

News Release

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Economic Strengthening is Spilling Over to the Labor Market

**Comment on U.S. Bureau of Labor Statistics Employment Situation Report
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Employment increased by 200,000 jobs in January after increasing by 160,000 jobs in December.

It seems like the acceleration in economic activity is spilling over to the labor market. Job growth is even strengthening a little, which is quite remarkable given how low the unemployment rate is. And there are no signs that the economy or the labor market are about to slow down.

The unemployment rate has been stuck at 4.1 percent for the fourth month in a row, but there is very little doubt that with such solid job growth, it is headed downwards. This year, the unemployment rate is likely to reach its lowest rate since the 1960s.

While the wage growth measures from this survey are quite noisy, they now show a 2.9 percent growth rate over the past 12 months. This improvement is in line with the employment cost index released earlier in the week.

Overall, this is a solid report, and if we see more of these in the coming months, the Fed may decide to accelerate the rise in short-term interest rates.

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