



UNITED STATES

Hires rebound in February

HIGHLIGHTS

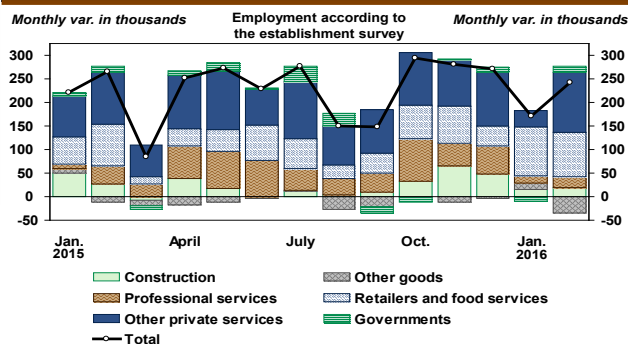
- The establishment survey indicates that there were 242,000 net hires in February, following gains of 172,000 jobs in January (revised from 151,000) and 271,000 in December (revised from 262,000).
- Construction created 19,000 jobs. The number of workers in manufacturing decreased by 29,000 following a 23,000 gain in December. The natural resources sector had 18,000 net layoffs.
- Private sector services had its strongest showing since October 2015 with 245,000 jobs added. Jobs in retailing remained strong with 54,900 hires, but 5,300 jobs were lost in transportation and warehousing. Food services hired 40,200 new workers. There were 23,000 new workers in professional services. The health care and education sectors created 38,100 and 28,200 jobs, respectively.
- The jobless rate is steady at 4.9%. The household survey posted a gain of 530,000 jobs in February, while 555,000 people joined the labour force. The participation rate climbed to 62.9%, its highest level since July 2014.
- Following a strong 0.5% increase in January, the average hourly wage fell 0.1% in February. The annual change for the average hourly wage slipped from 2.5% to 2.2%.

COMMENTS

After disappointing results for January, previously estimated at 151,000 hires, the job market recovery is reassuring news. The addition of 242,000 jobs is well above the consensus calling for growth slightly below 200,000 jobs. In addition, revisions to data for December (+9,000) and for January (+21,000) are clearly positive.

Many sectors that had underperformed in January picked up steam in February. Consider in particular the services sector, which only added 153,000 jobs in January, the weakest growth in six months. This improvement diverges from the dismal performance of the non-manufacturing ISM employment sub-index, which was under the 50-point mark in February. The most striking rebound is in education and health care. Note, however, that job creation remains

February's job rebound stems mainly from services



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

fairly weak in professional services. In the last two months, average growth was only 19,000 compared with a monthly average of 51,750 in 2015. Other underperformers include manufacturing, which saw a pullback after several surprising months (34,000 total hires between October and January).

Implications: After slowing down in January, job creation returned to its quick pace in February. This will further calm fears of a new contraction in the U.S. economy. Even the stability in the jobless rate is good news, given strong growth in the labour force. However, these positive factors should not be enough for the Federal Reserve to go back to rate increases at its March 16 meeting.

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

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