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*August 7, 2009*

The markets are reacting enthusiastically to today's jobs and unemployment data. I'm not sure why. Dan discussed the jobs data and the problems with seasonal adjustment in the previous post.

There is also a problem in the unemployment data.

It may have occurred to you that it is a bit strange to lose hundreds of thousands of jobs and lower the unemployment rate at the same time. It is a bit strange.

The problem is discouraged workers. These are people who have given up on finding a job. They may have retired, gone back to school, or just stayed home. Whatever they do, they are not working, and they are not looking for a job. So, the government doesn't count them as part of the labor force, and unemployment falls while we lose hundreds of thousands of jobs. You gotta love statistics.

So, why the optimism? Beats me.