Odd Jobs

5-15-15

Stockman extricated some interesting job facts from the latest BLS report. Outside of Health, Education and Social Services there has only been a 2% growth in full time jobs the last 15 years. That comes to an average of 14,000 new jobs per month. In the HES categories there has been 32% growth. Meaning – only a small part of the big jobs numbers come from the core production section of the economy – like manufacturing, construction, etc. And we still have 2 million fewer full time jobs than we had in December 2009.

According to the BLS there are 156 million workers in separate payroll accounts. It takes 91 million at the low end of the scale to earn the same as 4 million at the top. The lowest 23 million of the 91 million earn less than $5,000. Since the monthly jobs report (the Establishment Survey) just counts jobs – not one job, one worker – it's clear that many low paid workers have multiple jobs, thus, 223,000 jobs certainly does not mean 223,000 newly hired workers. The BLS can easily make adjustments to derive a more accurate figures – like one job per 40 hours of work per week while maintaining its other categories. But that would undermine their efforts to make the rosiest picture possible.

The markets had low volume all week. It's best day was Thursday, supposedly because the unemployment filings were 264,000, the lowest in 15 years. It's rarely been noted that with many more temp and part time jobs, many of them will not qualify for unemployment compensation. Eligibility varies from state to state but usually is calculated from the last 4 of the final 5 quarters. Workers must work over a number of quarters and earn a certain amount of pay. As indicated above, a large number of W-2 totals will be too low to qualify. Part time work is not only an employer choice but often a necessity for many when Obamacare was enacted. Many workers reduced their hours to qualify for subsidies. In addition, there has been a vast increase in independent contractors – 1 million increase from 2005 – 2011. Employers love to skirt paying anything but wages, and people desperate for work often must take any sort of paying job. They don't qualify for unemployment compensation. Given that the supposedly strong jobs reports aren't showing any signs of producing what authentic reports would bring – higher wages because of stronger demand, more workers entering the labor force – it's safe to say that the jobs numbers are as fictitious as the recovery.

What really stimulated the market on Thursday was bad news. The Producer Price Index fell 0.4%. Experts expected a small rise. A move down from the planned 2% inflation rate – not to mention the fear of deflation – means continuation of zero interest rate. The Dow and S&P set new records.

More signs that the economy is in a determined slide. Retail sales slowed year to year to 0.9%. Over the last 5 years there have been 35 revisions downward and 19 upward in retail sales figures. Meaning – what is reported ends up on average to be 20% lower. Might be the appropriate figure to apply to all government cheer leading reports.

On Friday came the most significant bad news of the week. Manufacturing production fell for the fifth month in a row. Since December 2007 it's averaged 0.33% growth per year. The same period following 2000 it was 1.7%. After 1990 it was 4.67%. It's not only a sign of stagnation in the real economy but, besides slack demand for products, it's also caused by a new phenomenon – the longest period of Fed pumping of equities and other financials has opened up easier ways for real economy industry to generate profits than actually making a product to sell. The bad news had little effect on the markets – in fact, the S&P 500 set a new record.

Greece made it's $750 million payment to the IMF by shelling out $100 million of its own money and the emergency fund it maintained with the IMF. That will have to be replenished within a month. The IMF emergency fund was for an emergency – but that doesn't include paying back IMF debts with an IMF loan. The IMF says it wants no part in any future loans to Greece. The defacto default satisfied the markets – they were more worried about dropping bond prices and rising yields.

http://www.unrealeconomy.org