



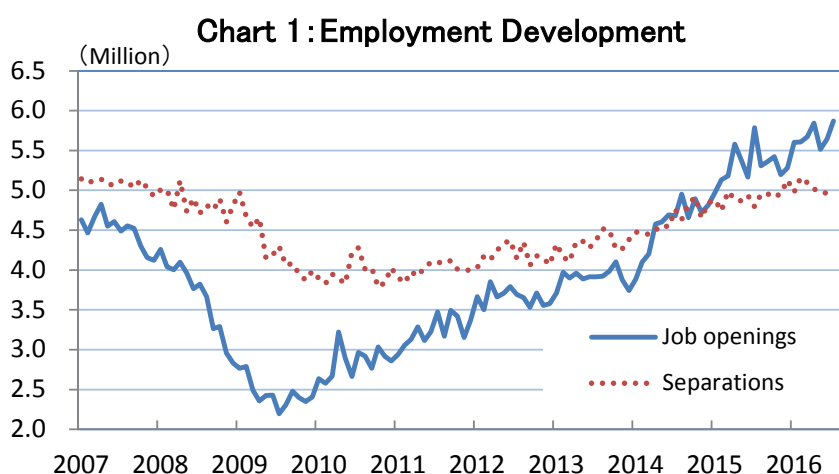
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## Stability in the US Labor Market Supports Early Rate Hike Advocators

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Nonfarm payroll employment increased by 151,000 or slightly below the market expectations in August from previous month. It was also below the rough indicator of 190,000 that Fed Chairwoman Janet Yellen referred to in her latest speech (but still exceeding the three month average of 232,000 up to August). The content was accepted as not strongly supporting the decision for rate hike at the Federal Open Market Committee (FOMC) slated for on September 21. Speeches by the FOMC members and others made after the publication of the employment data have been mixed between supporters for the hike and cautious groups, with no decisive hint for judgment. After all we will have to wait for the result until the day of the FOMC meeting.

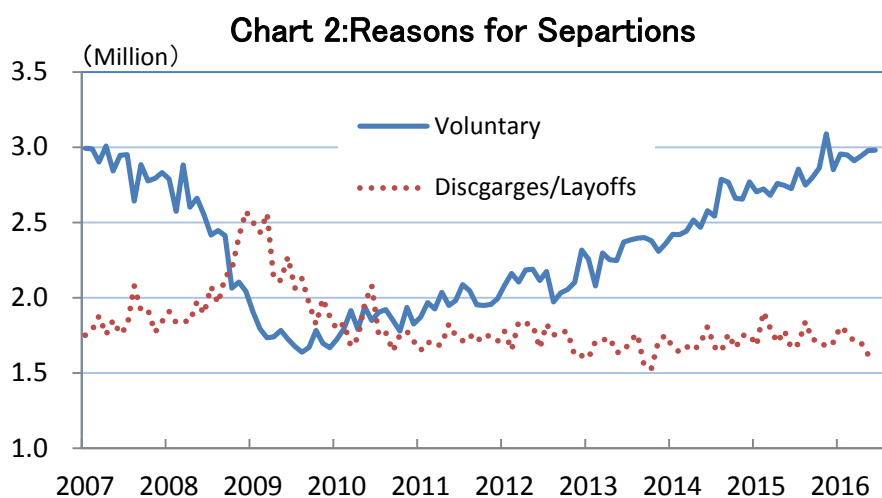
Is the increase of 151,000 in August a sign that the increase of employment is slowing down, or is it suggesting that the employment has almost reached the stage of full employment? Or is it a temporary slowdown affected by a bad weather? We cannot draw a quick conclusion now, but another important supplementary data was released last week. It is the Job Openings and Labor Turnover Survey (JOLTS) statistics. This statistics shows that the new job openings have been steadily increasing at least until the end of July, with no major change in its increasing trend.



(資料) Thomson Reuters

The number of new job openings increased by 228,000 from the previous month in July to 5,871,000. This level is higher than the level seen before the Lehman financial crisis, and well on a rising trend. On the other hand, the number of job separations was at 4,937,000, showing a tendency of modest decline (Chart 1)

Let us look into the details of separations. Reasons for total separations are divided into quits on their own wills (excluding retirement), discharges and other involuntary separations such as layoffs. As Chart 2 shows, what is currently increasing is the number of voluntary separations, which has returned to the level before the Lehman crisis. Meanwhile, the number of involuntary separations had been fluctuating at around 1.7 million for some years but since the beginning of 2016 it is declining toward the level of 1.5 million. It is to be watched whether the number falls below 1.5 million in the near future.



(資料) Thomson Reuters

The data of the JOLTS shows that there is little change in the improvement trend of the labor market. It is true that there is a criticism that the recruited jobs mainly belong to the low wage ones but at least quantitatively the chances for employment are increasing and there are increased workers who voluntarily quit their jobs in search for better conditions. These facts will surely support the rate hike group who seeks an early normalization of financial policy.

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