



U6 Fix

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Today's employment report from the Bureau of Labor Statistics (BLS) is reflective of the trend of deceleration in the labor market, which has been broadly observable for some time. The employment gains appear to be settling into perhaps a more sustainable growth trajectory, with recent downward revisions somewhat tempering the recent statistical past. That earnings growth continues to surge, and was revised upward still, is likely more than enough reason for this Fed to un-pause.

The BLS estimates that employers added 209,000 workers to their payrolls in June, which is the lowest monthly change since December of 2020. The private sector added 149,000 workers to their rolls last month, while government employment gained 60,000. Goods-producing industries added 29,000 new workers. The construction industry again saw the largest gains, with 23,000 new workers, while manufacturing employment added 7,000 new workers in June. The manufacturing increase was driven by a larger gain in durable manufacturing employment (15,000) than the loss in nondurable manufacturing employment of 8,000. The service sector gained 120,000 workers, with the private education and health services industry leading the gains with 73,000 new workers added in June. Professional and business services added 21,000 and the leisure and hospitality sector added 21,000. Notably, several service industries saw net declines in employment in June. Specifically, retail trade, transportation and warehousing, and utilities lost workers last month. Employment gains in April and May were revised downwards by 110,000.

BLS reported that the unemployment rate in June declined to 3.6 percent. The labor force participation rate was 62.6 percent for the 4th straight month, reflecting a 133,000 increase in the labor force in June. The household survey and the payroll survey have returned to some coherence, with the household survey marking a modest decline in unemployed workers of 140,000 and an increase in the number of employed workers of 240,000.

Data junkies, here's your fix: The June U-6 (the broadest measure of unemployment) ticked up to 6.9 percent largely due to an increase in those working part time for economic reasons.