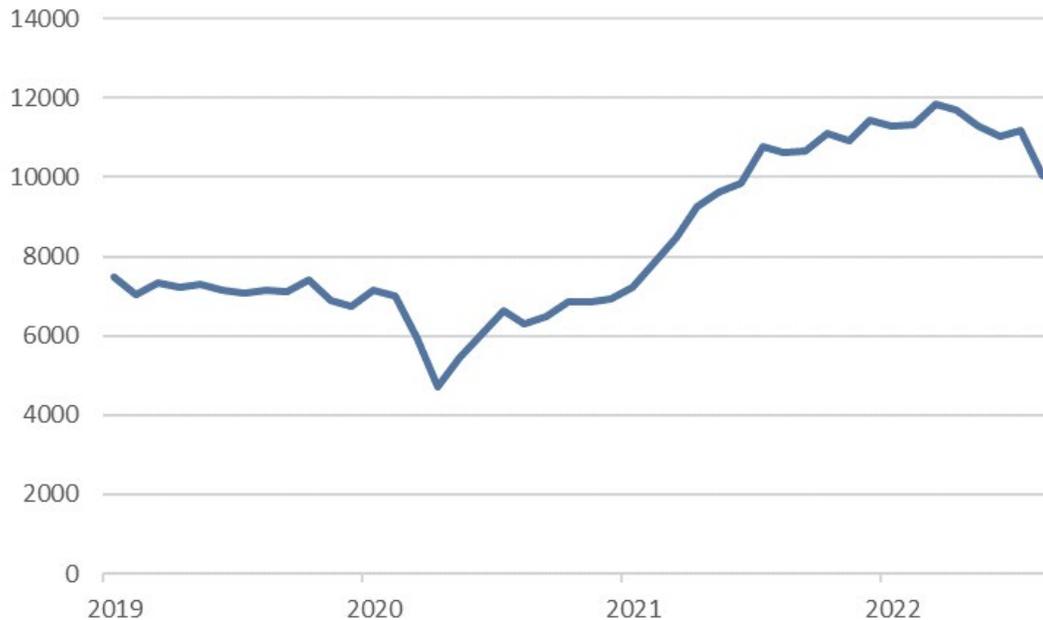


MARKET COMMENTARY

Fig. 1: Nationwide Job Openings (thousands)



Source: Bloomberg, Mill Creek.

Financial media has devolved into an endless debate about when the “Fed pivot” from hawkishness to dovishness will occur. Some commentators see a significant slowdown in housing and stock market turmoil and expect the pivot imminently. Others (we fall into this camp) expect the Fed to ignore asset prices and wait until (1) the labor market shows signs of normalization and (2) they see clear evidence that inflation is heading back to their 2% target. Even if the data turns quickly, we’re months away from meeting those objectives.

Unfortunately for the Fed, realized inflation hasn’t declined at all. There are plenty of good reasons to expect inflation to moderate somewhat before the end of the year, but it hasn’t happened yet.

However, the August Job Openings and Labor Turnover Survey “JOLTS,” which surveys job openings nationwide, declined by over one million jobs. While total job openings remain unusually high, August’s decline was the largest on record absent spring 2020 and is the first indication we’ve seen – outside of anecdotal conversations - that the labor market is starting to loosen a bit.

QUICK LINKS

- [Q4 2022 Outlook: Continued Repression](#)
- [A Lehman Moment in Europe?](#)

This week's contributor: Michael Crook, CAIA

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