U6 Fix

It’s a Question of 25 or 50 for the Fed

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Job growth rebounded modestly in August as employers added 142,000 new workers to their payrolls. Data for June and July were downwardly revised to show 86,000 fewer jobs created than previously reported. This jobs report and the revisions to the prior months corroborate the fact that the labor market is cooling. Yet there are no signs that it is about to fall off a cliff. The Fed has made it clear that a rate cut is coming at the September meeting. The question is, will the cut be 25 or 50 basis points? With inflation still sitting close to 3 percent, the Fed needs to balance the risk between ensuring inflation continues to move toward its 2 percent target and not falling behind on a labor market that has continued to soften.