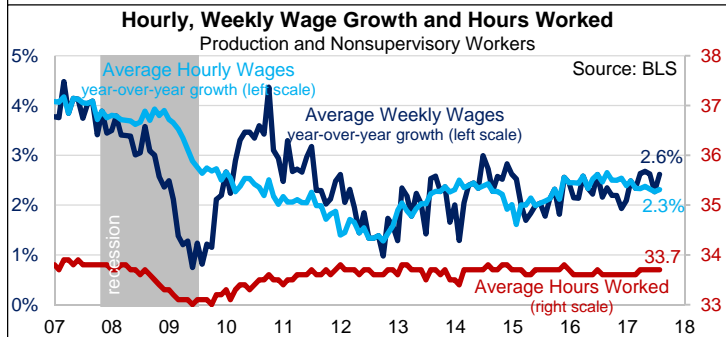
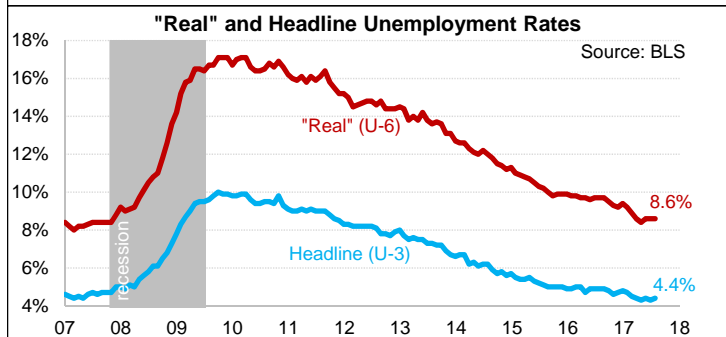
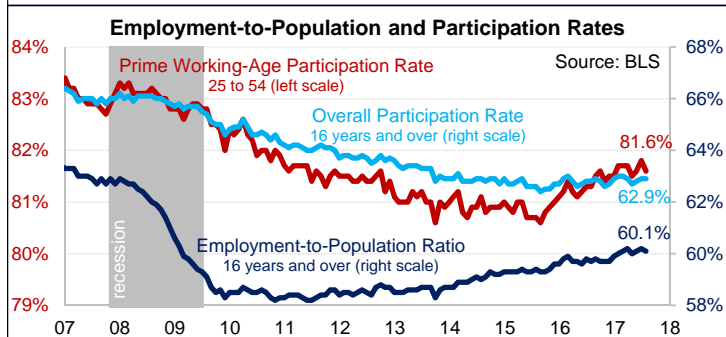
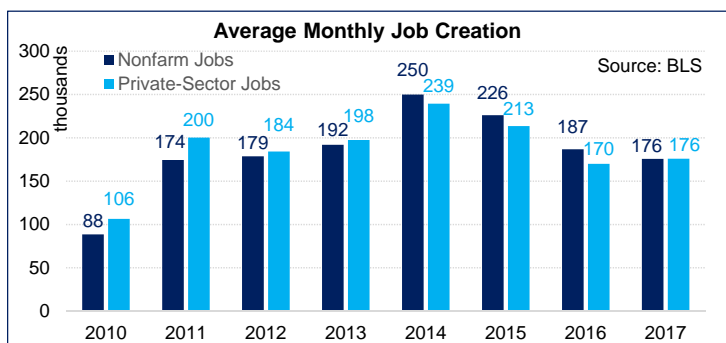


## August 2017 Jobs Review

### Jobs Review Snapshot

- 156,000 nonfarm payroll jobs were added in August, falling slightly short of expectations.
- The headline unemployment rate (U-3) ticked up to 4.4%.
- The employment-to-population ratio ticked down; the overall labor force participation rate was unchanged.



### Details

The [Bureau of Labor Statistics \(BLS\) reports](#) a 156,000 gain in nonfarm payroll jobs, of which 165,000 were in the private sector. The largest private-sector job gains came from professional and business services (+40,000), manufacturing (+36,000), and construction (+28,000). No private-sector industries reported job losses. The government sector lost 9,000 jobs.

