

ECONOMIC NEWS

United States: The Job Market Is Holding Up

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HIGHLIGHTS

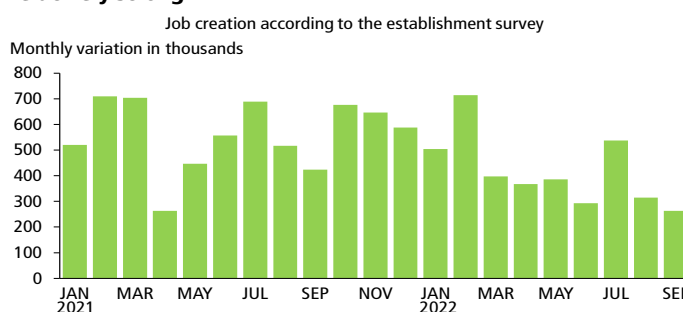
- ▶ According to today's establishment survey, the US economy added 263,000 jobs in September after gains of 315,000 in August and 537,000 in July.
- ▶ Employment rose 19,000 in construction and 22,000 in manufacturing.
- ▶ The private sector added 244,000 service jobs, on par with August's increase of 240,000. Retail shed 1,100 workers, while food services and drinking places added 60,000. There were 90,000 new jobs in education and health services and 46,000 in professional services. The public sector lost 25,000 workers, all in state and local government.
- ▶ As in August, average hourly earnings ticked up 0.3% in September. Earnings were up 5.0% compared to a year earlier versus 5.2% in August, the smallest annual change since December 2021.
- ▶ The unemployment rate dropped back to 3.5% in September after ticking up 0.2 percentage points in August. According to the household survey, employment rose by 204,000 and the labour force declined by 57,000. The labour force participation rate edged down from 62.4% to 62.3%.

COMMENTS

September's jobs report came in a bit hotter than expected, with the consensus calling for 250,000 new hires. But job growth was slower than in previous months. It posted the smallest monthly gain since April 2021, when 263,000 positions were also added. The labour market is showing more and more signs of cooling, and that should come as no surprise. Concerns surrounding rising interest rates, inflation's effect on incomes, and the war in Ukraine were likely to hurt economic activity eventually, including job growth. But for now, the modest slowdown in the labour market isn't a sign of weakness. It reflects a more normal hiring pattern after two years of post-Covid catch-up. According to the establishment survey, there are now 514,000 more jobs

GRAPH

The US labour market is slowing, but job growth remains relatively strong



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

than in February 2020. And according to the household survey, the recovery is now complete, with employment 70,000 above pre-pandemic levels.

IMPLICATIONS

Despite cooling slightly, the US labour market remains relatively strong and still shows no sign of an imminent recession. But hiring is expected to slow in the coming months, and we could see job losses in the next year.