Tight Labor Market, Rising Wages, and the Great Stabilization

Consensus Economic Forecasting Commission

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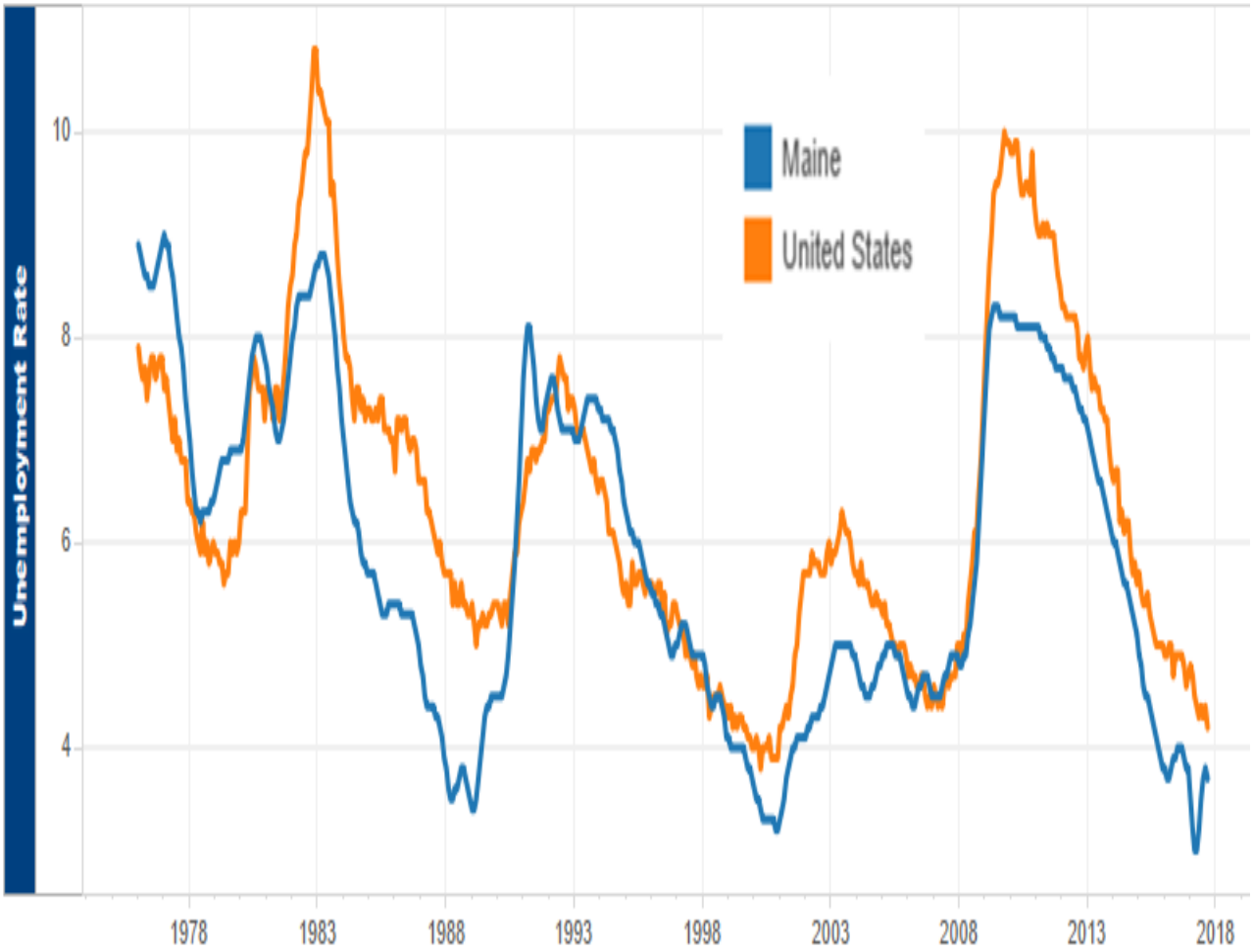
