ECONOMIC NEWS

HIGHLIGHTS

• The establishment survey shows 155,000 net hires for December, following a gain of 161,000 jobs (revised from 146,000) in November.
• The private sector added 168,000 jobs, subsequent to a gain of 171,000 jobs in November. Public sector employment fell by 13,000 jobs.
• The construction sector added 30,000 jobs, wiping out November’s 10,000-job loss. Manufacturing made 25,000 hires.
• Private sector services created 109,000 jobs. Following several months of strong hiring, retailers eliminated 11,300 positions. The healthcare and education sectors hired 65,000 people, while accommodation and food services added 33,000 positions.
• After being revised upwards by 0.1% in November to 7.8%, the jobless rate stayed at this level in December. The household survey, however, indicates that only 28,000 jobs were created in December, while the labour force expanded by 192,000.

COMMENTS

December’s figures on the U.S. job market are very close to analysts’ consensus and our forecast for the creation of 150,000 jobs and a jobless rate of 7.8%. Considering the upward changes to November’s figures, this morning’s results are slightly ahead of expectations, although yesterday’s very strong figures from the ADP survey may have suggested a much bigger upside surprise. As for the sectors, only the weak hiring in private sector services is disappointing. However, that is partly due to the pullback in retail hiring after combined hires of 143,000 from September to November.

While the U.S. job market’s performance in 2012 is entirely acceptable given the current economic context, the fact that job creation did not accelerate from the previous year is disappointing. The data for the last few months confirm that the U.S. job market was showing some resilience at the end of 2012, however, despite the numerous headwinds. In November, job creation thumbed its nose at Hurricane Sandy and, in December, the concerns raised by the nearing fiscal cliff did not, in the end, prompt businesses to postpone hiring.

Implications: The partial agreement reached to avoid the fiscal cliff dissipated much of the fears of recession and a drop in employment in the United States in early 2013. The fact that there is no overall solution and the need to reach a new agreement to raise the debt ceiling will maintain some uncertainty, however, a situation that is not very conducive to faster job creation.

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