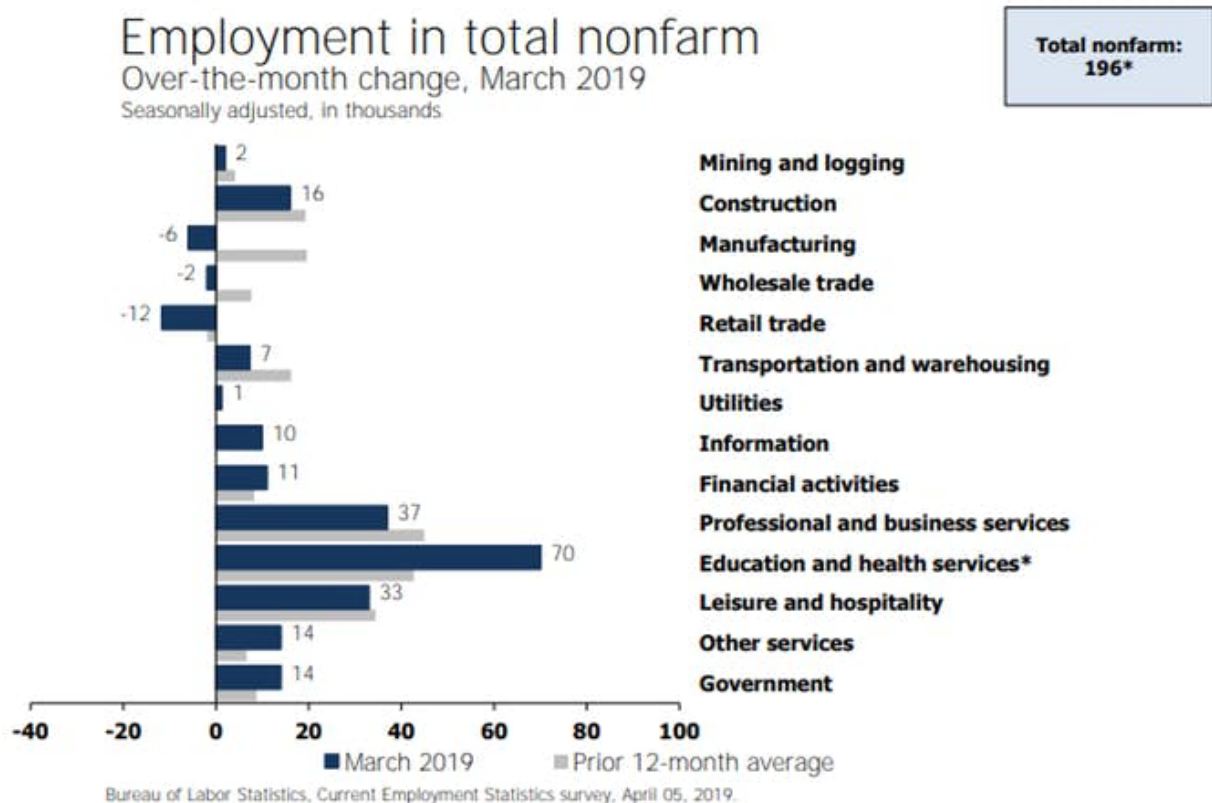


The wild ride in job reports continues, this time to the upside with the unemployment unchanged but employment down.

?Initial Reaction

In January, the BLS reported the population supposedly shrunk by 649,000. Last month the jobs only rose by 20,000. This month the BLS says job gains were 196,000. But the BLS also says employment fell by 201,000. The wild fluctuations continue.



Job Revisions

The change in total nonfarm payroll employment for January was revised up from +311,000 to +312,000, and the change for February was revised up from +20,000 to +33,000. With these revisions, employment gains in January and February combined were 14,000 more than previously reported. After revisions, job gains have averaged 180,000 per month over the last 3 months.

