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## Job market improves but still low

The U.S. labor market continues to improve, though it remains far behind its pre-pandemic state. In other words, take the robust June nonfarm payrolls report with a grain of salt.

On the one hand, companies added 850,000 jobs in June, the Labor Department announced on Friday. That is the biggest gain in 10 months. As the economy reopens, bringing new employment opportunities, and more people are vaccinated, many are returning to work. This thesis is bolstered by other measures of employment. The April Job Openings and Labor Turnover Survey (JOLTS) hit a series record 9.3 million openings, and the most recent initial jobless claims numbers were strong. The Challenger Job Cut Report fell to the lowest figure since June 2000 (after the Dot-Com bust), indicating that companies don't want to lose employees. And many businesses are offering signing bonuses and higher wages to attract more. Even the fact that the unemployment rate rose a tick to 5.9% from 5.8% shows that more people are reentering the labor market by indicating they are looking for jobs.

But the caveat is that payrolls are still 6.76 million below their pre-pandemic level. That's a big number. It is why the Federal Reserve is unlikely to be overly impressed by Friday's report. The U.S. are getting there, but employment still is far from the hot levels the Fed wants to see before raising rates.