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Cooling Jobs Data Put September Rate Cut 'Solidly in Play'

By [Megan Leonhardt](#)

June's payroll gains may have been stronger than anticipated, but there were plenty of signals that the U.S. labor market is indeed cooling. That could push Federal Reserve officials to finally cut interest rates as early as September.

The path toward a rate cut in September is far from certain, but Friday's data provide more evidence that the U.S. labor market is losing steam, albeit gradually. [Government hiring](#) provided the bulk of June's payroll gains, but even that wasn't enough to keep the unemployment rate from ticking up to 4.1% last month, compared with a 4.0% pace in May.

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Though a single employment report does not make a trend, Friday's data do follow weeks of initial jobless claims [trending higher](#) and ADP's [disappointing private payroll figures](#) earlier this week. Bumps in inflation could very well continue in July and August, but that wouldn't necessarily preclude the Fed from lowering rates. It's worth remembering that the other half of the Fed's dual mandate is maximum employment, and weakening labor conditions have certainly prompted central banks to cut rates in the past.