BLS Jobs Statistics at a Glance

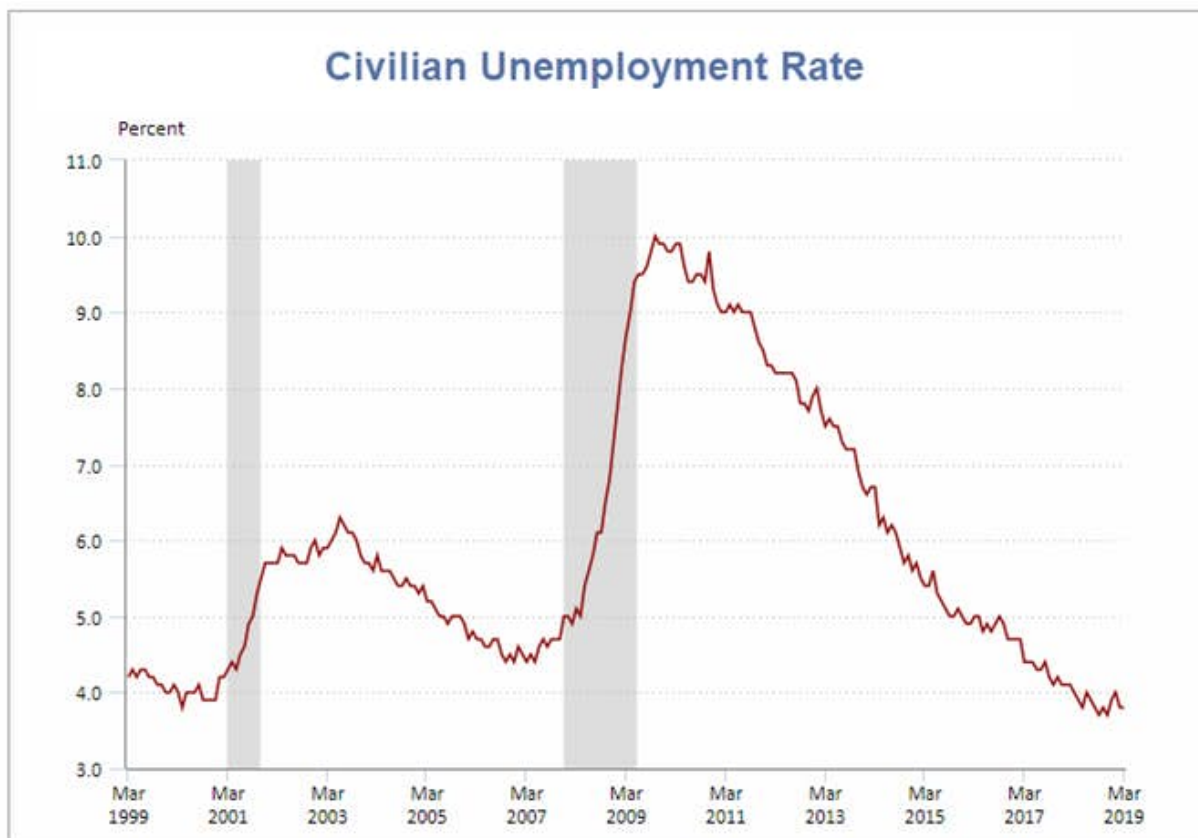
- Nonfarm Payroll: +196,000 ? Establishment Survey
- Employment: -201,000 ? Household Survey
- Unemployment: -24,000 ? Household Survey
- Involuntary Part-Time Work: +189,000 ? Household Survey
- Voluntary Part-Time Work: +144,000 ? Household Survey
- Baseline Unemployment Rate: Unchanged at 3.8% ? Household Survey

- U-6 unemployment: Unchanged at 7.3% ? Household Survey
- Civilian Non-institutional Population: +145,000
- Civilian Labor Force: -224,000 ? Household Survey
- Not in Labor Force: +369,000 ? Household Survey
- Participation Rate: -0.2 to 63.0? Household Survey

