



## UNITED STATES

### Hires slow more than expected

#### HIGHLIGHTS

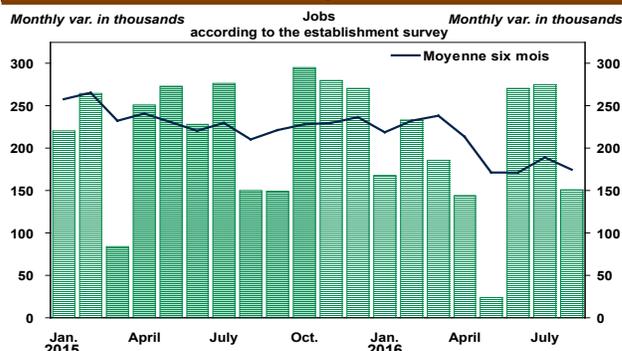
- The establishment survey shows that there were 151,000 net hires in August after much greater gains of 275,000 (revised from 255,000) in July and 271,000 (revised from 292,000) in June.
- Construction sector employment contracted by 6,000 jobs and manufacturing lost 14,000 workers. The natural resources sector laid off 4,000 workers.
- Private sector service firms created 150,000 jobs, in contrast to the average of 228,500 jobs recorded in June and July. Retailers reported a gain of 15,100 jobs. Food services hired 34,000 new workers. There were 22,000 new jobs in professional services and 15,000 in financial services. The health care and education sectors created 39,000 jobs, while the public sector gained 25,000 jobs.
- The jobless rate held steady at 4.9%. The household survey showed a gain of 97,000 jobs, and the labour force expanded by 176,000 people.
- The average hourly wage ticked up by 0.1% in August after a 0.3% rise in July. The annual change in the average hourly wage fell, from 2.7% to 2.4%.

#### COMMENTS

The strong job growth observed in recent months was probably exaggerated and a slowdown in hires was anticipated for August. However, the gain of 151,000 jobs was below the consensus expectations, which called for 180,000 hires. This is another disappointment on top of the ISM manufacturing index, which fell below the 50 mark in August. We should point out, though, that the first estimate of changes in employment tends to be on the low side in the month of August, and is often revised upwards later on.

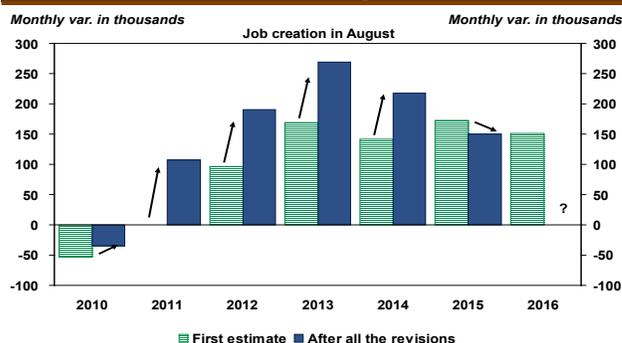
The main weakness in today's data lies mostly in the goods sector. We note new job losses in manufacturing (i.e. 5,600 in the auto sector), construction (especially in non-residential and civil engineering) and the mining sector.

#### After two months of strong growth, the U.S. labour market slowed in August



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

#### Hires in August tend to be disappointing based on first estimates, but revisions often change the numbers



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

**Implications:** The messages given by Federal Reserve leaders in recent weeks hinted at the possibility of an imminent key interest rate hike. Market expectations of monetary firming in September had also increased to some degree. The decline of the ISM index and the sharper-than-expected slowdown in hires diminish that possibility.

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