

MRINetwork Analysis of the BLS Employment Situation Report June 2011 Employment

The full report can be seen here: <http://www.bls.gov/news.release/empsit.htm>.

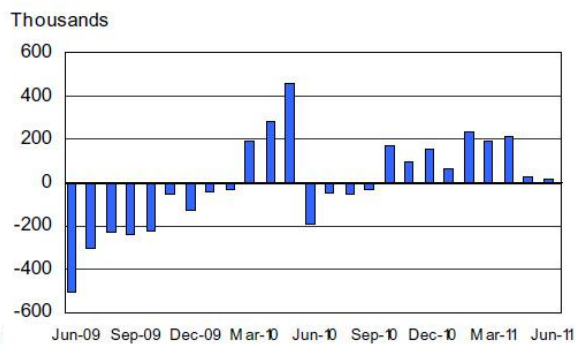
The Labor Department has reported total private sector U.S. employment rose in June by 57,000 positions, while federal, state, and local governments trimmed a total of 39,000 jobs over the same period. The total U.S. unemployment rate rose to 9.2 percent from 9.1 percent in May. Job gains fell far short of expectations, including a 110,000 job gain projection by Bloomberg and a report from payroll provider, ADP, suggesting 157,000 private sector jobs were added in June. While both ADP and the general expectations have been known to be wrong, they also tend to suggest which way revisions to the numbers may go.

The management, professional and related occupation unemployment rate fell on a year-over-year basis from 4.9 to 4.7 percent. Employment among those with a 4-year-degree rose by 87,000 jobs in June, while the unemployment rate for that population fell from 4.5 to 4.4 percent.

Chart 1. Unemployment rate, seasonally adjusted, June 2009 – June 2011



Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, June 2009 – June 2011



As had occurred in May, almost no single sector of the employment market—save for government jobs—saw a monthly change of more than a few thousand jobs, and many sectors changed by only a few hundred. About 90 percent of the total private sector positions created in June occurred in the services providing sector, with leisure and hospitality jobs being responsible for the lion's share of that growth.

While June's numbers are disappointing, it also shouldn't be forgotten that they are seasonally adjusted numbers. Any error in the model or a change in seasonally employment trends could substantially alter their accuracy. In fact, on a non-seasonally adjusted basis, total non-farm employment rose by 376,000 and total private sector employment rose by 840,000 positions as summer employment ramped up.

At the end of the day, the BLS Employment Situation Report is just a temperature check of the job market. It can say where we have been and where we are, but it doesn't try to tell us where things are going or what is causing the movements. Large job gains in April did not beget large gains in May, just as poor gains in June do not necessarily forecast paltry growth in July. The trend does though remain one of growth, slow and steady, but growth. The companies that are emerging from the current period are among the leanest, most efficient organizations ever created.