

February 5, 2010



UNITED STATES

Employment declines once more, while revisions further darken the picture

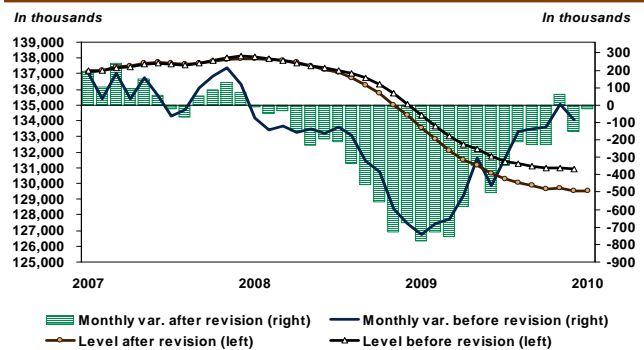
HIGHLIGHTS

- The establishment survey shows that 20,000 jobs were lost in January compared with a decline of 150,000 jobs (revised from -85,000) in December.
- The construction sector slashed 75,000 jobs in January, while the manufacturing sector created 11,000. The natural resources sector recorded a gain of 4,000 jobs.
- Private sector services gained 48,000 jobs. The most hires were posted by professional services firms, which created 44,000 jobs, almost all in temp services. 16,000 more employees were working in health care and educational services. Retailing gained 42,100 new jobs. Financial services lost 16,000 jobs. Employment in leisure and hospitality services fell by 14,000. Employment in the public sector declined by 8,000 jobs.
- January's results came with a substantial revision to prior data. Aside from October's job creation, which was revised upward by 4,000 to a gain of 64,000, the monthly job losses recorded in 2009 are larger than previously announced (a monthly average of -52,000). Since the recession began, therefore, 8,424,000 jobs have been lost (including January's losses), rather than 7,242,000.
- The household survey shows a substantial increase in employment combined with a smaller increase in the labour force. The jobless rate goes from 10.0% to 9.7%.
- Wages went up 0.3% in January, with the annual change going from 2.4% to 2.5%. The average work week ticked up from 33.2 to 33.3 hours.

COMMENTS

This morning's results for employment contain both good and bad news. Clearly, the loss of 20,000 jobs in January is disappointing, especially as the consensus had been calling for the number of workers to rise. However, this upset was offset by better-than-forecast results for the household survey, which shows the unemployment rate declining by 0.3 percentage points. We have not seen an improvement this big since April 1998. Note, however, that household survey data come from a smaller sample and are often much more volatile.

Job losses dwindle, but continue



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

According to the establishment survey, job losses are fairly widespread. Only seven sectors (auto manufacturing, food stores, clothing stores, general merchandise retailers, accounting services, temporary help services and federal employees) posted substantial employment gains (over 10,000). Preparations for the 10-year census created 9,000 jobs (in January 2000, the increase was 17,000).

Implications: All in all, January's figures, along with the generally negative revisions, point to a still very precarious job market. Americans do not yet seem to be benefiting from the recovery at all. Although the situation for employment is less dramatic than it was a year ago, it is still too early for public authorities to withdraw the recovery efforts they set up.

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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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