

## Disconcerting jobs report indicative of floundering US economy

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The jobs report released earlier today--Friday, June 3--casts a gloomy picture of the American economy. First, let's start with the good news, since there is so little: the unemployment rate fell to 4.7 percent.

On the surface, that rate appears indicative of a robust economy, but after digging deeper, it is clear the unemployment rate is artificially low.

The definition of unemployment excludes those not "actively looking" for employment during the month or part-time workers unable to find full-time work. In other words, the statistic can be subject to manipulation and is far from an all-encompassing indicator of economic health.

One statistic not subject to manipulation is the labor force participation rate, which measures the percentage of people employed or actively looking for employment. That is, those with no interest in working or those who gave up looking for work are not included in this statistic. Check out the labor force participation rate since 1990, per the [Bureau of Labor Statistics](#):

This downward trend continued in May 2016, with the participation rate plummeting all the way to a 2016 low of 62.6 percent, a rate approaching a four-decade low. In addition, the number of Americans not in the labor force ballooned to a record 94.7 million.

As if this wasn't disconcerting enough, the American economy added just 38,000 jobs this past month, well short of the 162,000 expected and the 123,000 created in April.

Even more concerning than the raw job creation number is the nature of the jobs created. Jobs were heavily skewed toward part-time positions in lieu of full-time jobs. Moreover, the few jobs that were created were driven almost solely by the infusion of 46,000 jobs into the government-backed health care industry.

Economists are speculating that this inauspicious jobs report will cause the Federal Reserve to continue holding interest rates at artificially low levels in an effort to spur economic growth. The Fed was originally expected to raise interest rates at some point this summer.

Now, after yet another hit to the American economy, that doesn't seem so certain.

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