

THE WALL STREET JOURNAL.

10 CHARTS ON JOBS, WAGES, PRESIDENTIAL STANDING – AND MIDTERM ELECTIONS

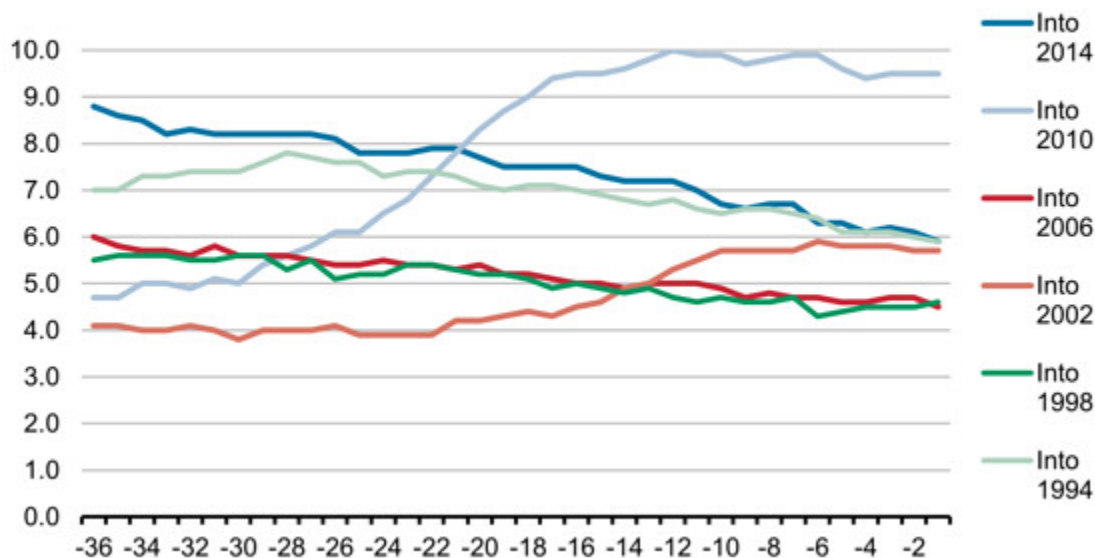
By Josh Zumbrun and Damian Paletta
October 6, 2014

The strong September jobs report offered a final economic snapshot of the labor market for voters heading into the November midterm elections. The economy has improved, but a complicated dynamic exists, with tepid to non-existent wage growth and an uneven labor market based on education and race. Even while the economy improves, President Barack Obama's approval rating has weakened.

Which will matter more in November? Here are 10 charts that shed some historical light on the question.

Unemployment Rate into Midterms

National unemployment rate in the 36 months heading up to midterm elections

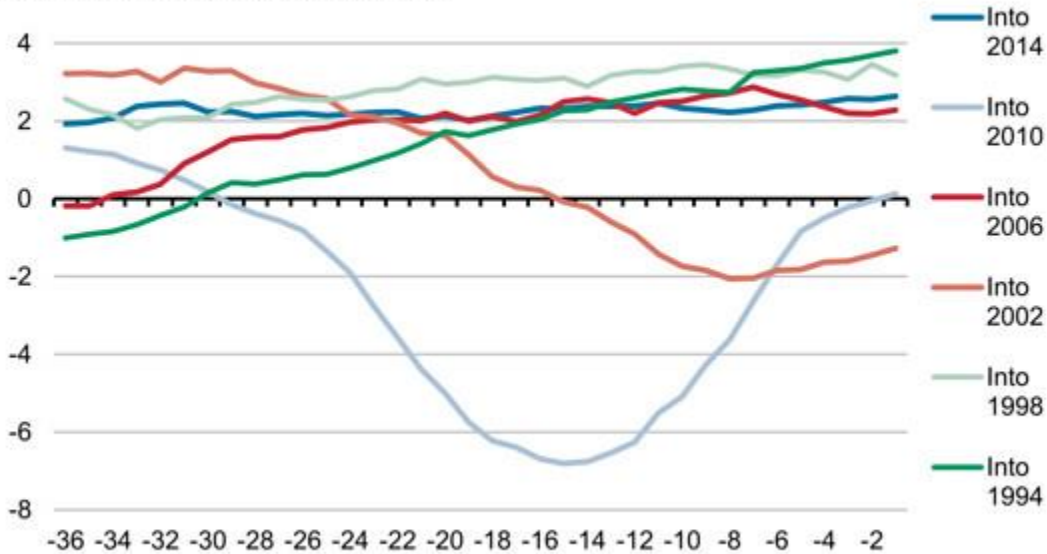


Source: Department of Labor | WSJ.com

For President Obama, the steep ascent of the unemployment rate heading into the 2010 midterms made it tough for Democrats to call for patience while the economy healed. But the economy in the past three years has been on a much rosier trajectory.

