Solid growth by employment in February

HIGHLIGHTS

- The establishment survey shows 236,000 net hires for February, after a gain of 119,000 jobs (revised from 157,000) in January and 219,000 in December.
- The private sector added 246,000 jobs, subsequent to a gain of 140,000 jobs in December. Public sector employment fell by 10,000 jobs.
- The construction sector added 48,000 workers. Manufacturing made 14,000 hires, and the resource sector created 5,000 jobs.
- Private sector services added 179,000 jobs, a strong improvement from the 99,000 jobs created in January. Retailers took on 23,700 workers. The number of workers in professional services increased 73,000, while the health and education sector rose by 24,000.
- The jobless rate fell in February, going from 7.9% to 7.7%. According to the household survey, employment increased by 170,000, while the labour force shrank by 130,000.

COMMENTS

February’s job creation is quite robust, making for very good news for the U.S. economy, and well ahead of the consensus forecast. January’s results were a little disappointing (even more so with the downward revision), but last month’s gain puts hiring at a level that is more consistent with that seen at the close of 2012. This means that the U.S. labour market has managed to create over 200,000 jobs in three out of the last four months. However, some caution is required: this kind of performance was also recorded during the last three winters, only to wane quickly with the arrival of spring. We can hope the latest gains will prove more durable, however.

Job creation is particularly good with respect to the many headwinds that could have shaken employers’ drive to hire. The 52,700 jobs created at retailers since the year began occurred despite the tax increases and rapid rise by gas prices, not to mention the major winter storm that hit part of the United States at the start of February. Retailers were also one of the only sectors to do more hires in February 2013 than in February 2012. This good performance therefore confirms the recent improvement in consumer confidence indexes. Construction also had a very good month, showing its best job creation since March 2007.

The public sector is one of the sectors that continues to slump. Since the start of 2012, the public sector has lost 107,000 jobs. The automatic cuts to federal spending that came into effect on March 1 could exacerbate job loss in this sector.

Implications: The job market continues to recover at a stronger pace than expected. Although 5,726,000 people have been hired since the trough, a little more than three million jobs still need to be added to revisit the January 2008 peak. The automatic federal government cuts could slow job creation in the very near term.

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