



## News Release

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### Job Expansion Continues to Surprise

**Comment on U.S. Bureau of Labor Statistics Employment Situation Report  
Gad Levanon, Managing Director, Economic Outlook & Labor Markets, The Conference Board**

In a solid performance, the U.S. economy added 280,000 new jobs in May. In an otherwise disappointing spring, in terms of macroeconomic data, the employment numbers in April and May are suggesting that there is no slowdown in job growth. The solid employment growth, despite weak GDP growth, suggests that labor productivity is likely to continue to be slow to nonexistent in the second quarter.

The increase in the unemployment rate to 5.5 percent was partly a result of noise in the data, but the increase in the participation rate may suggest the beginning of a trend, which may somewhat slow down the drop in the unemployment rate. In any case, with such solid job growth, the direction of the unemployment rate is clearly down.

The year-over-year growth rate in average hourly earnings accelerated to 2.3 percent, the fastest rate since 2009. While still weak, as the labor market continues to tighten, we expect to see further acceleration in wage growth in 2015.

The combination of weak productivity growth and a tightening labor market are likely to exert downward pressure on corporate profits in the coming years.

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