Job Gains into Midterms

Year over year change in total nonfarm payroll jobs (in millions) in the 36 months leading up to midterm Congressional elections

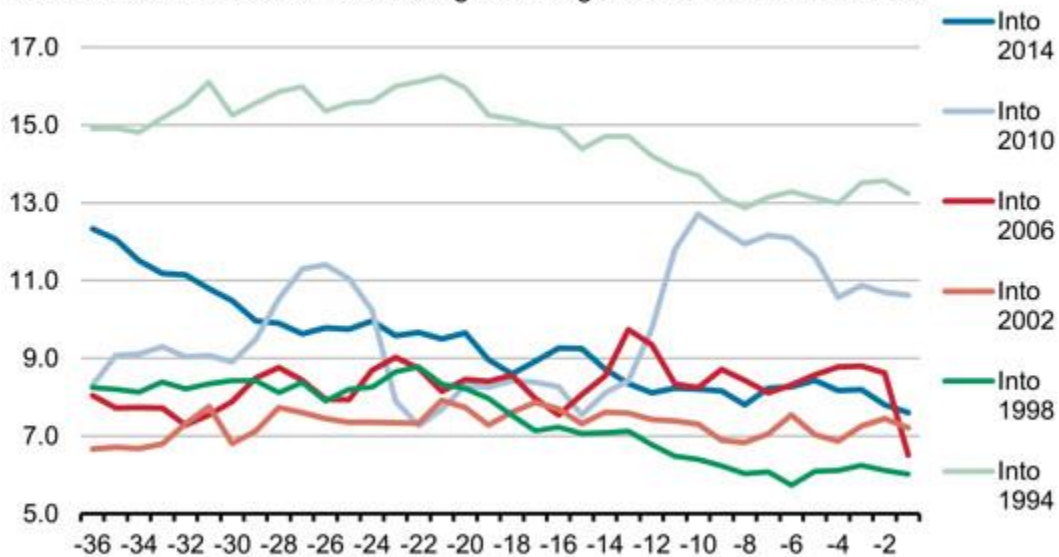


Source: Department of Labor | WSJ.com

So are these trends great predictors? Mr. Obama is in good company heading into November, with perhaps the most consistent level of job growth in at least two decades. But that doesn't always translate into success for the president's party. Job gains leading into the 1994 midterms started slowly and built up steam, but Democrats were shellacked in November. Meanwhile, the labor market performed relatively poorly in 2002, but Republicans managed to pick up seats.

Misery Index into Midterms

The Misery Index is the national unemployment rate plus the annual inflation rate, charted here in the 36 months leading into Congressional midterm elections

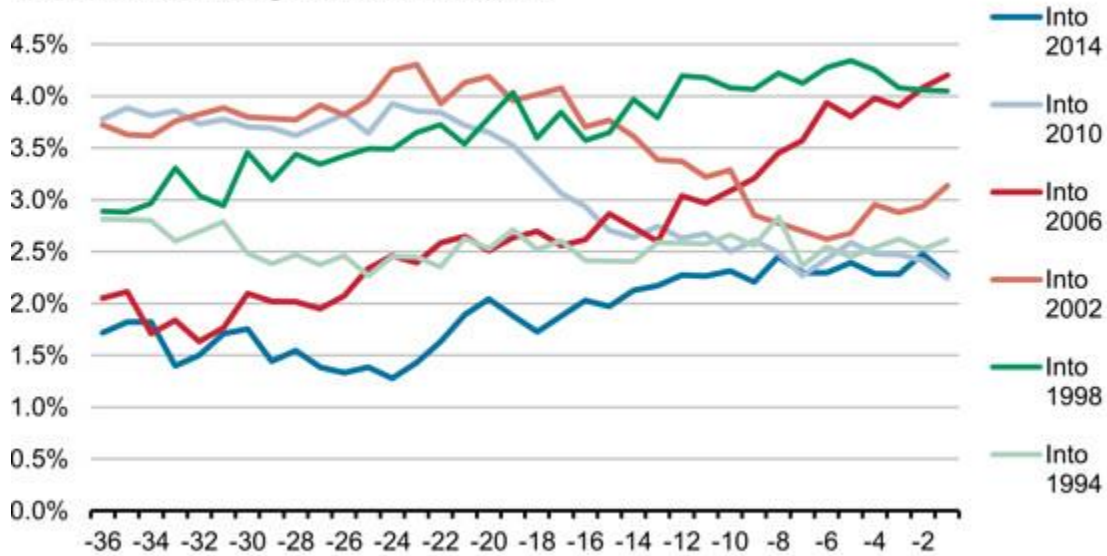


Source: Department of Labor | WSJ.com

The “Misery Index” suggests the White House and Democrats are in somewhat safer territory. The big wave elections of 1994 and 2010, when the GOP picked up dozens of seats, saw a Misery Index that was much higher than today’s rate.