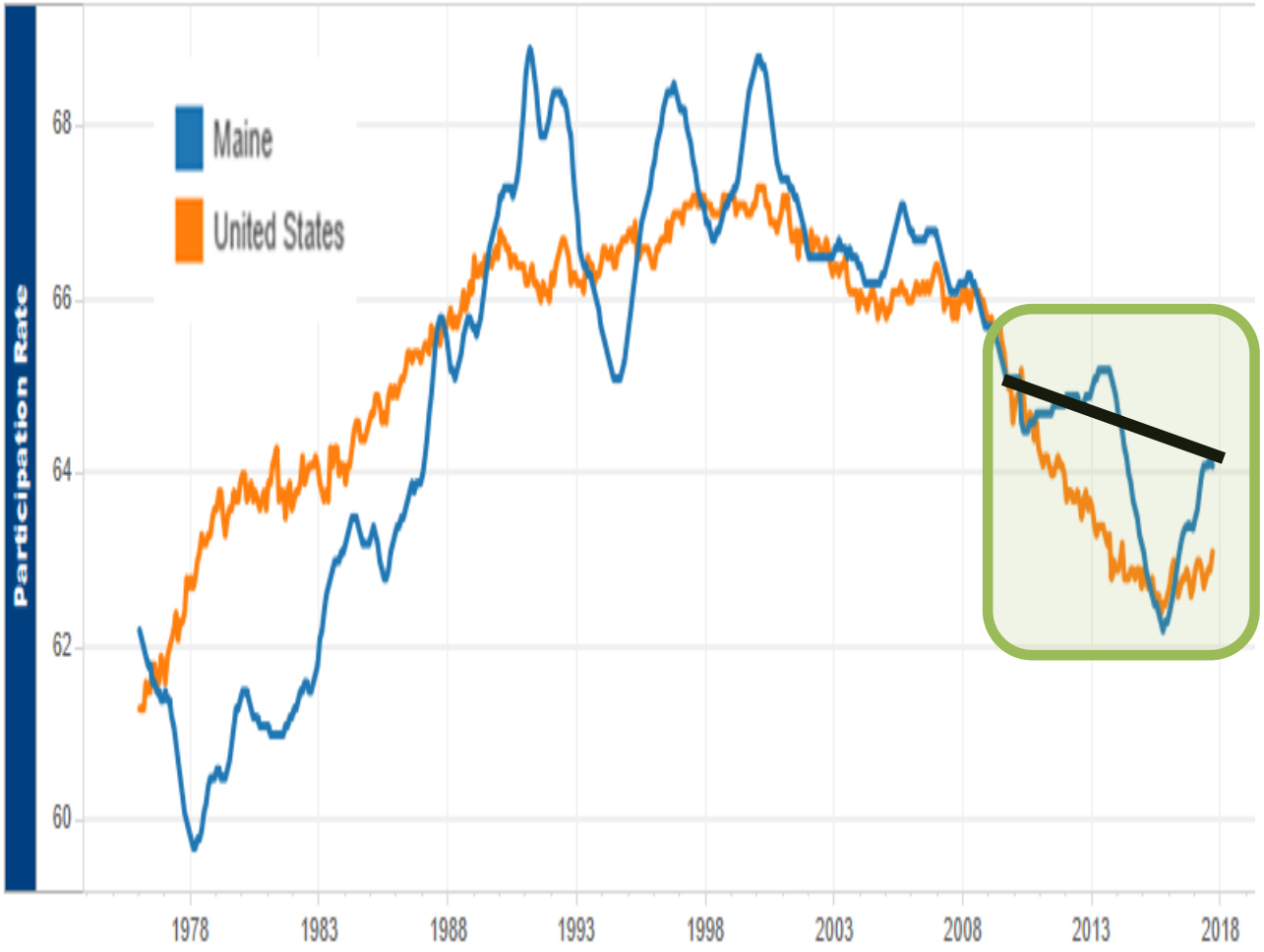
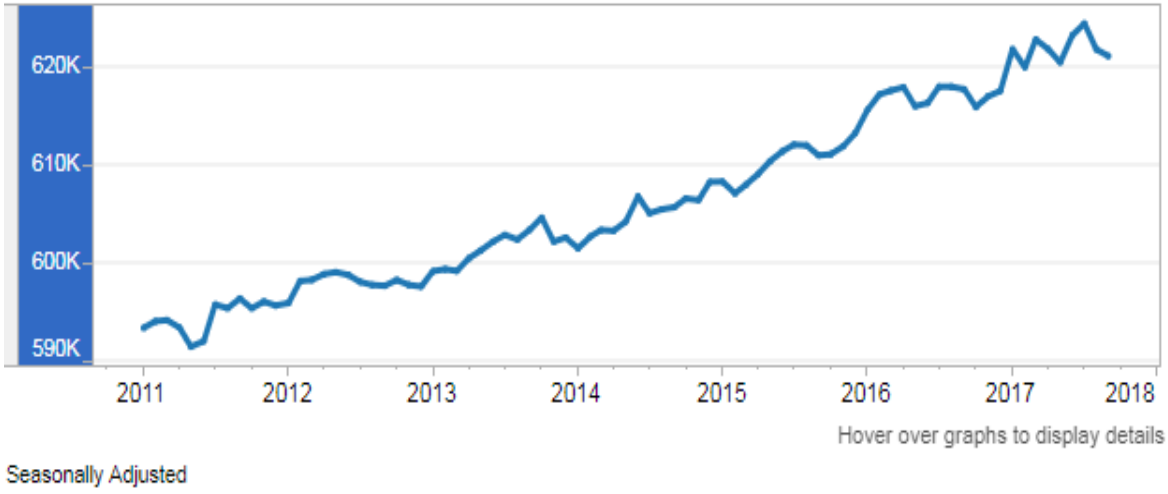
Unemployment remains historically low, at or below 4% for 24 months through September

