economists noted.

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By Sarah Foster, Bankrate.com (TNS)

Employers have added 3.5 million jobs so far this year, among the fastest pace in 28 years and a remarkable feat considering the number of headwinds powerful enough to knock hiring off course—from boiling inflation to the fastest Federal Reserve rate hikes in four decades.

But that historically strong job market might not stay booming for much longer.

Joblessness has never increased by 0.5 percentage points or more without the U.S. economy being in a recession, according to the closely followed "Sahm rule." Yet, economists' current projections are nowhere near as stark as the increase in unemployment during the past six recessions. Joblessness surged 11.2 percentage points in the aftermath of the coronavirus pandemic, followed by 5.3 points during the Great Recession and 3.6 points amid the "Great Inflation" of the 1980s.

"Between the collective wisdom of our economists and the Federal Reserve, the outlook for a rise in the unemployment rate over the next year suggests less pain than in past recessions," says Mark Hamrick, Bankrate chief financial analyst and Washington bureau chief. "Let's remember the official jobless rate rose to a devastatingly stunning 14.7% in the early months of the pandemic, well above the peak of 10% following the Great Financial Crisis."

Why Americans could see a tougher job market

Notably, every expert in Bankrate's poll sees higher joblessness. Forecasts for the nation's unemployment rate a year from now ranged from a low of 3.9% to a high of 5.1%.

Before the coronavirus pandemic, the last time 4.4% of the labor force faced unemployment was in 2017.

All economists are similarly expecting a slowdown in hiring. At best, the U.S. economy could add 220,000 jobs each month over the next year, according to the highest forecast. But at worst, it could lose 102,000 jobs each month, the survey's low.

Such is the consequence of rapid Fed tightening, with interest rates in September officially soaring past the level seen as officially weighing on economic growth.

Inflation, however, is already showing signs of remaining troublingly high for

in seven months.

The hope is that higher borrowing costs can bring those job openings more closely in line with worker supply, rather than resulting in outright job loss—what economists would describe as a "soft landing" for monetary policy.

"The Federal Reserve has yet to face a conflict between its employment and inflation objectives," says Odeta Kushi, deputy chief economist at First American Financial Corporation. "While the labor market remains strong, it will be increasingly difficult to fight inflation so intensely without broader impacts to employment. Many companies have already announced layoffs, indicating signs of weakness in the labor market. The probability of a soft landing is not zero, but it is shrinking as Fed tightening intensifies."

Methodology

The Third-Quarter 2022 Bankrate Economic Indicator Survey of economists was conducted Sept. 22-29. Survey requests were emailed to economists nationwide, and responses were submitted voluntarily online. Responding were: Ryan Sweet, senior director of economic research, Moody's Analytics; Yelena Maleyev, economist, KPMG LLP; Odeta Kushi, deputy chief economist, First American Financial Corporation; Lawrence Yun, chief economist, National Association of Realtors; Robert Hughes, senior research faculty, American Institute for Economic Research; Mike Fratantoni, chief economist, Mortgage Bankers Association; Bernard Baumohl, chief global economist, The Economic Outlook Group; Scott Anderson, executive vice president and chief economist, Bank of the West; Bernard Markstein, president and chief economist, Markstein Advisors; Mike Englund, chief economist, Action Economics; John E. Silvia, founder and president, Dynamic Economic Strategies; Robert Frick, corporate economist, Navy Federal Credit Union; Joel Naroff, president, Naroff Economics; and Robert Brusca, chief economist, Fact And Opinion Economics.

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