Wage Gains into Midterms

Year-over-year change in hourly earnings of production and nonsupervisory employees in 36 months heading into midterm elections

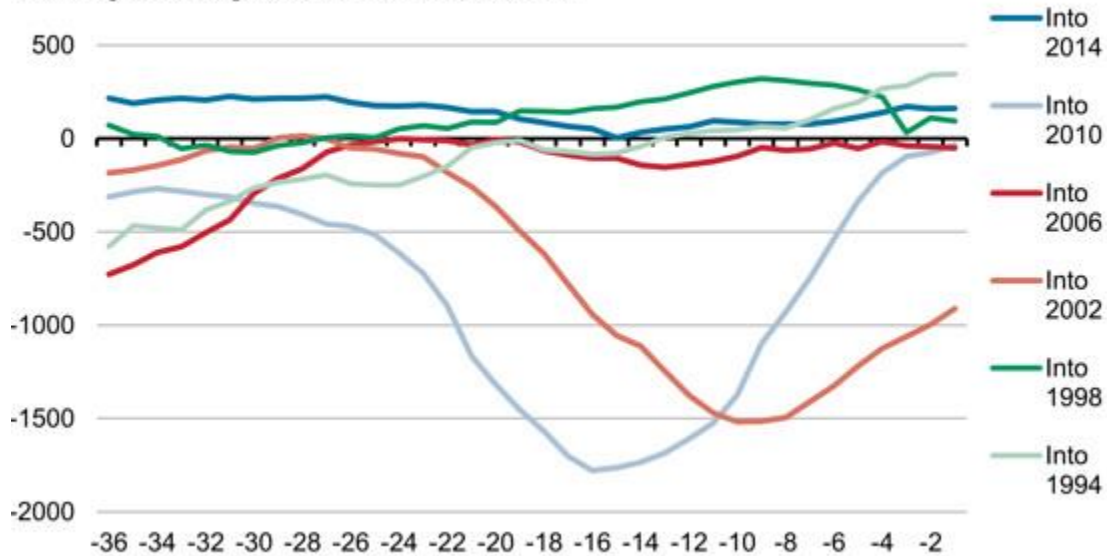


Source: Department of Labor | WSJ.com

Wages are the weakest part of the current economic recovery, as is evident by this chart. Virtually every midterm election since 1994 has seen better wage gains than what many Americans are currently experiencing. Weak wage growth can weigh on voters – and on a president’s approval ratings.

Manufacturing Jobs into Midterms

Year over year change in employment in manufacturing (in thousands) in 36 months heading into Congressional midterm elections

