

News Release

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Job growth remains solid despite tightening labor market

**Comment on U.S. Bureau of Labor Statistics Employment Situation Report
Gad Levanon, Chief Economist, North America, The Conference Board**

Employment increased by 228,000 jobs in November after increasing by 244,000 jobs in October.

As the labor market is tightening, employment growth has been gradually slowing in the past couple of years. Is the acceleration in economic activity in recent quarters reversing this trend? The noise created by the hurricanes is making this difficult to answer, but November's stronger than expected increase may suggest that at the very least, job growth is not slowing further.

What is clear is that current job growth is more than enough to continue tightening the labor market. The acceleration in economic activity in a time of already tight labor markets is leading to employers' attempts to squeeze more out of their existing workers. Indeed, labor productivity has been accelerating in recent quarters. Is it sustainable? We had some false starts of productivity acceleration in recent years, but there is more reason for it to be sustained now that the labor market is tight. Employers may also have more scope to raise wages as a result of these productivity gains along with improved profit numbers.

The continued strength of the labor market, along with progress on tax legislation in Congress, could provide the Federal Reserve reason to proceed with faster rate normalization in 2018.

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