

Surprisingly strong job rebound provides some temporary relief

**Comment on U.S. Bureau of Labor Statistics Employment Situation Report
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Following a disappointing (and downwardly revised) 11,000 jobs gained in May, the economy generated a whopping 287,000 jobs in June. The good news is that this moderates the slowdown in job growth that many expected, which will provide some relief to jittery financial markets. However, the larger story remains a gradually weakening economy and moderating employment growth.

The increase in the unemployment rate to 4.9 percent in June was not entirely surprising after the 0.3 percentage point drop in May. If employment continues to grow by about 150,000 a month, which is the rate in the past two months, the unemployment rate will continue to decline. The year-over-year wage growth continues to climb, reflecting an economy moving towards normal labor market tightness.

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