college or associate degree and those with a bachelor’s degree or higher, it rose by 0.1 points.

Average hourly earnings increased by 12 cents, reflecting a 4.7 percent yearly gain and slight acceleration in the monthly rate of change to 0.4 percent. Average hourly earnings for production and non-supervisory workers increased by 9 cents for a 5.5 percent gain over the year.

Data junkies, here’s your fix: The October U-6 (the broadest measure of unemployment) ticked up to 6.8 percent, largely driven by the increase in the regular unemployment rate.