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UNITED STATES

Job creation disappoints, but the jobless rate falls again

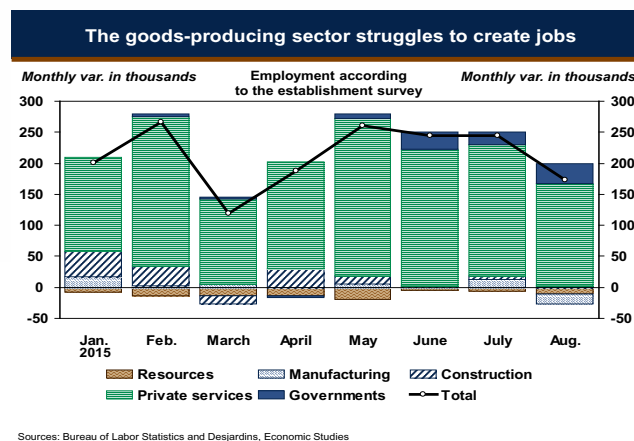
HIGHLIGHTS

- The establishment survey indicates that there were only 173,000 net hires in August, following gains of 245,000 in July and June (revised respectively from 215,000 and 231,000). The private sector created 140,000 jobs and the public sector had 33,000 hires.
- Only 3,000 jobs were added in the construction sector in August, after 7,000 hires in July. Manufacturing lost 17,000 jobs, while the natural resources sector lost 10,000.
- Private-sector services created 164,000 jobs, the weakest gain since March. Employment among retailers rose by 11,200 jobs, and there was a 26,100 increase in food services jobs. Professional services added 33,000 positions and the financial sector added 19,000. Health care and education created 62,000 jobs.
- The jobless rate dropped from 5.3% to 5.1%, its lowest point since April 2008. The household survey indicates that there were 196,000 additional jobs and 41,000 fewer people in the labour force in August.
- Average hourly wages nudged up 0.3% in the month. The annual change held steady at 2.2%.

COMMENTS

After creating around 250,000 jobs for three straight months, the drop in pace to 173,000 is disappointing. The consensus had been calling for stronger advances in the job market of around 220,000 jobs. It should also be noted that the revisions of the previous results added 44,000 jobs to the data released at the start of August.

The goods-producing sector especially seems to be struggling. For the fourth time in 2015, it recorded a net loss in employment, and total yearly gains to date are 51,000. This is a big contrast with the 595,000 jobs created in the goods-producing sector in 2014. Declining investment in the oil sector and the strength of the U.S. dollar are particular challenges for the resources (-90,000 jobs to date in 2015) and manufacturing (only 28,000 jobs created in 2015) sectors.



We also note a slowdown in services, but they still have several positive elements, such as the best job creation in health care and education since October 2012. The gain of 33,000 government jobs is the best result in two years.

Once again, the fall in the jobless rate leaves a bitter taste, as the labour force shrinks again. However, the overall jobless rate also improved in August.

Implications: Ambiguous results for the job market in August will not make it easier for Federal Reserve leaders during their meeting on September 17. Those who wish to retain the status quo will find elements to support their position, as will those who argue in support of starting to increase key rates.

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