



August Jobs Report Shows Economy Humming Along Nicely

Laura Rosner, senior economist at Macro Policy Perspectives (known for its ability to “understand how to read the tea leaves of economic and financial developments”), summed up [August’s jobs report](#) from the Bureau of Labor Statistics (BLS) on Friday: “The economy is doing well, but it’s not necessarily taking off. We’re on an even keel. The labor market continues to hum along.”



The growth in jobs was in all the right places, too, with manufacturing jobs hitting a six-year high while mining and construction continued to add jobs as well. At the same time government employment continued to shrink.

Wages are keeping ahead of price inflation, staying above its 30-year average. And new jobs are being filled by formerly discouraged workers, 128,000 of whom came back into the work force in August. Even the *New York Times*, ever on the hunt for anything that might reflect badly on the Trump administration, was forced to admit that “the latest payroll data underscores the striking rebound at American factories.” More than two million factory jobs were lost in the last recession but half of them have come back since 2010.

Sentiment among both business leaders and consumers bodes well for the future which, again according to the *Times*, “has improved markedly since Mr. Trump’s victory in November” adding that “manufacturers have indeed stepped up the pace of hiring this year.”

Data from the BLS “Employment Situation” shows a steady growth in the economy, with unemployment rates essentially unchanged at around 4.4 percent since April. And the 156,000 new jobs added in August are more than enough to soak up those seeking work as the population grows. Specifically, manufacturing employment rose by 36,000 jobs in August, while construction increased by 28,000 and employment in professional and technical services (i.e., computer systems design) increased by 22,000. Not surprisingly, retail trade, food services and drinking establishment employment eased as the summer wore on.

Wage growth continues at a 2.5 percent annual rate compared to the price inflation rate as calculated by the Commerce Department at just 1.4 percent in July compared to a year earlier.

Altogether then, factory activity hit its highest level in six years in August, which coincided with improvement in manufacturing and construction hiring. Business investment also improved and the University of Michigan’s widely watched gauge of consumer sentiment rose in August from July, trending close to its highest levels since 2000.

The BLS jobs report didn’t include any impact from Hurricane Harvey, as all data had been collected before that storm hit Texas and Louisiana. But experts are suggesting that spikes in the price of gasoline will be short-lived and have little measurable impact on the numbers coming out for



Written by [Bob Adelman](#) on September 2, 2017

September. In addition, the August numbers from the BLS are typically revised upward in the month following their release.

It's a Goldilocks economy at present: not too hot, not too cold, just about right.

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