

March 6, 2015



UNITED STATES

Hiring maintains a lively pace

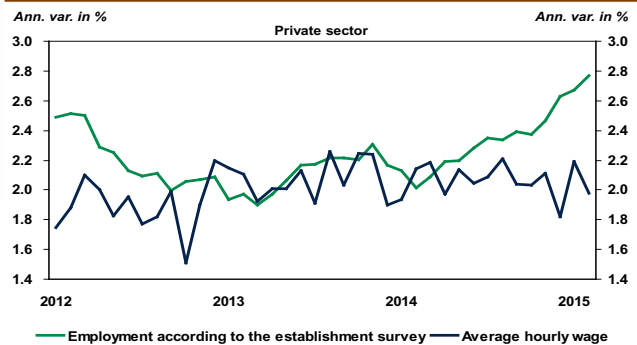
HIGHLIGHTS

- The establishment survey shows that there were 295,000 net hirings in February, after gains of 239,000 jobs in January (revised from 257,000) and 329,000 in December.
- The private sector added 288,000 jobs, while the public sector gained 7,000 jobs.
- The construction sector created 29,000 jobs. In manufacturing, the number of workers grew by 8,000. However, 8,000 jobs were lost in the natural resources sector.
- There were 259,000 new jobs in the private service sector. Retail employment expanded by 32,000 jobs, and there was a spike of 58,700 new jobs in food services. The number of workers in professional services rose by 51,000. The health care and education sector created 54,000 jobs.
- The jobless rate dipped from 5.7% to 5.5%, its lowest point since May 2008. The household survey showed job growth of 96,000, but 178,000 fewer people were in the labour force. The participation rate was down again, to 62.8%.
- After an encouraging uptick of 0.5% in January, the growth in average hourly wages was just 0.1% in February. Thus its annual change drops from 2.2% to 2.0%, its average of the past three years.

COMMENTS

February is another month of strong job growth in the United States, confounding forecasters' expectations, which were considerably lower. The adverse weather, the labour dispute at the West coast ports, the expected reduction of investment in the oil sector, the slight deterioration in household confidence and the volatility of jobless claims were all factors that were hinting at a deceleration in hiring. The creation of 295,000 jobs in February therefore comes as very good news, suggesting that the U.S. economy can defy these hurdles. We do note some contraction in certain sectors, however. This is the case in natural resources, in particular oil and gas extraction, and mining industry support activities (-13,300 jobs since October), which are suffering the impact of the oil price slump. We also note that manufacturing reported its lowest monthly job growth since

Accelerated hiring is still not leading to faster wage growth



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

August 2013, which is compatible with the recent decline in the ISM manufacturing index, probably due to the problems at West coast ports. Even construction disappointed, losing 500 jobs in home construction (probably due to the weather). Fortunately, the service sector counteracted these setbacks magnificently.

The decline in the jobless rate is good news, but, once again, the improvement stems mainly from the small size of the labour force. We note that the underemployment rate (consisting of discouraged unemployed workers and those working part-time involuntarily) has dropped to 11.0% (it was 12.6% a year ago). Long-term unemployment is also down.

Implications: The U.S. job market is proving to be more vigorous and resilient than expected. The main fly in the ointment is the fact that wages are still not accelerating, despite healthy job growth. This is the only factor that might lead the Federal Reserve to remain patient.

Francis Généreux
Senior Economist

François Dupuis
Vice-President and Chief Economist

Hélène Bégin
Senior Economist

Benoît P. Durocher
Senior Economist

Francis Généreux
Senior Economist

514-281-2336 or 1 866 866-7000, ext. 2336
E-mail: desjardins.economics@desjardins.com