

Research Note

V1N10

East Boston Economics

July 7, 2017

U.S. Employment Situation June 2017

U-Rate: 4.4%; Jobs: +220,000

OVERVIEW

- The unemployment rate rose to **4.4 percent in June** while payrolls expanded by **222,000**, [according to the Bureau of Labor Statistics](#).
- The **Labor Force Participation (LFP)** rate rose by 0.1 percentage point to 62.8 percent for June. The **employment-population ratio** was little changed at 60.1 percent.
- Health care added 37,000 jobs and social assistance added 23,000 jobs.
- Employment in the other major sectors—**construction, manufacturing, wholesale trade, retail trade, transportation and warehousing, information and government**—were unchanged.
- Employment in the financial activities sector rose by 17,000 in June after stalling in May.
- In June, **average hourly earnings** for all employees increased by 4 cents to \$26.25, representing a 2.5 percent year over year increase.
- In June, employment in the **professional services sector** rose by 35,000.
- The April employment situation report was revised up from 174,000 to 207,000 and the change from May was also revised up from the 138,000 to 152,000. The two-month revisions accounted for 47,000 jobs that were previously not identified.
- The **average workweek for all employees** rose by 0.1 hour to 34.5 hours.

ANALYSIS

The payroll employment report highlighting 220,000 new jobs exceeded the [Wall Street consensus](#) of 170,000 jobs. The new number arrived as a pleasant surprise. [According to an ADP report earlier this week](#), private sector employment increased by 158,000 jobs from May to June. According to the BLS, employment growth has averaged 180,000 per month thus far this year — slightly below the 2016 average monthly gain of 187,000. The positive news in today's report underscores that since January, the unemployment rate and the number of unemployed are down by 0.4 percentage point and 658,000. The rolling three-month average with the new revisions indicate job gains of 194,000 a month. However, [the LFP rate](#) continues to plague the jobs recovery; it has changed little from 62.8 percent and shows "no clear trend over the past year." The number of persons employed part-time (but who would like more hours), was little changed at 5.3 million. In June, 1.6 million persons were marginally attached to the labor force, down by 197,000. The BLS estimates that 1.1 million persons marginally attached remain out of the workforce for reasons such as family responsibilities and school attendance. Teen-age unemployment has trimmed down from 15.9 percent last June to 13.3 percent in June 2017. Relative to the growth in jobs, wage gains remain weak. The report "is another illustration that the real economy is in good health," said [Paul Ashworth, chief U.S. economist at Capital Economics](#). "The only disappointment is that wage growth still shows few signs of accelerating."

