

U.S. Data Review

- The labor market: soft payrolls; other elements favorable

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Labor Market in August

Nonfarm payrolls rose only 130,000 in August, shy of the expected increase of 160,000. Moreover, the hiring of temporary workers for the 2020 census boosted the figure by 25,000, and results in the prior two months were revised lower by a combined total of 20,000. All told, soft results for payroll employment.

The breakdown of employment by industry did not show unusual movements that might be viewed as special factors (other than census workers in the federal government). Rather, the slow results reflected several areas posting below-average increases.

While the payroll numbers were disappointing, other aspects of the report were favorable. The unemployment rate held steady at 3.7 percent, but more precise calculation shows a slight decline (3.687 percent versus 3.712 percent in July). In addition, the change was driven by a huge increase in employment as measured by the household survey (590,000) that exceeded a hefty increase in the size of the labor force (571,000). While the headline unemployment rate improved slightly, the broad unemployment rate moved 0.2 percentage point higher to 7.2 percent. Both involuntary part-time workers and the number of marginally attached workers contributed to the increase in the broad rate.

Average hourly earnings rose 0.4 percent in August (0.393 percent), one of the firmer increases of the past few years. The change left the year-over-year increase at 3.2 percent, shy of the cyclical peak of 3.4 percent in February but still favorable.

The length of the average workweek rebounded from a low-side reading in July and returned to the range in place throughout last year and the previous months of this year. The dip in hours in July raised the possibility that businesses might be slowing production, but the new figure suggests that it was a random move. We were especially encouraged by the length of the workweek in manufacturing, which rose 0.2 hour to 40.6 hours. Many observers have expressed concern about a slowdown in the factory sector, but the jump in the workweek, along with a modest increase in manufacturing employment (up 3,000), does not point to retreat.

Employment Report

	Nonfarm Payrolls* (Chg., Thousands)	Private-Sector Payrolls (Chg., Thousands)	Unemp. Rate (Percent)	Broad Unemp. Rate (Percent)	Household Emp. (Chg., Thousands)	Labor Force (Chg., Thousands)	Emp.- Population Ratio (P ct.)	Median Duration of Unemp. (Weeks)	Part-Time Econ. Reasons (Thou.)	Avg. Hourly Earnings % Chg.	Avg. Workweek (Hours)
Annual Average											
2017	179	172	4.4	8.5	149	71	60.1	10.1	5,254	0.2	34.4
2018	223	215	3.9	7.7	240	217	60.4	9.3	4,780	0.3	34.5
2019	158	145	3.7	7.3	117	85	60.7	9.2	4,460	0.3	34.4
Qtrly. Average											
18-Q4	233	236	3.8	7.6	292	395	60.6	9.2	4,689	0.3	34.5
19-Q1	174	165	3.9	7.6	-66	-93	60.7	9.3	4,652	0.2	34.5
19-Q2	152	146	3.6	7.2	86	7	60.6	9.4	4,452	0.2	34.4
2019 Monthly											
Jan.	312	297	4.0	8.1	-251	-11	60.7	8.9	5,147	0.1	34.5
Feb.	56	46	3.8	7.3	255	-45	60.7	9.3	4,310	0.4	34.4
Mar.	153	153	3.8	7.3	-201	-224	60.6	9.6	4,499	0.2	34.5
Apr.	216	195	3.6	7.3	-103	-490	60.6	9.4	4,654	0.1	34.4
May	62	81	3.6	7.1	113	176	60.6	9.1	4,355	0.3	34.4
June	178	(193)	3.7	7.2	247	335	60.6	9.6	4,347	0.3	34.4
July	159	(164)	3.7	7.0	283	370	60.7	8.9	3,984	0.3	34.3
August	130	96	3.7	7.2	590	571	60.9	8.9	4,381	0.4	34.4

* Preliminary readings on nonfarm payrolls are shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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