



## News Release

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November 7, 2014

### Labor Market Strength Increases Odds of Rate Hike

**Comment on U.S. Bureau of Labor Statistics Employment Situation Report**

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The labor market remains resiliently strong, as evidenced by the gain of 214,000 new jobs created in October, close to the average monthly change of 220,000 in the past year. The combination of strong job growth and only moderate GDP growth suggests that the trend of weak improvement in labor productivity is likely to continue. The continued drop in the unemployment rate, to 5.8 percent in October, increases the odds that both reaching the natural rate of unemployment and the first Fed rate hike would occur in the first half of 2015. The decline in the unemployment rate in October occurred for good reasons – strong employment growth and a decline in the number of unemployed – and not due to further departures from the labor force. However, it remains concerning that despite the tightening of the labor market, the establishment survey has yet to show much acceleration in wage growth.

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