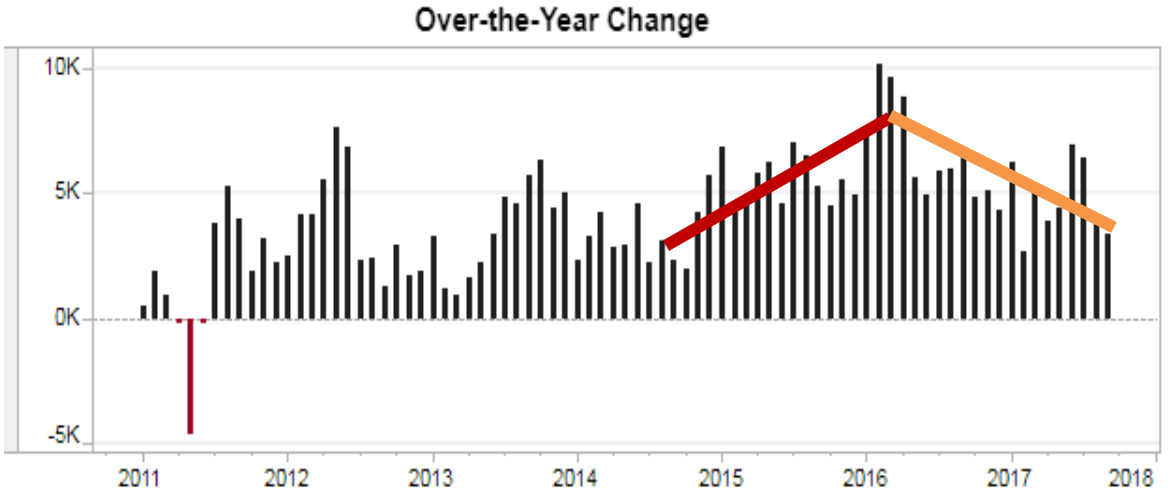


The cyclical effects from the downturn on labor force participation are mostly over; the structural effects of an advancing population age structure will limit the rise

