



UNITED STATES

A welcome upswing in hirings

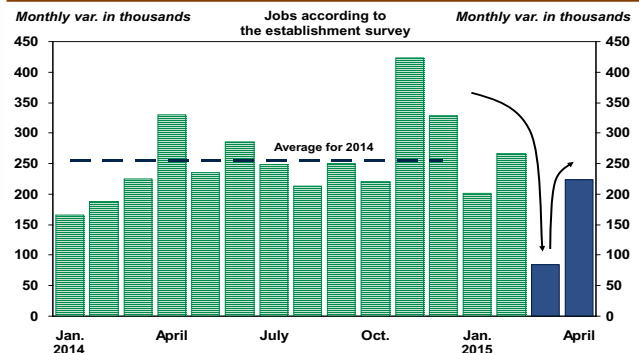
HIGHLIGHTS

- The establishment survey shows that there were 223,000 net hires in April after a small gain of just 85,000 jobs in March (revised from 126,000). In the private sector, 213,000 jobs were added, while the public sector gained 10,000 jobs.
- The construction sector created 45,000 jobs, the sharpest growth since January 2014. Only 1,000 jobs were created in manufacturing despite 6,000 hirings in the automobile sector. In the natural resources sector, 15,000 jobs were lost.
- The private sector reported the creation of 182,000 service jobs, an improvement over March but below the average of 2014. Among retailers, employment expanded by 12,100 jobs and there were 26,000 new jobs in food services. The number of workers in the professional services sector surged by 62,000, the best result so far this year. The health and education sector created 61,000 jobs.
- The unemployment rate dipped from 5.5% to 5.4%, the lowest it has been since May 2008. The household survey reports growth of 192,000 jobs and an increase of 166,000 people in the labour force.
- The monthly growth in the average hourly wage was just 0.1% in April, but the annual variation rose from 2.1% to 2.2%, matching what was seen in January.

COMMENTS

The March numbers of the establishment survey had caused great concern, even before the downwards revision which pushed the gain down to a mere 85,000 jobs, the lowest number seen since June 2012. Taken together with the anaemic real GDP growth in the first quarter and the weakness of other economic indicators, the sudden plunge in hirings raised doubts about the true strength of the U.S. economy. The April data provide some reassurance in this regard. However, last month's gain does not constitute a true rally in the job market. The creation of 223,000 jobs is still below the average of 255,000 that was observed in 2014. To truly make up for the weakness seen in March, hirings above that average would have been preferable. But such a performance was not really expected, since the level of

Better job growth after a disquieting month of March



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

jobless claims and the poor performance of the components relating to employment in the confidence indexes and the ISM manufacturing index were suggesting a modest upturn, as proved to be the case.

It must be said that some industries are still facing problems. In fact, of the 263 sectors listed, fewer saw their numbers of workers rise in April (57.0%) compared to March (59.5%). Manufacturing is suffering from the strength of the U.S. dollar, and the natural resources sector is still severely impacted by the decline in oil investments. On the other hand, we can be glad that business services, retail trade and construction are faring quite well in terms of jobs.

Implications: After the concerns raised by the March data, April's gain of 223,000 jobs is welcome news. However, it does not constitute a true rebound and will not encourage the Federal Reserve to hasten its interest rate hikes. Early indications for the month of May, in particular a marked drop in jobless claims, are suggesting a better performance.

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