

ECONOMIC NEWS

United States: Hiring Remains Robust While the Unemployment Rate Returns to Recent Low

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HIGHLIGHTS

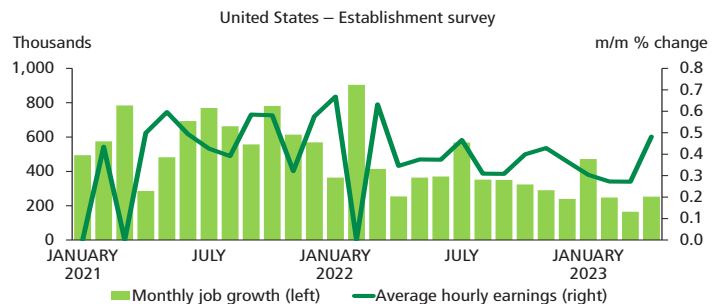
- ▶ According to the establishment survey, the US economy added 253,000 jobs in April after gains of 165,000 (revised from 236,000) in March and 248,000 (revised from 326,000) in February.
- ▶ Employment rose 15,000 in construction and 11,000 in manufacturing.
- ▶ Private sector services added 197,000 jobs, down from 140,000 in March. Retail added 7,700 and food services added 24,800, while wholesale trade shed 2,200. Employment increased by 43,000 in professional services despite 23,300 job losses in temporary help services. 74,000 jobs were created in education and health care. Public administration added 23,000 jobs.
- ▶ Average hourly earnings rose 0.5% in April, the largest monthly gain since March 2022. Year-over-year, they were up 4.4% compared to 4.3% in March.
- ▶ The unemployment rate fell back to its recent low of 3.4% last seen in January. It stood at 3.6% in February and 3.5% in March. According to the household survey, employment rose by 139,000 as the labour force shrank by 43,000.

COMMENTS

April's jobs report brought both good news and not so good news. Hiring again exceeded expectations, blowing past the consensus forecast for 185,000 new jobs. But the February and March prints were revised downward by 78,000 and 71,000 respectively. Not counting annual and methodological revisions and the first few months of the pandemic, we haven't seen such a large downward revision since November 2008 at the height of the financial crisis.

GRAPH

Wage and Job Growth Remains Robust



Sources: Bureau of Labor Statistics and Desjardins Economic Studies

Nevertheless, job creation remains resilient. Strong wage growth also suggests the labour market remains very tight. The falling unemployment rate is further evidence, although the drop is due more to the unexpected decline in the labour force. Either way, we'll have to keep a close eye on temporary services, which have shed 138,700 jobs in the past 6 months. It may be a sign of weakness ahead.

IMPLICATIONS

Strong wage and job growth is complicating the work of the Fed, which just signalled that further rate hikes may not be necessary. It'll be looking for the data to soften in the months to come.