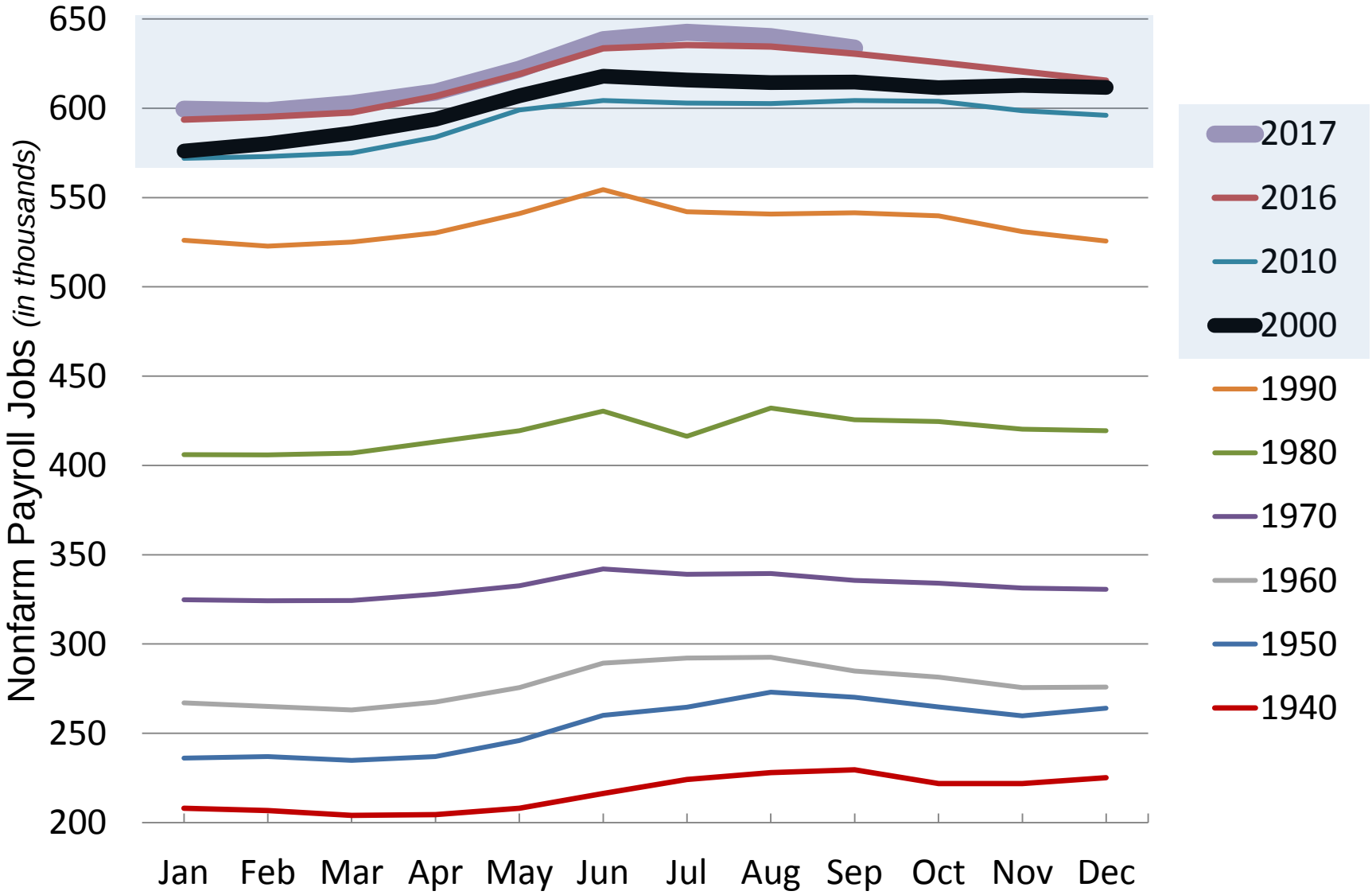


Payroll job growth continues, though it has slowed since unemployment reached very low rates

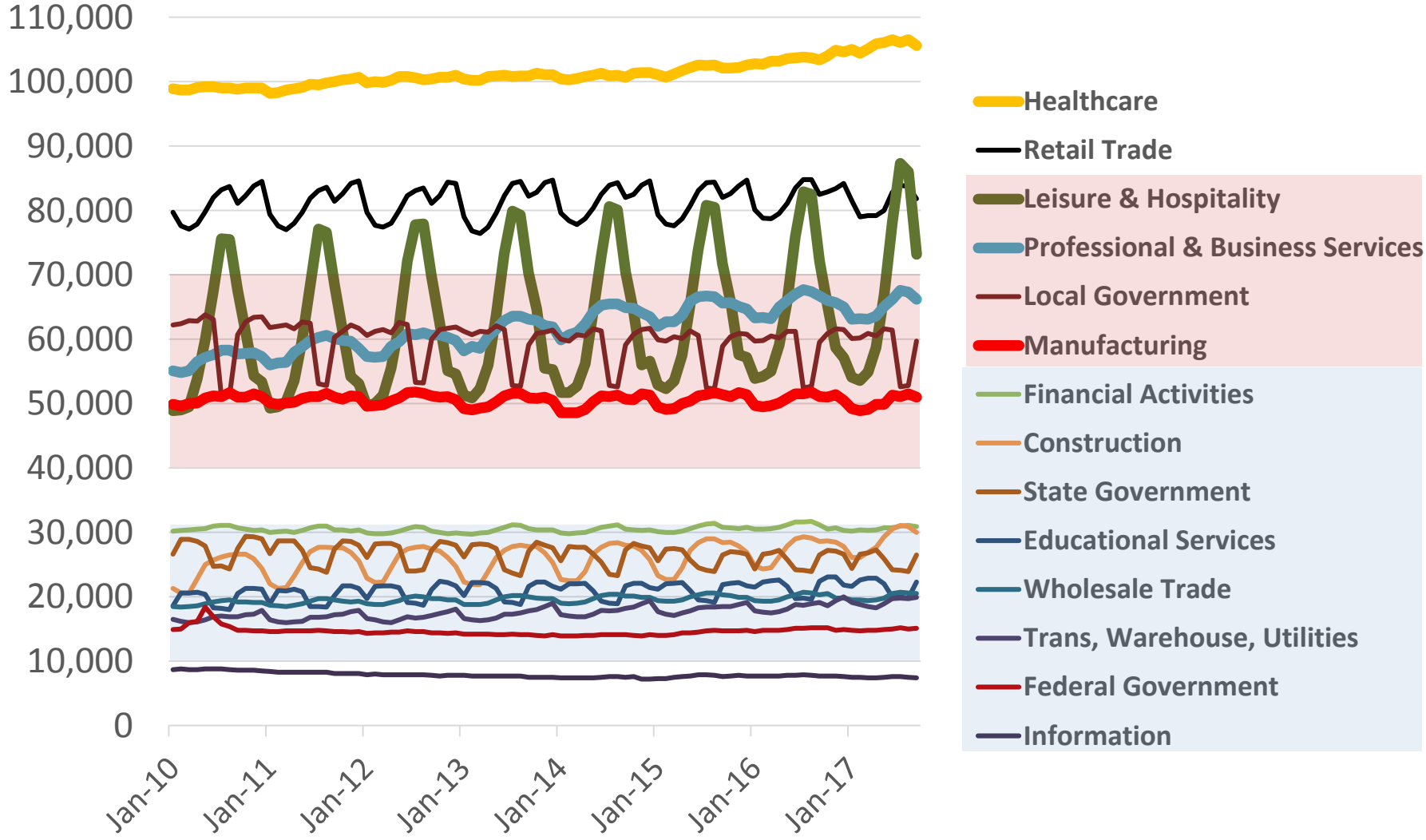




