U6 Fix

The October Rebound

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THE OCTOBER REBOUND

A rebound in October from the storm-damaged September jobs report was inevitable. The only issue was how high the jobs number would fly. Similarly, the September data on labor force and wages was deeply affected by the mix of individuals hit by the hurricanes.

Now to the data. The topline job growth was 261,000, bringing the average over the past three months to roughly 160,000. That's a reasonable number given that we are near full employment. There was a sharp rise in leisure and hospitality employment – 106,000 – that offsets the September decline of 102,000.

The unemployment rate was 4.1 percent, down because the labor force fell 765,000 and the labor force participation rate fell 0.4 percentage points to 62.7. (The latter two moves simply offset the September anomalies.) The household report also shows a decline of 484,000 in employment. Again, more noise.

Within the unemployment rates there were some interesting moves. Those with less than a high school education saw their unemployment rate fall 0.8 after a rise of 0.5 last month. Teen unemployment rose 0.8 to 13.7 – more weather-related volatility.

A troubling result was that average hourly earnings fell by $0.01. This is affected by the fact that low-wage workers were more likely to be missing last month, reducing the month-to-month growth. Still, they are only up 2.4 percent over the past year. With average weekly hours flat, earnings growth is still an issue.

Data junkies here's your fix: the October U-6 (the broadest measure of unemployment) fell to 7.9 percent – the best since December 2006 – due to a decline in the base unemployment rate and fewer individuals working part time for economic reasons.

The bottom line: The reports for September and October are filled with hurricane-related turmoil in the data. But the average appears to be "more of the same." Jobs continue to increase, but wages continue to lag