

UNITED STATES

2015 starts with more good news on employment

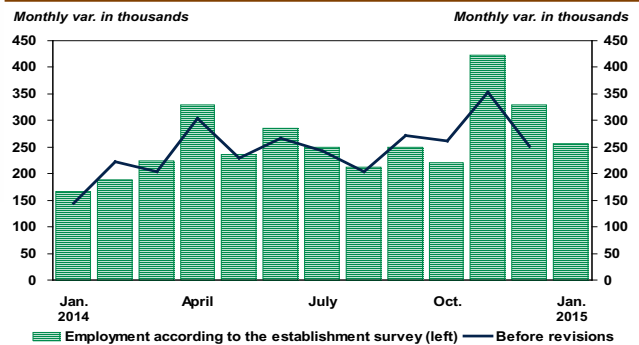
HIGHLIGHTS

- The establishment survey shows 257,000 net hires in January, following up on an increase of 329,000 jobs in December (revised from 252,000) and 423,000 in November (revised from 353,000).
- The private sector added 267,000 jobs. Public sector employment lost 10,000 jobs.
- Construction created 39,000 jobs. In manufacturing, the number of workers rose by 22,000.
- There were 209,000 positions created in private sector services. Retail employment jumped 45,900 jobs, and 34,600 jobs were added in food services. The number of workers in professional services increased 39,000. Financial services added 26,000 new jobs. The health care and education sector created 46,000 jobs.
- An annual change to previous data was also released with January's results. The revisions improved the employment gains recorded in 2014, taking them from 2,952,000 to 3,116,000.
- The jobless rate ticked up from 5.6% to 5.7%. Adjustments to the household survey make it hard to do monthly comparisons, but it seems like the labour force (+703,000 when the impact of the adjustments is excluded) grew more than employment (+435,000).
- The average hourly wage went up 0.5% in January after ticking down 0.2% in December. The annual change in the average hourly wage went from 1.9% (revised from 1.7%) to 2.2%, its highest point since August.

COMMENTS

January's employment growth proved to be very close to our expectations. However, the overall picture is solidly positive, even though hiring was slower than in the two previous months. The annual change to the establishment survey increased both the level of employment, and the monthly variations. 164,000 more jobs were created than initially estimated in 2014; of this total, 147,000 come from the revisions to the results for November and December. Also, the 423,000 jobs created in November is the best performance since 1997 (excluding the 10-year censuses).

A good January ... on the heels of an extraordinary autumn



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

Among the sectors, retail employment has come back strong after December's lull. The resource sector posted its first decline (-3,000) since April 2013, including the 1,900 layoffs in oil and gas extraction. The drop in oil prices is starting to affect this sector, but the consequences for the United States overall are minimal.

Paradoxically, we can be happy with the uptick in the jobless rate. With the proliferation of strong months of job creation and rise in consumer confidence indexes, it is normal to see more people getting into the job market. The participation rate went from 62.6% to 62.9%. As the labour force is expanding faster than employment, the jobless rate is going up.

Implications: The job market remains robust in the United States, and it is normal to see the jobless rate stagnate or rise as more people join the labour force. After December's disappointment, the Federal Reserve will be encouraged to see wages firm up.

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