Economic News
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UNITED STATES

Job growth remains solid

HIGHLIGHTS

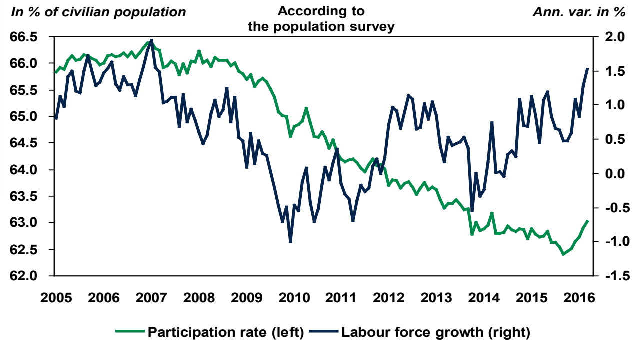
- The establishment survey shows 215,000 net hires for March, following up on gains of 245,000 in February and 168,000 in January.
- Construction created 37,000 jobs. However, manufacturing lost 29,000 jobs. The natural resources sector laid off 12,000 people.
- 199,000 jobs were added in private sector services, fewer than February's 251,000. Retail employment remained strong, with 47,700 hires. Food services took on 24,800 new workers. The number of workers increased 15,000 in financial services, and 33,000 in professional services. The health care sector created 44,000 jobs, while education added 7,400.
- The jobless rate went from 4.9% to 5.0%, the first increase since May 2015. The household survey shows a gain of 246,000 jobs in March, but the labour force expanded by 396,000 people. The participation rate continues to rise, climbing 0.1 percentage points to 63.0%.
- Average hourly wages rose 0.3% in March after edging down 0.1% in February. The annual change in average hourly wages stayed at 2.3%.

COMMENTS

March's employment growth came out a little stronger than the consensus forecast, which was for 205,000 jobs to be created. The gain is not as big as February's strong 245,000 or the average of 282,000 recorded for the last quarter of 2015, but it is still much better than the disappointing 168,000 jobs created in January. Total employment has now posted its 66th straight month of growth. The run is 73 months for private employment, much stronger than the previous record of 51 uninterrupted months of growth that came at the end of the 1990s.

The 29,000 manufacturing jobs lost is a disappointment, as it follows 18,000 layoffs in February. The declines occurred across manufacturing's sub-components, with only 37.3% of them creating jobs in March. Although some manufacturing indexes are starting to improve, the problems persist.

The participation rate keeps climbing



Sources: Bureau of Economic Analysis and Desjardins, Economic Studies

The rise by the jobless rate is not a worry. It is even relatively healthy, as it comes from stronger growth by the labour force, something that was a long time in coming. The labour force participation rate had declined nearly constantly since the crisis, and is now on the ascent, reflecting a more appealing labour market.

Implications: Job creation is maintaining a fairly quick pace. It is now also being accompanied by a trend change in labour force growth, which could make it hard for the jobless rate to keep going down, despite all the hires. This situation could curb inflation pressure and remains compatible with the two key rate hikes forecast by the Federal Reserve (Fed) by year's end. Further good job creation in April and May could prompt the Fed to make one move in June.

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Note to readers: The letters **k**, **M** and **B** are used in texts and tables to refer to thousands, millions and billions respectively.