Journal Review

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The article is about the jobs available in the market and factors that affect the employment level. Three main macroeconomic variables are discussed in the article that are inflation, interest rate, and unemployment rate. The inflation rate is the most effective variable which creates fluctuation within the job market and growth of the economy. To control the unemployment in society, there should be control over the inflation rate.

The reason to control the inflation rate is the increase in interest rate by the state bank. The report of October employment number shows the increase in job approximately 250,000 at a healthy clip. The rate of unemployment kept low at 3.7% and the person seeking a new job or already employed increased by 0.2% (Irwin, 2018). FED tried to control inflation by increasing the interest rate which leads to the possibility of substantial inflation in the market for the first time after the decade. Other important factor noticed was the increase in wages. It is the first time that the assumption of the Philips curve is being fulfilled in the real world that is with the increase in inflation rate there is the increase in wage rate and the decrease in unemployment level.

The fact behind this healthier situation of employment level is due to the effective initiative taken by the FED over the increase in the interest rate. Against the supply, constraint economy is butting up because production willingness by the companies increased as they have got opportunities to increase the prices of goods and services. The relationship between inflation and interest rate can be defined as whenever state bank lowers the interest rate people got more money in hand to spend, and producers get opportunity to increase the price to be the supply demand equilibrium. FED increased the interest rate which had a negative impact over the inflation and this fluctuation in inflation kick the Philips curve and according to the theory of Philips curve unemployment decreases.

The bottom line is that the inflation rate is so effective on unemployment and wages, it can only be controlled by the interest rate more rapidly, and interest rate can be increased and decrease by the state bank. Therefore, we can say that the government is the one whose decision can increase or decrease the growth of the economy.

**References**

Irwin, N. (2018, November 2). Three Key Factors That Will Determine How Long the Hot Job Market Lasts. *The New York Times*. Retrieved from https://www.nytimes.com/2018/11/02/upshot/the-job-market-is-firing-on-all-cylinders-three-questions-will-determine-how-long-it-can-last.html