Employment Report Statement

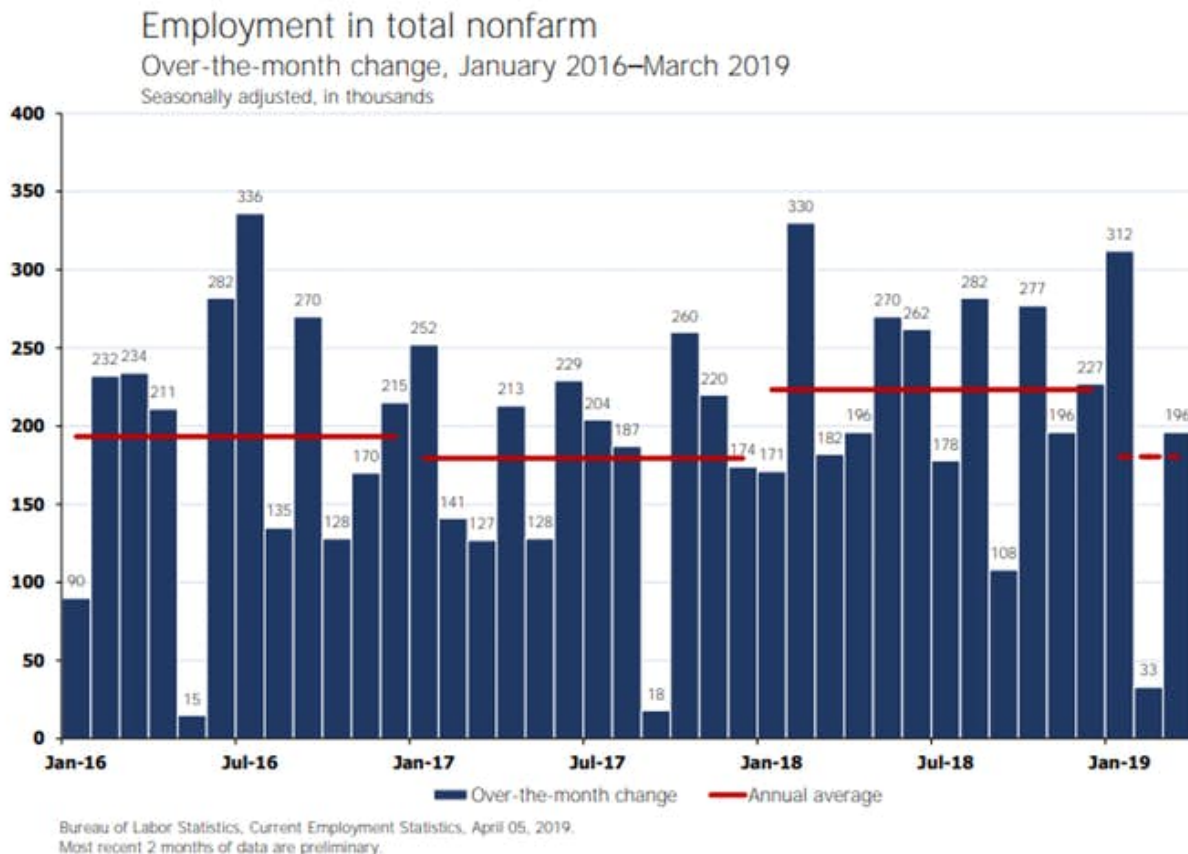
Total nonfarm payroll employment increased by 196,000 in March, and the unemployment rate was unchanged at 3.8 percent, the U.S. Bureau of Labor Statistics reported today. Notable job gains occurred in health care and in professional and technical services.

Unemployment Rate ? Seasonally Adjusted



The above [Unemployment Rate Chart](#) is from the BLS. Click on the link for an interactive chart.

Nonfarm Employment Change from Previous Month?



Hours and Wages

Average weekly hours of all private employees was flat at 34.4 hours. Average weekly hours of all private service-providing employees was flat at 33.3 hours. Average weekly hours of manufacturers was flat at 40.7 hours.

Average Hourly Earnings of All Nonfarm Workers rose \$0.4 to \$27.70. That a 0.14% gain. Average hourly earnings of private service-providing employees rose \$0.05 to \$27.47, a gain of 0.18%. Average hourly earnings of manufacturers fell \$0.05 to \$27.38, a loss of 0.18%.

