

# Research Note

V4 N1

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## U.S. Employment Situation August 2018

**U-Rate: 3.9%; Jobs: +201,000**

### OVERVIEW

- The unemployment rate remained **3.9 percent in August with payrolls expanding by 201,000 jobs**, [according to the Bureau of Labor Statistics](#).
- The **Labor Force Participation (LFP)** declined to 62.7 percent. The **Employment-population ratio** also declined in August by 0.2 to 60.3 percent. The number of unemployed for the month was 6.2 million, little changed from July.
- Among the major groups, the unemployment rate for adult men was 3.5 and 3.6 percent, respectively. Among minority groups, unemployment was 6.3 percent (Blacks), 3.0 percent (Asians) and 4.7 percent (Hispanics).
- In August, employment grew in the **Wholesale trade, Health care, Professional services, Transportation and warehousing, and Mining**.
- **Professional and business services** added 53,000 jobs.
- **Wholesale trade** added 22,000 jobs while **Health care added 33,000**. Wholesale trade benefited from the growth in the durable goods wholesale subsector while health care benefited from gains in the ambulatory and hospital subsectors.
- **Manufacturing** changed little in August.
- Month over month, employment in the other major sectors—**Retail trade, Financial activities, Leisure and hospitality**—changed little.
- Over the year, average hourly earnings have increased by 77 cents or 2.9 percent. In August the average hourly private nonfarm wage rang in at \$27.16.
- The average workweek for all employees was unchanged at 34.5 hours.
- The number of persons employed part-time for economic reasons changed little over the month but was down by 830,000 over the year.

### ANALYSIS

Job growth continued into August with 201,000 payroll jobs added. The consensus estimate centered around 191,000, [according to CNBC](#). Employment growth in August fell in line with the average monthly growth of 196,000 for the past 12 months. The BLS reported that 204,000 private sector jobs were created during the month. Earlier in the week, [ADP reported an increase of 163,000 nonfarm private sector jobs](#) for August. Hindsight took some—but not much—enthusiasm out of previous two monthly payrolls reports. The BLS revised the payroll number for June 2018 to 208,000 from 248,000 and did the same for July 2018—revising that month’s number to 147,000 from the 157,000 previously reported. Examining five years of August data, [economists expect the month’s numbers to be revised upward](#). The new numbers show the three-month average showed up at the rate of 185,000 jobs. The number of long-term unemployed (for more than 27 weeks or more) was little changed in August. although over the past year the number had declined by 403,000. This group accounted for 21.5 percent of U.S. unemployment. The energy sector, after a near two-year slump, generated 104,000 jobs “almost entirely in support activity for mining.” Manufacturing is at a sweet spot. While employment changed little in this sector, employment was up by 254,000 with more than three-fourths coming the durable goods segment. The latest jobs and wages reports provide little ammunition for doves at the Federal Reserve Bank. There are fewer reasons to keep interest rates low. The Fed wanted to see growth in wages before hiking and it is clear wages are moving in the right direction. Business confidence is up and supported by consumer optimism. “Today’s strong economy is finally translating into wage gains for more workers,” [Andrew Chamberlain, chief economist of the labor-market research firm Glassdoor told MarketWatch this morning](#).



Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

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