



Press Release

Gordon's Guesstimate: May Jobs

PAULINA ENCK | JUNE 1, 2023

Each month, AAF's Vice President for Economic Policy Gordon Gray predicts the results of the monthly employment survey. This month, Gray writes:

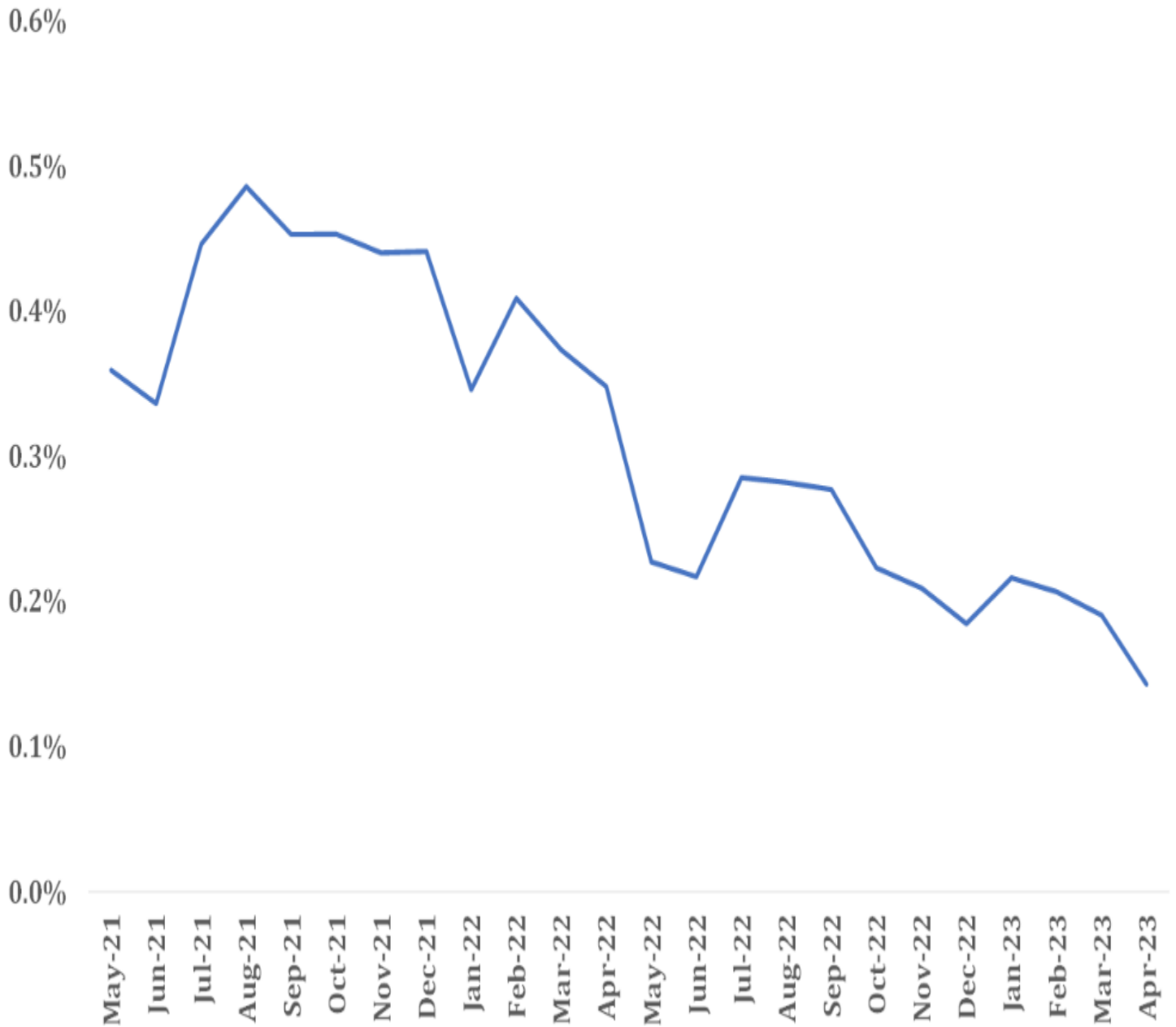
For May...this guesstimator is assuming a 245,000 employment gain, and expects the unemployment rate to hold steady at 3.4 percent, while average hourly earnings are expected to increase 11 cents, for a 4.4 percent yearly gain.

See below for his full analysis.

Not long ago, the United States was at risk of willingly [throwing itself off an economic cliff](#) for failing to raise the Treasury's borrowing authority on time. That's been [taken off the table](#) thanks to some bipartisan negotiating. But before that, the prevailing wisdom appeared to be that the Fed was likely to pause, such was the thinking on the balance between recession risk and inflationary pressure. Notwithstanding the late unpleasantness surrounding the debt limit, the U.S. economy [seems somewhat healthier](#) than conventional wisdom may concede.

