



## UNITED STATES

### The weather did less damage than anticipated

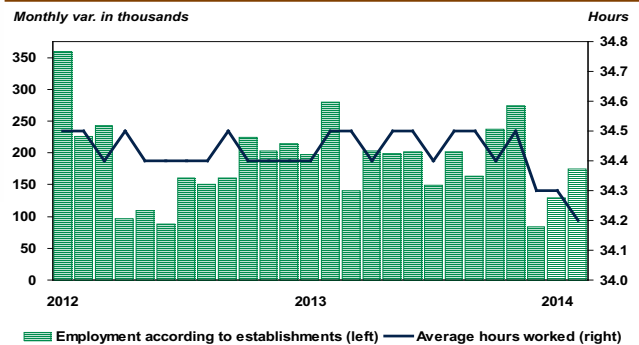
#### HIGHLIGHTS

- The establishment survey shows 175,000 net hires for February, following up on a gain of 129,000 (revised from 113,000) in January and 84,000 in December (revised from 75,000).
- The private sector added 162,000 jobs. Public sector employment grew by 13,000 jobs.
- The construction sector gained 15,000 jobs, after January's 50,000-job increase. Manufacturing created 6,000 jobs, as it had over the previous month.
- Private sector services gained 140,000 jobs. Retailers cut 4,100 jobs, less than the 22,600 layoffs that occurred in this sector in January. However, wholesalers created 14,800 jobs while food services added 21,200. 16,000 jobs were lost in the IT sector, largely in cinema. The number of workers in professional services increased 79,000, its strongest growth in a year. The education and healthcare sectors posted 33,000 hires, speeding up from their weak gains in previous months.
- The jobless rate went from 6.6% to 6.7%, wiping out the previous month's decrease. According to the household survey, the increase in the labour force (264,000) was bigger than the rise by employment (42,000).

#### COMMENTS

Ongoing tough weather in February raised fears that employment would post further disappointing figures, especially since a major blizzard hit the eastern United States during the week the survey was conducted. The consensus forecast was therefore not very high (+149,000), and the latest job market indicators, such as the private ADP survey and the employment components of ISM indexes were suggesting even lower results. The 175,000-job gain can therefore be taken as very good news. All the same, it looks like the weather did have some influence. For example, 601,000 workers missed work in February (not seasonally adjusted), the largest number since January 2011. Without the harsh weather, the job market situation would have been even better, closer to the very positive results observed in early fall 2013.

#### The weather affected hours worked more than the number of hires in February



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

All the same, February's results held some disappointments. Practically all of the gains made by construction came from civil engineering work, rather than building construction, a situation that does not bode well for February's housing starts. What's more, while total employment held up, the average number of hours worked pulled back to its lowest level in two years. The drop occurred primarily in construction and services. However, the upswing by employment in healthcare, education and professional services is encouraging.

The uptick in the jobless rate is consistent with our expectations, as the recent drops in the labour force were too large to be sustainable. The participation rate's stabilization in the near term should limit decreases in the jobless rate.

**Implications:** There was a lot of fear that the harsh weather would once again hit job creation hard. Hours worked were negatively impacted, but hires still accelerated—very good news, which demonstrates that the U.S. economy is resilient. This will be of comfort to the Federal Reserve as it continues to taper its purchases at its next meeting.

**Francis Généreux**  
Senior Economist

**François Dupuis**  
Vice-President and Chief Economist

**Yves St-Maurice**  
Senior Director and Deputy Chief Economist

514-281-2336 or 1 866 866-7000, ext. 2336  
E-mail: [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com)

**Hélène Bégin**  
Senior Economist

**Benoît P. Durocher**  
Senior Economist

**Francis Généreux**  
Senior Economist