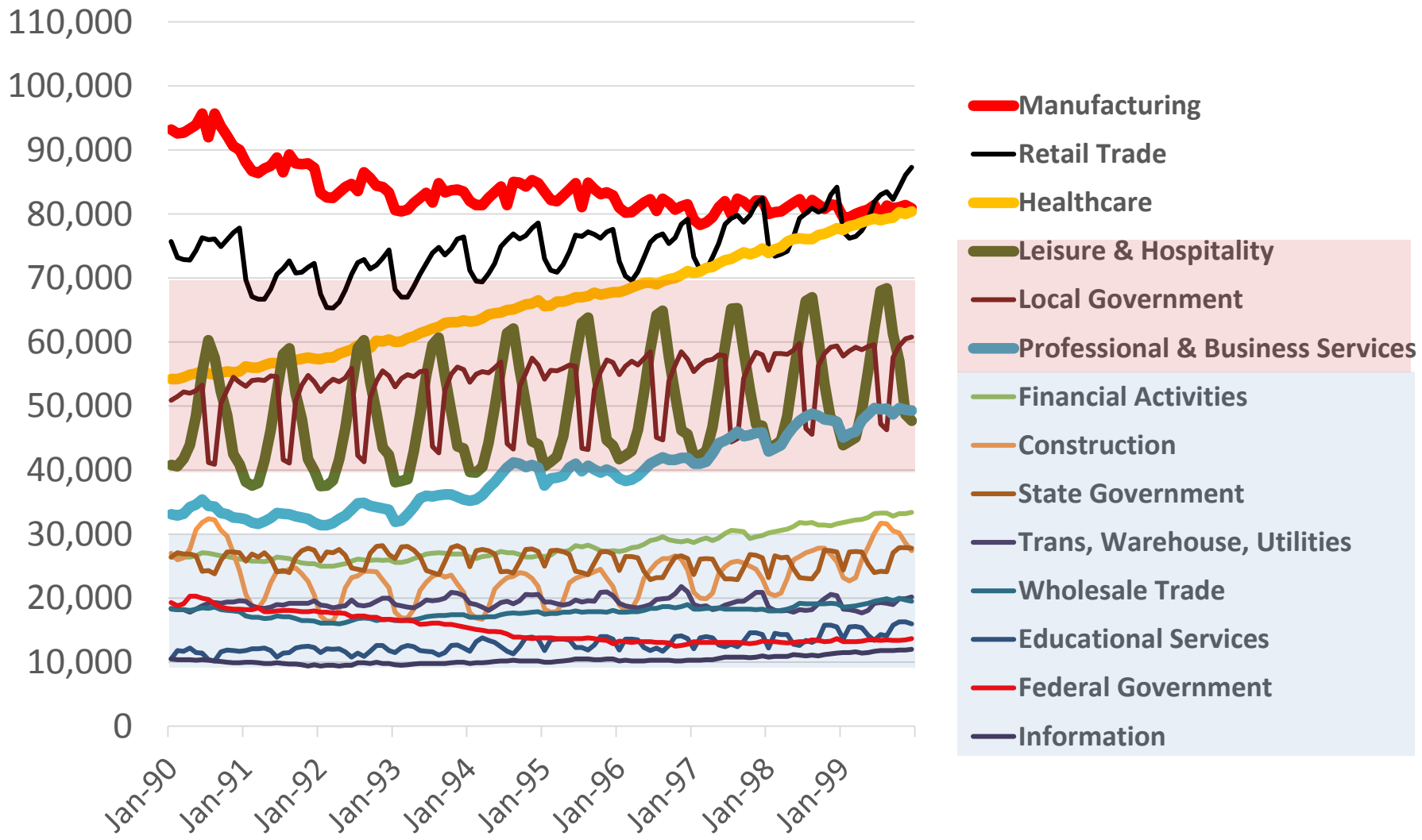
Job growth since 2000 has been historically low, reflecting the lack of young people aging into the workforce



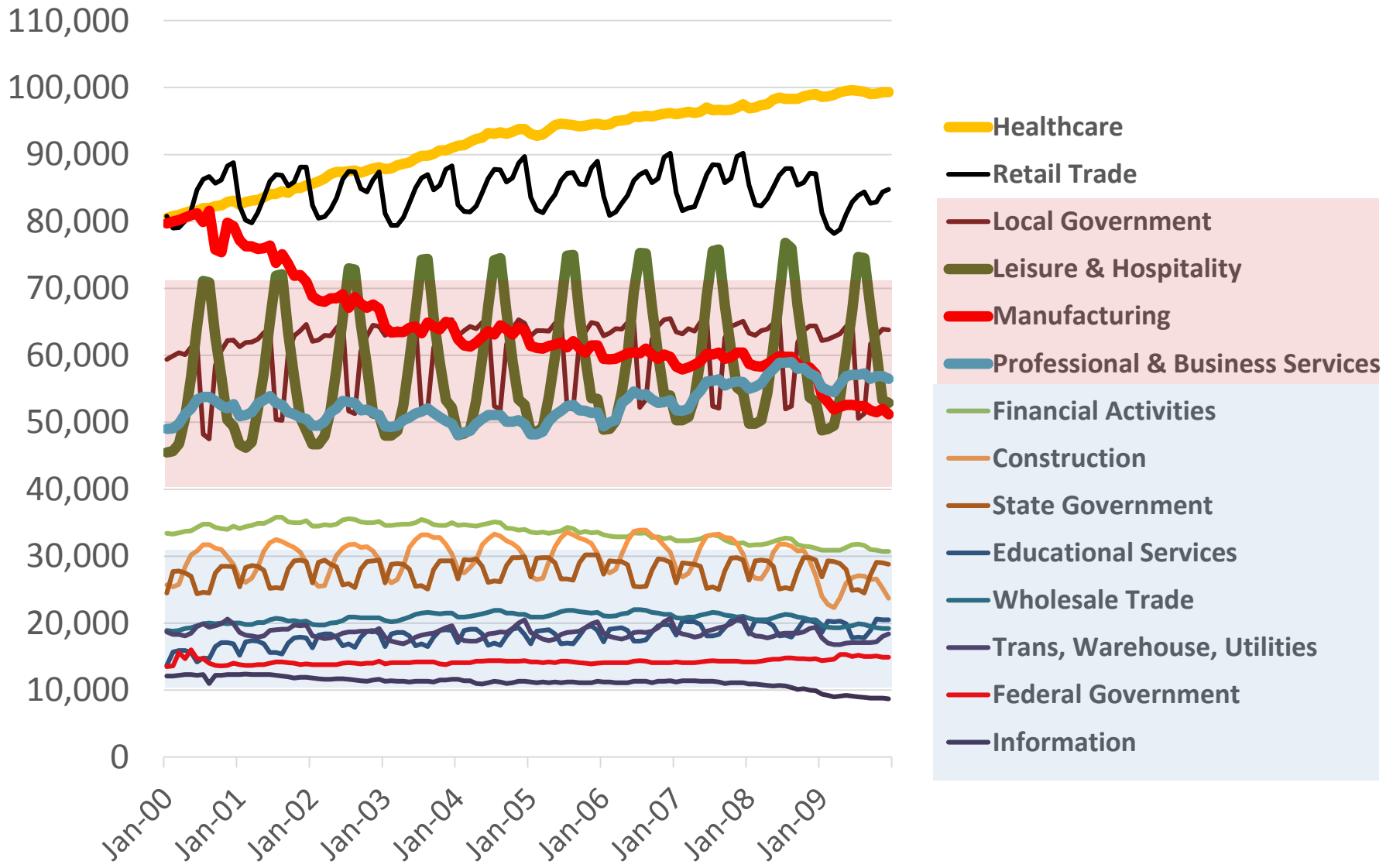
The structure of jobs by industry sector has been quite stabile this decade, including manufacturing. We largely expect this trend to continue for the next several years.



