

# ECONOMIC NEWS

## United States: Hiring Surges in January, Defying Expectations

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### HIGHLIGHTS

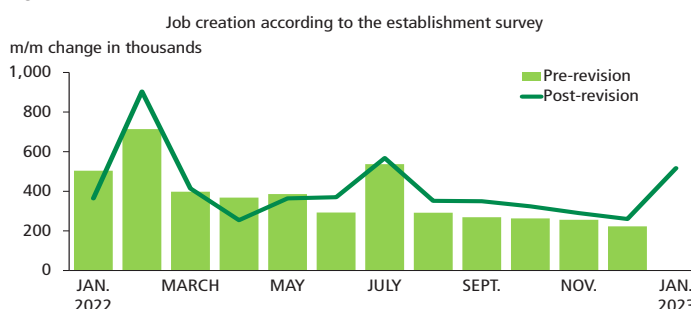
- ▶ According to today's establishment survey, the US economy added 517,000 jobs in January. This comes after an increase of 260,000 in December (revised from 223,000) and 290,000 in November (revised from 256,000).
- ▶ Employment rose 19,000 in manufacturing and 25,000 in construction.
- ▶ The private service sector added 397,000 jobs, its best monthly showing since July 2022. Job gains were recorded in retail trade (30,100), wholesale trade (11,300) and transportation and warehousing (22,900). There were 98,600 new jobs in food services and drinking places, 105,000 in education and health services and 82,000 in professional and business services. The public sector added 74,000, helped by the return of workers from a strike.
- ▶ Average hourly earnings rose 0.3% on the month. Year-over-year, they were up 4.4% in January versus 4.8% in December.
- ▶ January's results came with an annual revision of data. Job gains for 2022 were upwardly revised by 311,000, from 4,503,000 to 4,814,000.
- ▶ The unemployment rate was bumped down a notch from 3.5% to 3.4%, its lowest level since 1969.

### COMMENTS

Today's jobs report blew past expectations. The US economy added 517,000 jobs in January, almost triple Bloomberg's consensus forecast for 188,000. Economists are expecting signs of a slowdown in the labour market and the overall US economy, but January's strong job creation is throwing them for a loop.

### GRAPHIQUE

#### Strong Job Creation in January and Upwardly Revised Hiring for 2022



Sources: Bureau of Labor Statistics and Desjardins Economic Studies

It's also in contrast to mounting layoffs in some sectors. But today's job numbers are more a reflection of recent lows in initial unemployment claims. We're probably seeing both because employees who are laid off are able to quickly find work since there are still so many job vacancies.

The sector-by-sector picture is also largely positive. 69.0% of the 256 sectors surveyed reported an increase in their workforce, the highest rate since July.

### IMPLICATIONS

Contrary to expectations, the US labour market still isn't slowing down. January's strong job creation and downtick in unemployment will complicate the Fed's next rate decision, possibly prolonging its hiking cycle.