

Economists watching employment figures in months to come

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In the coming months, economists will be closely watching employment figures as a possible indicator of whether the economy is in a recession.

That's according to Dave Clark, executive associate dean and professor of economics at Marquette University.

In a recent interview, he noted the past two quarters of declining real GDP would typically suggest the country is moving into a recession. But the National Bureau of Economic Research, which officially decides whether or not a recession is occurring, is "pretty careful" about making that call, Clark said.

He noted the organization incorporates changes in gross domestic product, as well as industrial production and other indicators such as the unemployment rate, in its calculation. Plus, the nonpartisan bureau avoids making any determinations during political cycles that could influence elections.

"We will be watching very closely whether or not we start seeing some signs that the labor market is weakening," he said. "Right now, we've got unemployment rates in the state that are 3.1 percent ... Over the course of the last year there was employment growth. There was a little decline in the labor force. But overall we still have a very tight labor market."

Meanwhile, he said experts will also be keeping an eye on efforts by the Federal Reserve to reduce inflation. The latest federal data showed consumer prices increased 8.2 percent in the 12-month period ending in September, which is below the recent peak of 9 percent in June but still historically high.

"One of the reasons it came down from its peak is we were starting to see some improvements in oil prices. And now we've seen a little bit of a reversal on that," he said. "The Fed has made it very clear that their primary focus is on inflation now. They do not want inflationary expectations to increase significantly."

He added housing economists don't want that either, as higher levels of inflation influence mortgage rates. The average 30-year fixed mortgage rate hit 5.22 percent in August, marking an 83.8 percent increase from the previous August's rate of 2.84 percent, according to a recent Wisconsin Realtors Association report.

"If you want to get back to relatively low mortgage rates — mortgage rates that are in the 3-4 percent range — you've got to have inflation back in the 2-3 percent range," he said. "And we're a ways away from that right now."

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-By Alex Moe