



UNITED STATES

At last, net acceleration in hiring!

HIGHLIGHTS

- The establishment survey shows 288,000 net hires in April, following gains of 203,000 jobs in March (revised from 192,000) and 222,000 in February (revised from 197,000).
- The private sector accounted for 273,000 new jobs, while the public sector accounted for 15,000.
- The construction sector created 32,000 jobs following a 17,000 gain in March. The number of workers rose by 12,000 in manufacturing, following 7,000 hires in March (revised from -1,000).
- Private sector services generated 220,000 new jobs. Retailers rebounded with 34,500 new employees, food services added 32,600 new workers, and professional services welcomed 75,000 to their ranks. The education and healthcare sectors recorded 40,000 hires.
- The jobless rate dropped from 6.7% to 6.3%, its sharpest monthly decrease since December 2010, and the lowest rate since September 2008. This improvement is solely the result of the labour force contracting by 806,000 while losing 73,000 jobs, according to the household survey. The participation rate fell to 62.8%.

COMMENTS

We expected stronger job creation in April once winter difficulties were firmly in the past. The 288,000 hires vastly exceeded expectations. Add to that the 36,000 new positions resulting from revisions to February and March results and we have a very positive job market over the last month, at least according to the establishment survey. This partially reflects falling jobless claims observed in the opening weeks of April.

The springtime improvement is especially clear with the gains in construction and the rebound in retail hires following a more difficult start to the year. In fact, there is very little weakness in the numbers by industry released today. Among the 264 activity sectors covered by the survey, 67.0% posted a monthly rise in employment, the highest percentage since January 2012.

The job market is improving according to the establishment survey



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

The only dark spot on the picture is from the household survey, even though it indicated an impressive drop in the jobless rate. As has often been the case during the recovery, the rate has gone down essentially because the labour force is smaller. Remember, however, that the household survey is much more unstable and less reliable than the establishment survey. In addition, it is hard to believe that the United States lost 73,000 jobs last month when the establishment survey has posted its best performance in over two years. We can expect more tumult in the jobless and participation rates in the coming months.

Implications: The U.S. job market is improving, and the creation of 288,000 jobs, the strongest since January 2012, is good news that proves that recent weakness in the economy was essentially caused by weather conditions. Only 113,000 jobs need to be added to reach the peak posted before the recession of January 2008.

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

Hélène Bégin
Senior Economist

Benoit P. Durocher
Senior Economist

Francis Généreux
Senior Economist