

What Do the New Unemployment Numbers Mean?

By [Washington's Blog](#)

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Region: [USA](#)

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What do the new BLS numbers – [162,000](#) nonfarm jobs added in March – mean?

Barry Ritholtz provides a very useful [summary](#):

Let's break down the highlights into the good and bad:

Negatives

- Average Hourly Earnings of all employees NFP fell by 2 cents, or 0.1%.
- Unemployment rate is unchanged at 9.7% (no improvement this month)
- [U6 Unemployment](#), the broadest measure, rose to 16.9% –that's off of the December 2009 peak of 17.3, but higher than January (16.5%) and February (16.8%) of 2010.
- Long-term unemployed (jobless for 27 weeks+) increased by 414,000 to 6.5 million. (bad)
- 44.1 percent of unemployed persons were jobless for 27 weeks +. (Also very bad)
- Involuntary part-time workers increased to 9.1 million in March. (This remains a stubborn problem area)

Positives

- +162k is the best report since March, 2007.
- Average workweek was up by 0.1 hour to 34.0 hours in March.
- Temp help services added 40,000 jobs in March. That's a cumulative add of 313k since September 2009.
- Census added "only" 48,000 workers — far below the 100-150k consensus. This pushes their hiring out into the rest of the year.
- Civilian Labor Force Participation Rate at 64.9% edged up in March
- Manufacturing continued to trend up (+17,000); Mfr added 45,000 jobs in Q1.
- Revisions: January 2010 data was revised upwards 40k (from -26k to +14k); February was revised up 22k (from -36k to -14k).

Stone-McCarthy [points out](#) that – if we subtract the temporary hiring of census workers, better weather and birth-death model adjustments – we're left with a netloss of 67,000 jobs.

Indeed, Goldman Sachs [attributes](#) the job gain as "due mainly if not entirely to census hiring and weather rebound", finds "little underlying improvement", and says that "productivity gains have diminished sharply".

Mish gives a [detailed analysis](#) on the jobs report, concluding:

The official unemployment rate is 9.7%. However, if you start counting all the people that 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.

It reflects how unemployment feels to the average Joe on the street. U-6 is 16.9%.

Looking ahead, there is no driver for jobs. Moreover, states are in forced cutback mode on account of shrinking revenues and unfunded pension obligations. Shrinking government jobs and benefits at the state and local level is a much needed adjustment. Those cutbacks will weigh on employment and consumer spending for quite some time.

Expect to see structurally high unemployment for years to come.

All things considered, this report looks OK on the surface, and horrendous underneath.

For background, see [this](#).

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