

Research Note

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U.S. Employment Situation June 2018

U-Rate: 4.0%; Jobs: +213,000

OVERVIEW

- The unemployment rate rose to **4.0 percent in June with payrolls expanding by 213,000 jobs**, [according to the Bureau of Labor Statistics](#).
- The **Labor Force Participation (LFP)** edged up by 0.2 percentage point to 62.9 percent. The **employment-population ratio** was unchanged in June at 60.4 percent and has remained flat since February. The number of unemployed for the month of June was 6.6 million. One year ago, that number was 7.0 million.
- In June employment grew in the **manufacturing, health care, construction and mining sectors**.
- **Manufacturing added 36,000 jobs** with durable goods manufacturing accounting for most of the increase.
- **Professional and business services** added 50,000 jobs. This sector has added 521,000 jobs over the past year. **Retail** lost 22,000 jobs in June offsetting May's gain of 25,000 jobs.
- Employment in the other major sectors—**wholesale trade, transportation and warehousing, information, financial activities, leisure and hospitality and government**—changed little over the month.
- The **average duration of unemployment** declined over the past year from 24.9 to 21.2 weeks.

ANALYSIS

The U.S. economy added 213,000 jobs beating economists' expectations in the range of [200,000](#) and [195,000](#) jobs. The report looks even better when considering the revisions. April's report was revised upward to 175,000 jobs from the previously reported 159,000 and May's report was revised upward to 244,000 from 223,000. The BLS reported that after these revisions, job gains have averaged 211,000 per month over the last three months. The private sector created 202,000 new jobs, a figure higher than [this week's ADP report](#) for the same month (+177,000). The unemployment rate rose to 4.0 percent from 3.8 percent but remains lower than 12 month ago (4.3 percent). The increase may be attributable to the 0.2 percentage point increase in labor force participation over the past month. Over the past year the manufacturing sector has added 285,000 jobs, an impressive number that will be tested as trade disputes intensify with new tariffs on foreign goods. Average hourly earnings for all employees rose by five cents to \$26.98, representing a gain of 2.7 percent over the past year. The average work week remained at 34.5 hours. The number of long-term unemployment increased by 289,000 to 1.5 million. These individuals who have been unemployed for more than 27 weeks account for 23 percent of all unemployed. The percent distribution of this group has increased over the past five months suggesting the hardships of returning to work after long periods of unemployment.

