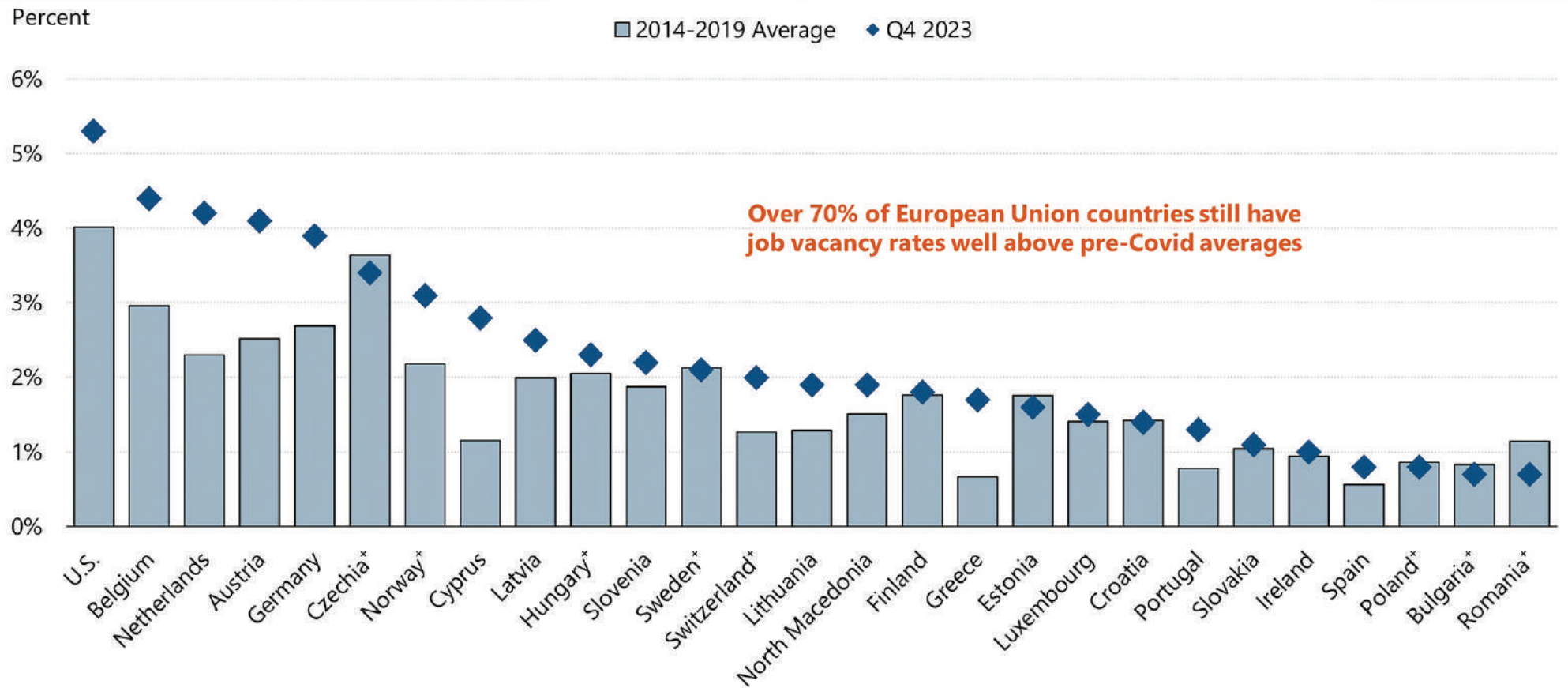


Still No Rush

Job Vacancy Rates* in the U.S. and the European Union

For The Week Ending 03/29/2024



Sources: Eurostat, Bureau of Labor Statistics

*Job vacancy rate = job openings/(total employment + job openings)
*European Union member but with own central bank

Last week, the Swiss National Bank (SNB) surprised markets with a rate cut, sparking speculation about which central bank might be next. Could it be the ECB? We preach patience for a few reasons. First, the SNB gained confidence to cut by seeing the Swiss core inflation rate below its 2% target for the past ten months (versus zero months for the euro area). Second, in ECB President Lagarde's words, policymakers "will have a lot more of [data] for our June meeting" to decide. Still, she added that "whether there is confirmation of the beginning of moderation on the wage front" and "whether [firm] profits absorb and act as a buffer for the wage increase" will be important factors in the decision. The euro area labor market is tight, with the job vacancy rate at 2.7% in Q4 2023. Although the vacancy rate has eased from its June 2022 peak of 3.2%, an elevated job opening rate points to faster wage growth and upside inflation risk. So, will the ECB cut rates? Maybe, but there is little urgency to do so from the labor market perspective.