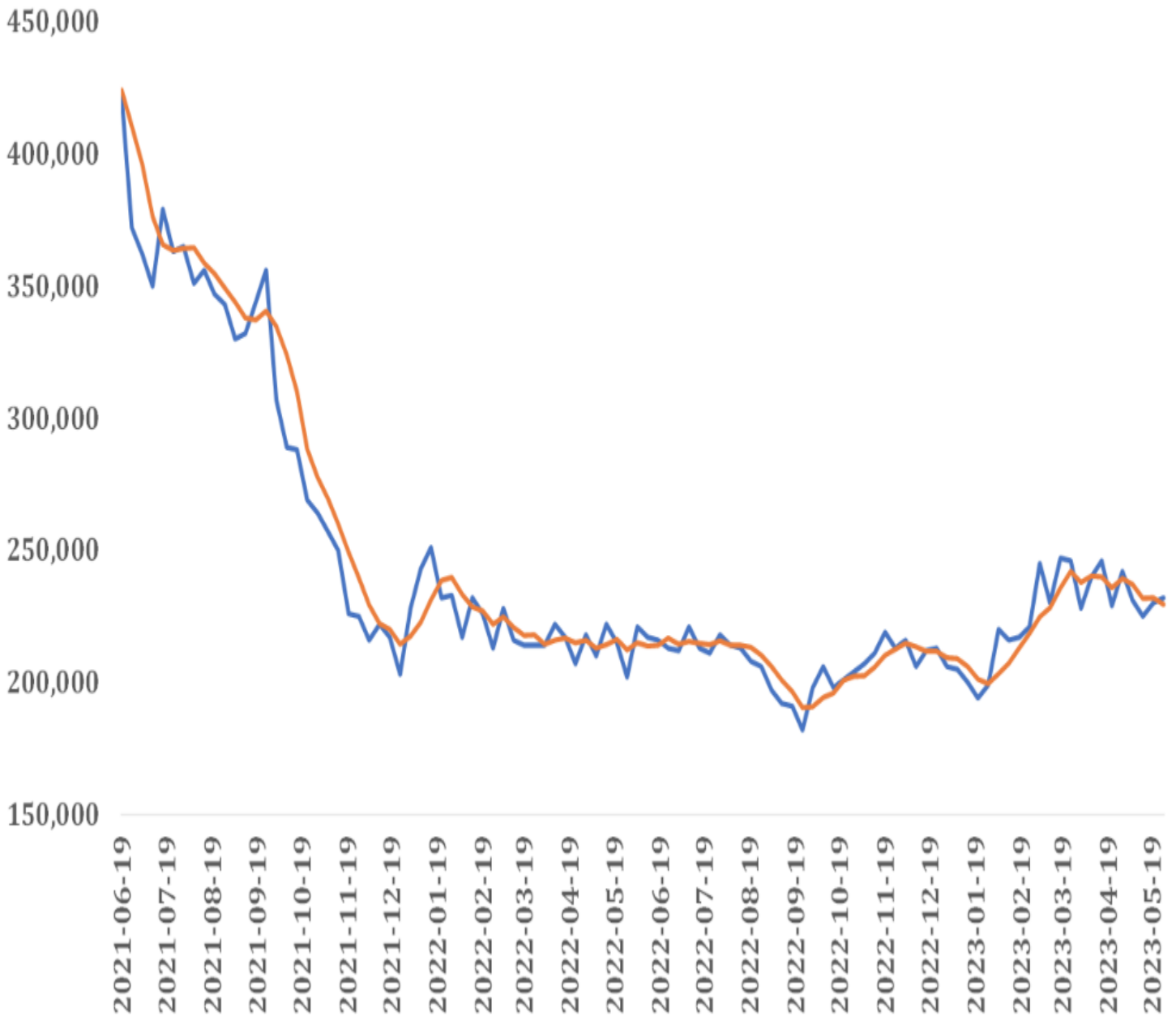
Specific to the labor market, there has been a fairly straightforward deceleration in the monthly rate of employment gain as unemployment has steadily fallen to historical lows.

Monthly Employment Growth, 3 Month Average (May 2021-April 2023)



More recently, unemployment claims have inched up off the relative floor, but have somewhat settled in at a new level.

Weekly Initial Unemployment Insurance Claims (2021-2023)



Somewhat in defiance of an orderly deceleration, Job Openings, as measured in the most recent JOLTS survey, rebounded to top 10 million again. The usual caveats attach to being led along by any one datum, but directionally, it is difficult to ignore. The ADP survey, which has gotten closer to the mark of late, similarly suggests continued health and stability in the labor market.

At some point, there will be a curveball, a hiccup, but there is little to suggest that we will see one this morning. This guesstimator is assuming a 245,000 employment gain, and expects the unemployment rate to hold steady at 3.4 percent, while average hourly earnings are expected to increase 11 cents, for a 4.4 percent yearly gain.