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US Labor Market May Be Entering a Weaker Growth Phase

**Comment on U.S. Bureau of Labor Statistics Employment Situation Report
Brian Schaitkin, Senior Economist, The Conference Board**

Following a 167,000 job gain in August, the economy generated 156,000 jobs in September.

September's steady but unspectacular employment numbers suggest that the combination of tight labor markets, falling profits, and higher wages may slow job growth in the coming months, but the news is not all negative. Though the unemployment rate rose slightly to 5.0 percent, this is largely due to rising labor force participation. Wages have now grown by 2.6 percent during the past year. A combination of more confident workers and still risk averse firms is making it increasingly difficult for businesses to find the right workers at the right price.

One possible bright spot could come from the mining industry which was unchanged this month after two years of continued job losses. Higher oil prices, which the recently announced OPEC deal is helping to sustain, could lead drillers to reengage.

The continued weakness in manufacturing may generate headlines among political pundits, but even in Midwestern swing states like Ohio and Michigan, health sector workers outnumber manufacturing ones.

The chances of a Fed rate hike in December may have declined in response to the slowing pace of job growth, but this still remains the likely scenario.

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