Average hourly earnings of Production and Supervisory Workers rose \$0.06 to \$23.24. That's a 0.26% gain. Average hourly earnings of private service-providing employees rose \$0.06 to \$22.98, a gain of 0.26%. Average hourly earnings of manufacturers rose \$0.02 to \$21.93, a gain of 0.09%

Year-Over-Year Wage Growth

- All Private Nonfarm from \$26.84 to \$27.70, a gain of 3.2%
- All production and supervisory from \$22.49 to \$23.24, a gain of 3.3%.

For a discussion of income distribution, please see [What's Really? Behind Gross Inequalities In Income Distribution?](#)

Birth Death Model

Starting January 2014, I dropped the **Birth/Death Model** charts from this report. For those who follow the numbers, I retain this caution: Do not subtract the reported Birth-Death number from the reported headline number. That approach is statistically invalid. Should anything interesting arise in

the Birth/Death numbers, I will comment further.

Table 15 BLS Alternative Measures of Unemployment

HOUSEHOLD DATA

Table A-15. Alternative measures of labor underutilization

[Percent]

Measure	Not seasonally adjusted			Seasonally adjusted					
	Mar. 2018	Feb. 2019	Mar. 2019	Mar. 2018	Nov. 2018	Dec. 2018	Jan. 2019	Feb. 2019	Mar. 2019
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.5	1.5	1.5	1.4	1.3	1.3	1.3	1.4	1.4
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.1	2.0	1.9	1.9	1.7	1.8	1.9	1.8	1.7
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	4.1	4.1	3.9	4.0	3.7	3.9	4.0	3.8	3.8
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	4.4	4.3	4.2	4.3	4.0	4.1	4.3	4.1	4.1
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force	5.0	4.9	4.7	4.9	4.7	4.8	4.9	4.7	4.6
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force	8.1	7.7	7.5	7.9	7.6	7.6	8.1	7.3	7.3

[Table A-15](#) is where one can find a *better* approximation of what the unemployment rate really is.

Notice I said ?better? approximation not to be confused with ?good? approximation.

The official unemployment rate is 3.8%. However, if you start counting all the people who want a job but gave up, all the people with part-time jobs that want a full-time job, all the people who dropped off the unemployment rolls because their unemployment benefits ran out, etc., you get a closer picture of what the unemployment rate is. That number is in the last row labeled U-6.

U-6 is much higher at 7.3%. Both numbers would be way higher still, were it not for millions dropping out of the labor force over the past few years.

Some of those dropping out of the labor force retired because they wanted to retire. The rest is disability fraud, forced retirement, discouraged workers, and kids moving back home because they cannot find a job.

Strength is Relative

It's important to put the jobs numbers into proper perspective.

1. *In the household survey, if you work as little as 1 hour a week, even selling trinkets on eBay, you are considered employed.*
2. *In the household survey, if you work three part-time jobs, 12 hours each, the BLS considers you a full-time employee.*
3. *In the payroll survey, three part-time jobs count as three jobs. The BLS attempts to factor this in, but they do not weed out duplicate Social Security numbers. The potential for double-counting jobs in the payroll survey is large.*

Household Survey vs. Payroll Survey

The payroll survey (sometimes called the establishment survey) is the headline jobs number, generally released the first Friday of every month. It is based on employer reporting.

The household survey is a phone survey conducted by the BLS. It measures unemployment and many other factors.

If you work one hour, you are employed. If you don't have a job and fail to look for one, you are not considered unemployed, rather, you drop out of the labor force.

Looking for jobs on Monster does not count as "looking for a job". You need an actual interview or send out a resume.

These distortions artificially lower the unemployment rate, artificially boost full-time employment, and artificially increase the payroll jobs report every month.

Final Thoughts

The past several jobs reports have had wild fluctuations. This month repeated the story but in different ways. Last month I commented: "The three month average of jobs is now +186,000 per month but the three month average in employment is only +47,000 per month."

That discrepancy continues. For the last three months, jobs are up an average of 180,000 per month. Employment is up 54,000 per month.

Year-over-year employment went from 155,160 to 156,748. That's an average of 132,000 per month and slowing, if the trend holds.