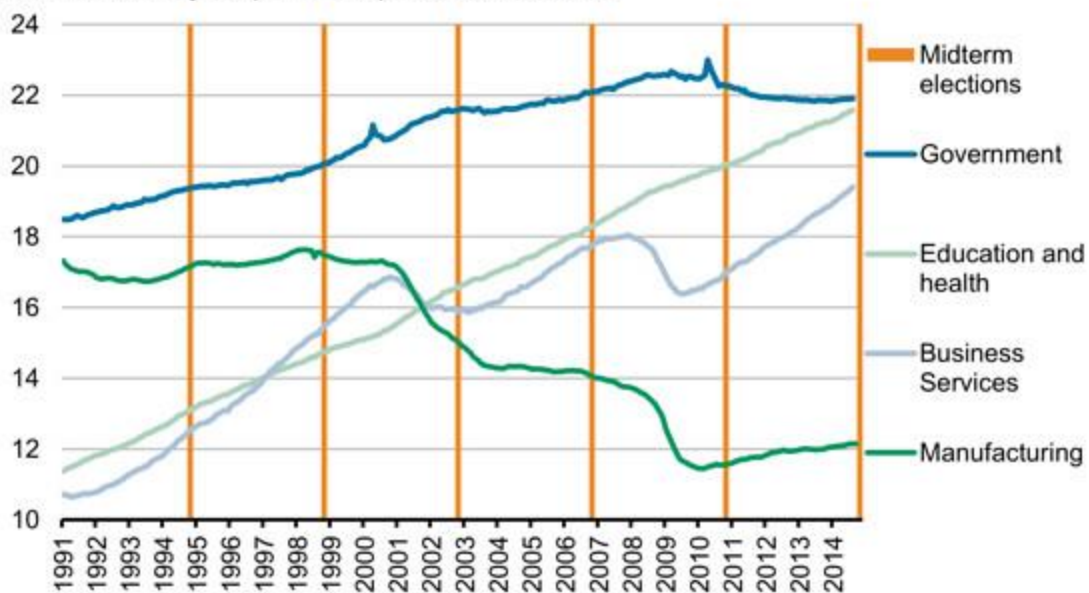


Source: Department of Labor | WSJ.com

Manufacturing is seen as a core focus for both political parties, because it is often associated with middle-class jobs. The recent economic recovery has seen slight to steady manufacturing gains. The numbers have not been robust, but – as past years indicate – they are better than most past midterm years.

Major Employers

Total number of jobs (in millions) in select industries



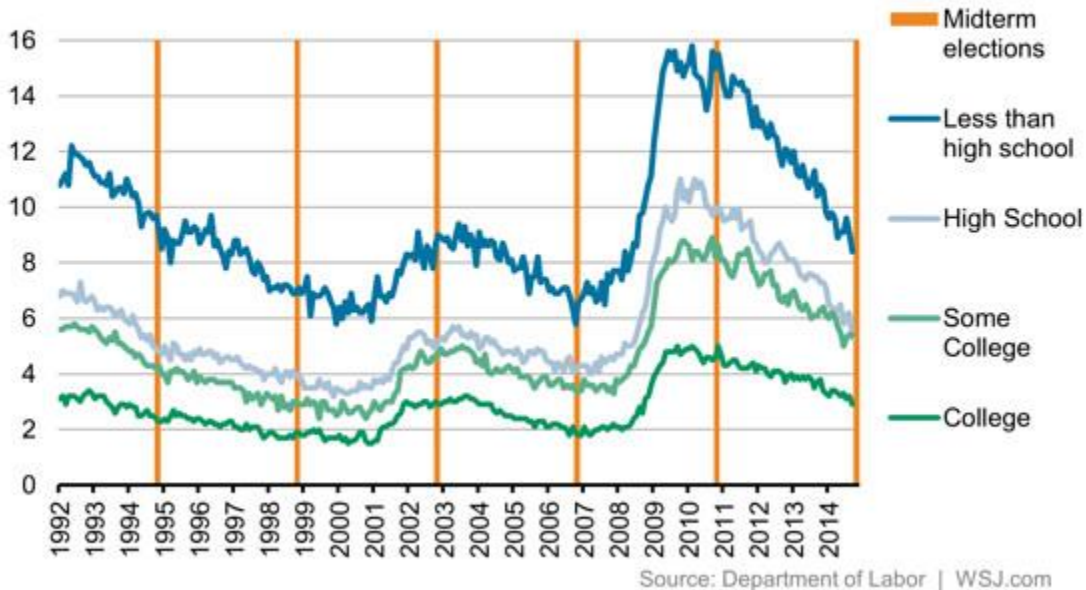
Source: Department of Labor | WSJ.com

If the economy is creating jobs, what kind of jobs are they? The financial crisis and recent focus on austerity has trimmed the multi-decade ascent of government-related jobs, but

health-care employment has risen precipitously, and it continues to do so during the recovery. Hiring in business services, such as temp jobs, has been more volatile but is rising steadily.

Joblessness by Degree

Unemployment rate by educational attainment, age 25 and older



Workers with college educations weathered the financial crisis better than anyone else, and those without high school diplomas had the hardest time recovering. But they are finally moving back to more normal levels and they have seen the biggest improvement since the 2010 midterms.