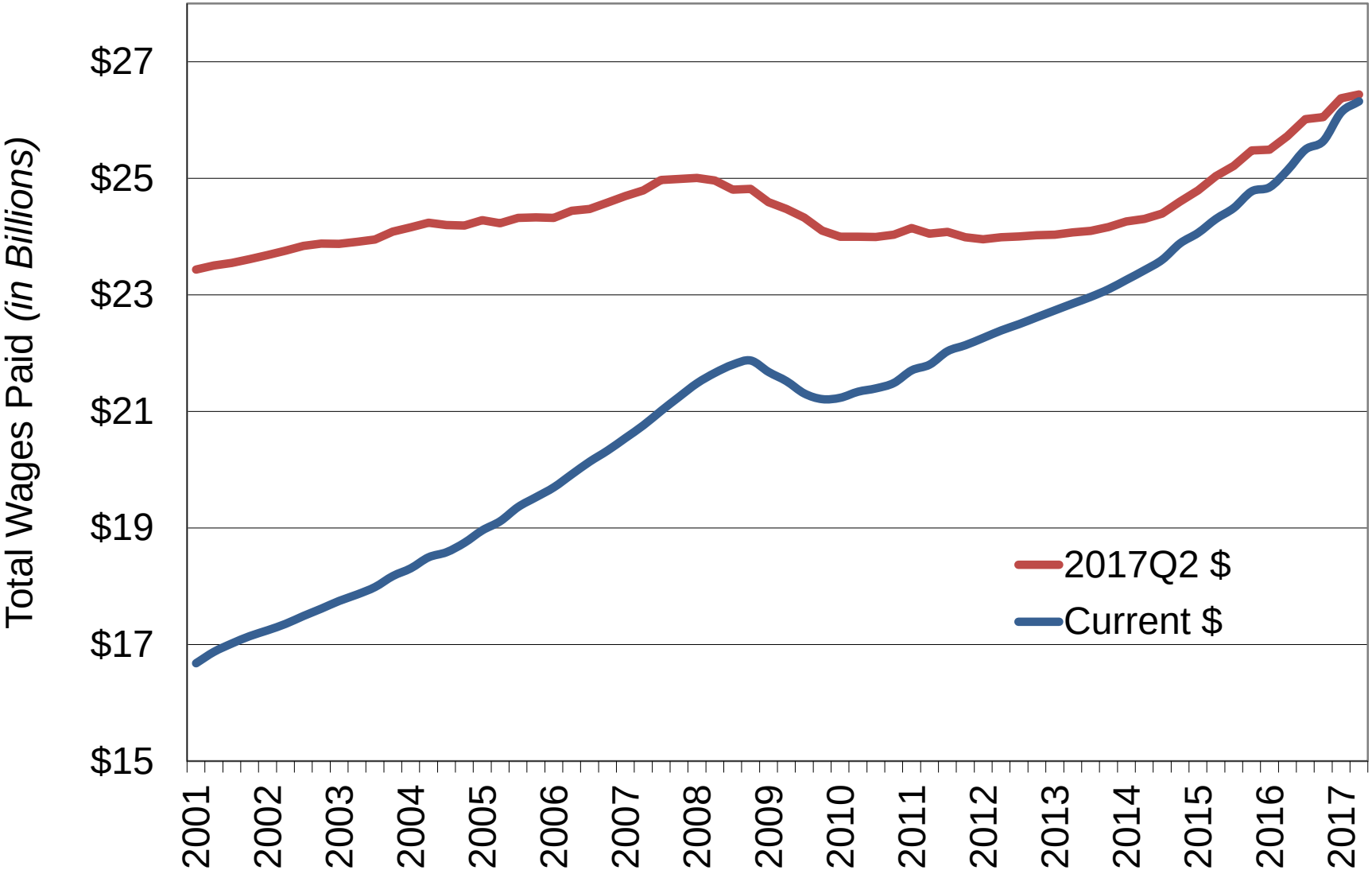
The recent situation contrasts with the 1990s when job growth was concentrated in healthcare and professional & business services, which more than offset manufacturing declines



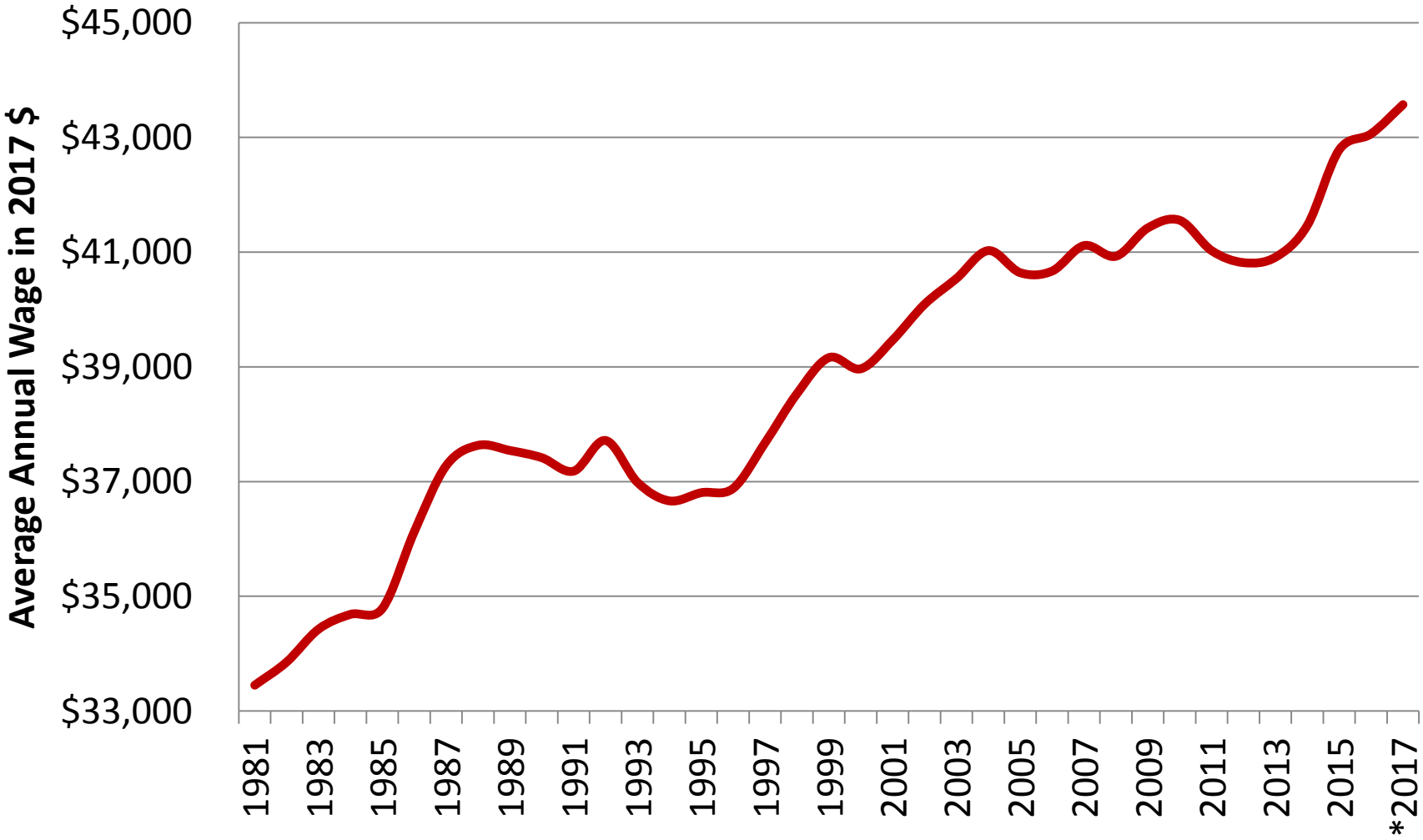
The recent situation also contrasts with the 2000s when there were large net job losses in the manufacturing sector



A record $26.4 billion in wages were paid in the year through June



The tight labor market is driving the fastest growth in average wages, adjusted for inflation, in nearly two decades. The average wage per job reached $43,500 in the year through June.



**Average for period from July 2016 to June 2017*