United States: An Employment Rebound Less Spectacular Than Forecast... At First Glance

**HIGHLIGHTS**

- The establishment survey shows there were only 261,000 new jobs in October following September’s 18,000 (revised from -33,000) job gain.
- The construction sector created 11,000 jobs and manufacturing gained 24,000.
- There were 219,000 net hires in private sector services, following a loss of 3,000 jobs in September. The gain is 88,500 in food services. This sector, which was most severely affected by the hurricanes, lost 98,000 jobs in September (revised from -104,700). Retailers trimmed 8,300 positions in October. The health care and education sectors created 41,000 jobs and the professional services sector created 50,000 jobs.
- The jobless rate dropped from 4.2% to 4.1%. However, the household survey posted a stunning loss of 484,000 jobs and a labour force drop of 765,000 people. These changes provide a mirror image of the surprising gains posted in September.
- The average hourly wage stagnated in October following a 0.5% increase in September. The annual change slowed from 2.8% to 2.4%.

**COMMENTS**

An employment rebound was expected after the crash caused by the September hurricanes. The gain should make up for September’s shortfall and normal growth in October. The consensus predicted the creation of more than 300,000 jobs. The result is therefore below expectations. Nevertheless, we need to consider the net effect of revisions to the previous months. They add 39,000 jobs in August and 51,000 in September. The total impact is thus a lot more significant. Moreover, as the loss that was initially announced for September is now in positive territory, the uninterrupted string of job creation continues; it is now at 85 consecutive months of gains for total employment and 92 months for employment in the private sector.

The drop in the jobless rate should be taken with a grain of salt. The household survey posted monthly changes that are hardly compatible with the current economic situation. Wage stagnation is normal as a part of the 0.5% increase posted in September came from averaging based on job losses in sectors with lower wages.

**IMPLICATIONS**

Outside of extreme fluctuations caused by the hurricanes, job creation continues nicely in the United States. Everything points to further key rate increases at the Federal Reserve meeting in December.

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