

November 6, 2009



UNITED STATES

Unemployment rate at 10.2%

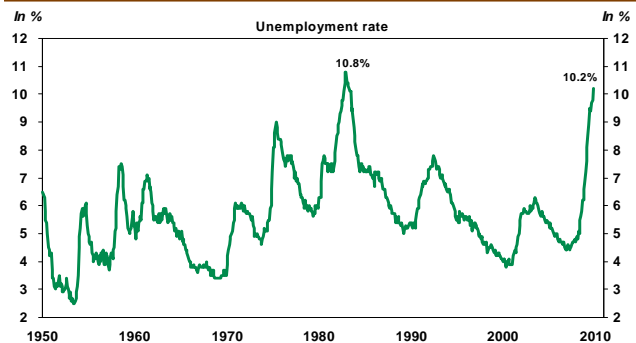
HIGHLIGHTS

- The establishment survey indicates a loss of 190,000 jobs in October, compared to 219,000 layoffs (revised from 263,000) in September.
- The construction industry shed 62,000 jobs in October while manufacturing lost 61,000 jobs. The natural resources sector recorded 6,000 layoffs.
- In the private-sector service industry, 61,000 jobs were lost. The greatest losses were recorded by merchants (retailers and wholesalers), with 48,200 layoffs. The transportation sector shed 18,400 jobs and the financial services sector, 8,000. Professional firms created 18,000 jobs, while the health and education sectors reported 45,000 hirings. Employment in the public sector remained stable.
- The household survey reported massive job losses combined with a decline in the labour force. Consequently, the unemployment rate rose from 9.8% to 10.2%.
- Wages inched up by 0.3% in October after a gain of just 0.1% in September. However, the annual variation is down, from 2.5% to 2.4%. The average work week remained stable, at a low of 33.0 hours.

COMMENTS

The U.S. employment data released this morning are rather mixed. First of all, layoffs are continuing at a fairly brisk pace, even though the recession is deemed to have ended a few months ago. Secondly, the increase in unemployment is very disappointing. The rate of 10.2% is the highest since April 1983 (the post-war peak, recorded at the end of 1982, was 10.8%). Thirdly, on the brighter side, the upward revisions of 47,000 jobs in August and 44,000 jobs in September provide some consolation for this morning's numbers. Fourthly, there are some encouraging signs for the months ahead, in particular the gain of 33,700 jobs in temporary help services which may be considered a leading indicator of job growth.

The unemployment rate is nearing its peak of 1982



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

Since the beginning of the recession, 7,304,000 jobs have been lost, a decline of 5.3%. The continuing deterioration of the job market and, most important, the dizzying rise in the unemployment rate are evidence of the fragility of the recovery.

While production started to pick up during the summer, American households have yet to feel any upswing. Even worse, the duration of unemployment is getting longer and longer, standing at an average of 26.9 weeks (a record) and the number of people working involuntarily on a part-time basis keeps growing. These factors will continue to weigh heavily on consumer confidence.

Implications: The ongoing difficulties in the job market despite the presumed end of the recession will keep the U.S. government and Fed leaders on the defensive. As far as the central bank is concerned, clearly it will not be able to undertake any change in monetary policy until it is convinced that employment is heading upwards. With nearly 200,000 jobs lost in October, that prospect is still far off. While a few sparks of hope are flickering, we will likely have to wait until the winter before we witness any monthly growth in job creation.

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NOTE TO READERS: The letters **k**, **M** and **B** are used in texts and tables to refer to thousands, millions and billions respectively.

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