The employment-to-population ratio decreased from 60.2% to 60.1%. The overall labor force participation rate (LFPR) was unchanged at 62.9%. The prime working-age (25 to 54) labor force participation rate fell from 81.8% to 81.6%; during the previous business cycle's expansion (December 2001 to November 2007), it averaged 83%.<sup>1</sup>

The headline unemployment rate (U-3), which only counts those who searched for work in the last four weeks as unemployed, ticked up from 4.3% to 4.4%.<sup>2</sup> The "real" unemployment rate (U-6), which counts those in U-3 plus those who searched for work in the past twelve months and those who want full-time work but can only find part-time work for economic reasons, was unchanged at 8.6%.

Average hourly earnings (AHE) and average weekly earnings (AWE) of production and nonsupervisory workers<sup>3</sup> were 2.3% and 2.6% higher than 12 months ago.<sup>4</sup> The faster AWE growth indicates average hours worked increased from twelve months ago. During the previous expansion, AHE/AWE each increased an average of 3% per year, whereas in the current expansion they have increased at an average annual rate of only 2.2% and 2.4%, respectively.

<b>August 2017 Jobs Review</b>	<b>July</b>	<b>July</b>	<b>August</b>	<b>August</b>
Sources: BLS, Bloomberg Econoday	Original	Revised	Forecast	Actual
<i>Establishment Survey</i>				
Nonfarm Payrolls Change.....	209,000	189,000	180,000	<b>156,000</b>
Private Payrolls Change.....	205,000	202,000	180,000	<b>165,000</b>
Average Hourly Earnings: All Employees (Year-over-Year % Chg.).....	2.5%	2.5%	2.6%	<b>2.5%</b>
Average Hourly Earnings: Production and Nonsupervisory Workers.....	2.4%	2.3%	--	<b>2.3%</b>
<i>Household Survey</i>				
Population Growth (16 years and older).....	194,000	--	--	<b>206,000</b>
Change in Labor Force.....	349,000	--	--	<b>77,000</b>
Labor Force Participation Rate.....	62.9%	--	--	<b>62.9%</b>
16 to 64 years of age.....	73.4%	--	--	<b>73.4%</b>
25 to 54 years of age (prime-age).....	81.8%	--	--	<b>81.6%</b>
Change in Number of Employed.....	345,000	--	--	<b>-74,000</b>
Employment-to-Population Ratio.....	60.2%	--	--	<b>60.1%</b>
Change in Number of Unemployed.....	4,000	--	--	<b>151,000</b>
“Headline” Unemployment Rate (U-3).....	4.3%	--	4.3%	<b>4.4%</b>
“Real” Unemployment Rate (U-6).....	8.6%	--	--	<b>8.6%</b>

## Context

At first glance the report might appear somewhat disappointing as 156,000 jobs created fell slightly short of expectations and revisions reduced the number of jobs created in June and July by 41,000. However, the initial estimates of nonfarm payroll jobs in August tend to be weak for seasonal reasons. Between 2010 and 2016, the August jobs number has been subsequently revised upward by an average of 55,000. The downward revisions for June and July were due entirely to the government sector, which registered a net loss of 51,000 jobs, in contrast to a net gain of 10,000 jobs in the private sector. Overall, this was a solid jobs report.

## Noteworthy

Hurricane Harvey did not affect the jobs report as the BLS conducted its survey at least one week prior to it.

Manufacturing and construction ranked number two and three in terms of job creation. Manufacturing added 36,000 jobs, which is four times greater than what forecasters anticipated.

The June jobs number was revised down from 231,000 to 210,000 (final estimate) while July was revised down from 209,000 to 189,000 (second estimate).

The September Employment Situation release is scheduled for Friday, October 6, at 8:30am.

<sup>1</sup> JEC considers the prime working-age LFPR, which measures the ratio of those aged 25 to 54 who are currently employed or have sought work in the past four weeks, a better indicator because demographic factors are affecting the overall LFPR.

<sup>2</sup> The U-3 rate is less meaningful than it used to be because the labor force participation rate has been low since the last recession.

<sup>3</sup> JEC prefers the production and nonsupervisory workers measure of wages as more representative of the average worker. Production and nonsupervisory workers account for over 82% of all private-sector employees. For service-producing industries, this measure excludes supervisors and employees who are also owners. For the goods-producing sector, workers engaged in management, sales, and accounting are excluded.

<sup>4</sup> These measurements consist only of gross wages and salary and do not account for non-monetary benefits and compensation. They are not adjusted for inflation. AWE accounts for the average number of hours worked while AHE does not.