

Macro Roundup Article

Headline: [Employment Pivot](#)

Article Link: <https://fedguy.com/employment-pivot/>

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Tweet: [. @FedGuy12 notes Powell's recent comments that immigration moderates wage growth and argues that the current job growth rate is consistent with the start of an easing cycle.](#)

Summary: Chair Powell had previously sought to lower inflation by dampening wage growth, which was to be done by raising unemployment. In that framework, strong job gains would suggest the need for tighter policy. But Powell now indicates that the tremendous surge in migration will increase labor supply and moderate wage growth without the need for higher unemployment. This suggests that blockbuster jobs growth is now compatible with potential rate cuts. The recent wave of migrants may be helping to fill the gap [caused by pandemic-related early retirements in] labor-intensive industries. This would also be consistent with the overall jobs data indicating native-born employment levels to be little changed since 2020, while foreign-born employment levels rising by 3 million. Related: [To Retire or Keep Working after a Pandemic?](#) and [Immigration and the U.S. Economy Since the Pandemic: An Accounting Exercise and New Immigration Estimates Help Make Sense Of The Pace Of Employment](#)

Primary Topic: Inflation

Topics: GDP, Immigration, Inflation, Monetary Policy, Op-Ed/Blog Post, Unemployment/Participation, Weekly, Workforce

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