

## UNITED STATES

### Hiring rebounds and the jobless rate falls to 5.9%

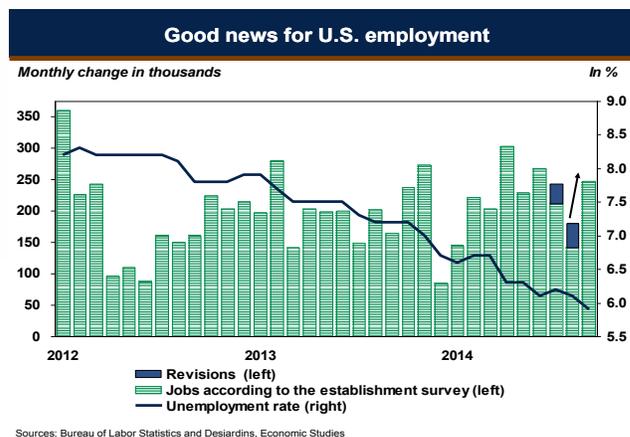
#### HIGHLIGHTS

- The establishment survey indicates that there were 248,000 net hires in September, following gains of 180,000 jobs in August (revised from 142,000) and 243,000 in July (revised from 212,000).
- There were 236,000 jobs added in the private sector. Public sector employment added 12,000 jobs.
- Construction repeated August's performance, creating another 16,000 jobs. The number of workers in manufacturing increased by 4,000 following the same number of layoffs in August.
- The private service sector had its best showing since June, with 207,000 jobs added. Jobs in retailing rose by 35,300, while food services added 20,400 jobs. There were 81,000 new workers in professional services, the best gain since February. The healthcare and education sector created 32,000 jobs.
- The unemployment rate fell from 6.1% to 5.9%, the lowest rate since July 2008. The household survey reports the creation of 232,000 jobs and 97,000 people exiting the labour force.

#### COMMENTS

The establishment survey has delivered some good news. For one, the gain of 248,000 jobs is very positive, contrasting with recently released data on the U.S. economy that is less than stellar. In addition to this strong job creation, results for the previous months were revised. The disappointing gain of 142,000 jobs in August is now a more encouraging increase of 180,000. Even July's number was revised quite positively. With the gain of 248,000 and the total revision of 69,000 for the two previous months, the number of workers is 317,000 higher than we were told last month.

Many industries contributed to better job growth. The automobile sector, which trimmed 4,500 jobs in August added back 3,300 in September. Retailers created 35,300 jobs after losing 4,700 in August. Note, however, that the percentage of the 264 sectors recorded in the survey that had created jobs was lower in September (57.8%) than in August (62.7%) and July (67.8%).



The consensus had been calling for the unemployment rate to remain stable; instead, it is resuming its downward trend, slipping below the 6% mark for the first time since summer 2008. The decrease was again backed by a shrinking labour force: the participation rate went from 62.8% to 62.7%, sinking to its lowest point since February 1977. However, there were no major differences between gains in employment according to the household survey and the increase recorded by businesses. At the same time, the underemployment rate (which includes discouraged and involuntary part-time workers) fell from 12.0% to 11.8% (it was 13.6% a year ago).

**Implications:** The solid performance by employment in September and the revisions of the previous months dissipate worries stemming from the preliminary numbers for August. The job market therefore reflects the U.S. economy's strong growth, which should continue over the coming quarters. Note, however, that the rise in wages remains weak.

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