News Release

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Jobs Report: Slower, but Still Solid Job Growth Further Tightens Labor Market

Comment on U.S. Bureau of Labor Statistics Employment Situation Report
Gad Levanon, Head of The Conference Board Labor Market Institute

Total nonfarm payroll employment increased by 164,000 in July, and the numbers for May and June were revised down. Employment growth has clearly slowed down in 2019, averaging a 141,000 monthly gain in the past six months, versus over 200,000 during 2018.

But even this more modest job growth is enough to continue tightening the labor market. The unemployment rate remained at 3.7 percent in July, due to an improvement in labor force participation, but the broader labor slack measure, U6, dropped to 7.0 percent, the lowest since 2000.

As we expect economic growth to remain above the two percent rate for the rest of the year, we do not expect employment growth to significantly slow further. We should expect more of the same in the US labor market: moderate employment growth, labor market tightening, intensifying recruiting and retention difficulties, and higher labor cost growth which will continue to draw more people into the labor force. The combination of slower revenue growth and faster labor cost growth should continue squeezing corporate profits. In this environment, further Fed rate cuts are somewhat less obvious.

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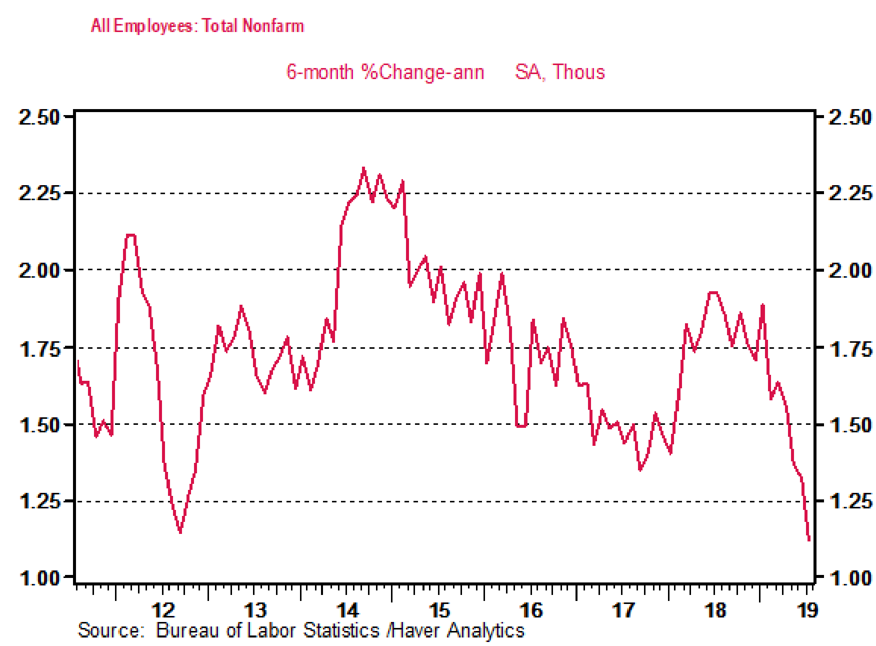

For more information:
Carol Courter
The Conference Board
(212) 339-0232 / courter@conference-board.org