<u>Déjà V/U?</u>

The ratio of ***job openings to unemployed workers (V/U) rose to 1.04 in June, indicating that the labor market remains strong in level terms and has continued to strengthen*** since breaking its multiyear downtrend in December 2025. The V/U ratio historically has been a key point of sensitivity for the Federal Reserve (as shown below) and has helped to allay Fed voters' job market anxieties this year. ***One consequence of this upturn, however, is that wage growth could stabilize (second chart), removing a key source of disinflationary momentum, at a time when core inflation remains above target.***

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V/U Ratio vs. Fed Funds Rate...

Source: BLS, Federal Reserve, Haver, SMBC Nikko

V/U Ratio vs. Median Wage Growth(%YoY)...

Source: BLS, Federal Reserve Bank of Atlanta, Haver, SMBC Nikko

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