Joblessness by Race

Unemployment rate by race or ethnicity

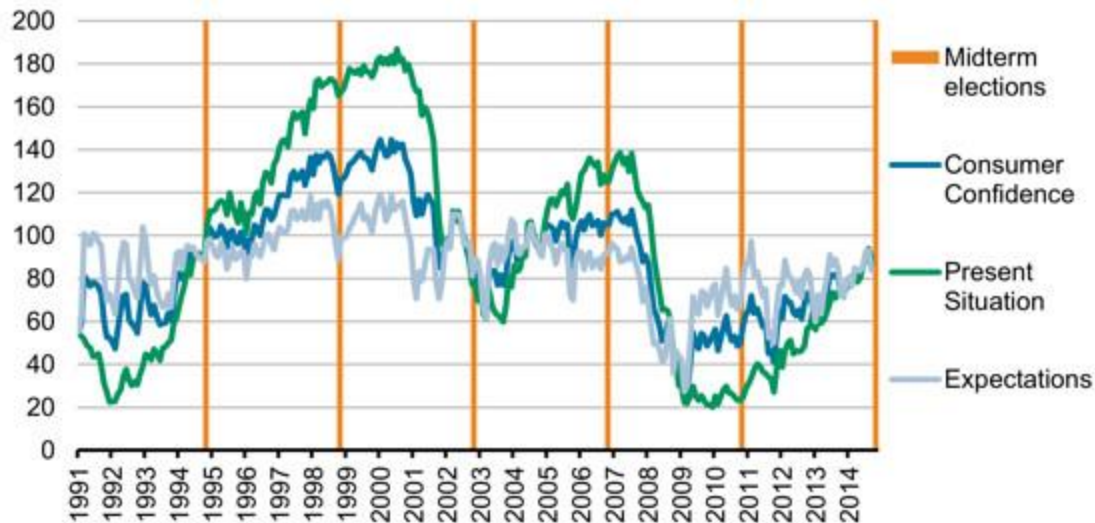


Source: Department of Labor | WSJ.com

The unemployment rate for black and Hispanic workers remains elevated, but improvement in the past four years is unlike any change in recent decades. A big question heading into the November elections is whether voters feel like their prospects are “better,” or whether they are still frustrated with the labor market.

Pessimistic Consumers

Conference Board survey of consumer confidence, including assessments of the present situation and expectations over the next 6 months. 100 equals the level of confidence in 1985.



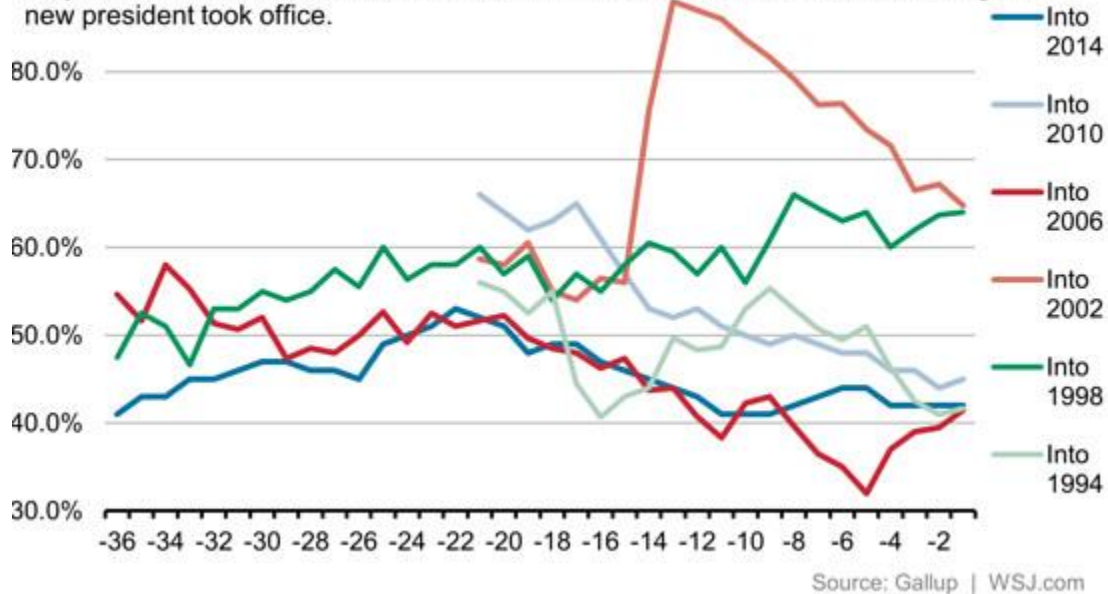
Source: Conference Board | WSJ.com

A big question heading into the midterms is whether the “direction” of consumer confidence matters more than the “level” of consumer confidence. Consumer confidence is better than

at any point in the past six years, but it is at a lower point than in most previous midterm elections. Consumer confidence was also rising sharply ahead of the 1994 midterms but did little to help Democrats slow the big GOP wins.

Presidential Approval into Midterms

Percent of respondents to Gallup survey who approve of way the president is handling his job in 36 months before midterm election. Lines for 1994, 2002 and 2010 begin when new president took office.



After a months-long slide, President Obama’s approval rating has mostly stabilized, but at a relatively low level. Does it matter? The presidents with the three lowest approval ratings heading into the midterms in the past six elections – Bill Clinton in 1994, George W. Bush in 2006 and Mr. Obama in 2010 – suffered heavy losses. Mr. Obama’s approval rating is bunched with that group.