



U6 Fix

Something of a Turkey

GORDON GRAY | DECEMBER 4, 2020

The headline payroll gain of 245,000 underscores the fragility in the labor market heading into the holidays. While vaccines may offer a sunnier season in 2021, the labor market faces substantial risks until then.

Payrolls in November gained 245,000 jobs. Private sector payrolls gained 344,000 jobs, with the service sector picking up 289,000 jobs. The leisure and hospitality industry gained 31,000 jobs. Retail trade, however, shed over 34,000 jobs. Government payrolls declined by 99,000, largely because of a 93,000 decline in federal workers due to the end of census-related work. Since May, the labor market has recovered 56 percent of the 22 million net employment loss in March and April.

The unemployment rate fell to 6.7 percent, while the labor force lost 400,000 workers, leaving the labor force participation rate at 61.5 percent. Just over half of the 8 million workers who left the labor force between February and April have rejoined the labor market, but the labor force participation rate remains 1.6 percentage points below the average that prevailed for the year prior to February.

By education level, the unemployment rate for those with a bachelor's degree or higher was unchanged, but it dropped for all others. Those with less than a high school diploma saw their rate drop the most, by 0.8 percentage point, while the rate for high school graduates dropped by 0.4 and the rate for those with some college or an associate degree dropped by 0.2. For all races, however, the unemployment rate decreased. Unemployment dropped by 0.1, 0.4, and 0.5 percentage point for Whites, Hispanics, and African Americans, respectively. Unemployment decreased the most for Asians, dropping by 0.9 percentage point.

Average hourly earnings gained by 9 cents, reflecting a 4.75 percent yearly gain. Average hourly earnings for production and non-supervisory workers increased 7 cents for a 4.45 percent gain over the year.

Data junkies here's your fix: The November U-6 (the broadest measure of unemployment) decreased 0.1 percentage points to 12.0 percent, largely driven by a decline in the U-3, partially offset by a slight increase in the share of discouraged workers.