THE CONFERENCE BOARD

News Release

December 7, 2018

2019 will see a slowdown in job growth, but labor markets will continue to tighten

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

The US economy added 155,000 jobs in November, a little below expectation.

Today's job report and other recent economic data releases point to a slowing but still strong US economy, for three reasons. First, there is a disconnect between the gloom and doom environment in financial markets and real economic conditions. This disconnect is partly a result of the fact that compared to real economic activity in the US, stock prices are more negatively impacted by the expected rise in interest rates, the increase in labor costs, and the slowdown in the rest of the world. Second, while the US economy is not close to entering a recession in 2019, we do expect it to gradually slow down. Slower economic activity, tighter labor markets and higher labor costs will lead to weaker job growth, which the latest job numbers suggest may already be happening. Third, even with the expected slowdown, job growth will be more than enough to continue tightening the labor market, leading to faster wage growth and increased inflation pressure in 2019. As a result, despite the recent angst in financial markets, we expect the Federal Reserve to raise rates this month and three more times in 2019.

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