



Cooperation Week – October 16 to 22, 2016

Desjardins supports thousands of student retention and educational success projects, sources of greater economic prosperity. For more information, go to desjardins.com.

October 7, 2016



UNITED STATES

Further modest job growth

HIGHLIGHTS

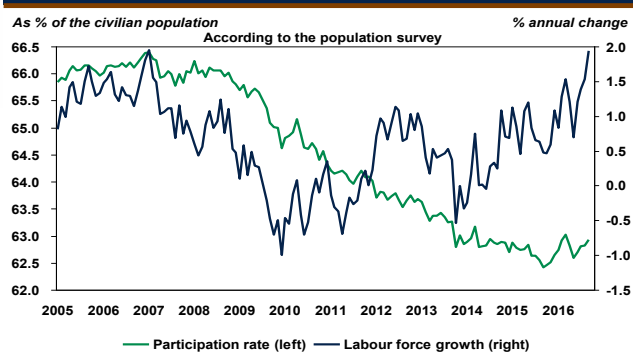
- The establishment survey shows 156,000 net hirings in September after an increase of 167,000 in August (revised from 151,000) and a larger gain of 252,000 (revised from 275,000) in July.
- Employment in the construction sector expanded by 23,000 jobs, but manufacturing lost 13,000 workers.
- There were 157,000 new jobs in private sector services, a bit less than the 169,000 reported in August. Retailers created 22,000 new jobs. In professional services, the number of jobs grew by 67,000. The healthcare and education sectors created 29,000 jobs, while 11,000 jobs were lost in the public sector.
- The unemployment rate rose from 4.9% to 5.0%. The household survey reported a gain of 354,000 jobs, but the labour force expanded by more than that: 444,000 workers.
- The average hourly wage edged up by 0.2% in September. The annual change in the average hourly wage accelerated from 2.4% to 2.6%.

COMMENTS

Job creation was quite similar to that of last month: a decent performance, but far from spectacular. But there was reason to hope for something better. The small volume of unemployment insurance claims, the healthy readings in the sub-indexes relating to current employment in the Conference Board's household survey, and the improvement in the employment components of the ISM indexes offered hope of more vitality in the hiring department.

It is worth noting that a few sub-sectors pulled everything down in September. There were 14,100 jobs lost in passenger transportation, 10,300 in daycare services, 13,200 in the performing arts and sports, and 14,300 in local public education services. To these surprising pullbacks, we must add the layoffs that are mounting in the manufacturing sector, for a total contraction of 29,000 over a two-month

The labour force is growing faster



Sources: Bureau of Economic Analysis and Desjardins, Economic Studies

period. Of the sectors that did well, September's job creation in the construction sector is the highest we have seen since March. Also, the gain of 23,200 jobs in temporary help services is the best so far this year.

Even though it pushed the unemployment rate up, the good showing in labour force participation is encouraging. Its annual change now stands at 1.9%, whereas a year ago it was in the neighbourhood of 0.5%. We note that the number of discouraged unemployed workers has dropped by 12.9% in the space of one year.

Implications: Job creation is still good, although not extraordinary. The Federal Reserve officials could be encouraged by the healthy growth in labour force participation and the increase in wages. However, all these data are not convincing enough to urge them to order a key interest rate hike as early as November 2, six days before the election. They will probably bide their time until their December 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

NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

IMPORTANT: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document's authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2016, Desjardins Group. All rights reserved.