

ECONOMIC NEWS

United States: Job creation slows at year end

HIGHLIGHTS

- ▶ According to the establishment survey, there were 156,000 net hires in December, following gains of 204,000 jobs in November (revised from 178,000) and 135,000 in October (revised from 142,000).
- ▶ The construction sector lost 3,000 jobs. Manufacturing added 17,000 jobs, the first gain since July.
- ▶ 132,000 positions were created in private sector services. The retail workforce expanded by 6,300, while food services added 29,600 workers to their ranks. Employment increased by 15,000 jobs in professional services. The health care and education sector created 70,000 jobs.
- ▶ 2,157,000 jobs were created in 2016 (December to December), less than 2015's 2,744,000 hires, and the 3,015,000 jobs added in 2014. In terms of the annual average, the gain is 2,481,000 workers.
- ▶ The jobless rate ticked up from 4.6% to 4.7%. Over the year, it averaged 4.9%, compared with 5.3% in 2015 and 6.2% in 2014.
- ▶ The average hourly wage went up 0.4% in December after ticking down 0.1% in November. Its annual change went from 2.5% to 2.9%

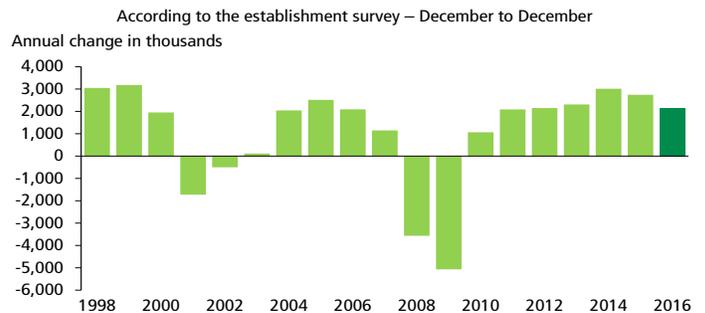
COMMENTS

At the end of 2016, job creation came in below the consensus forecast, which was calling for a gain closer to 175,000. Although the results for the year as a whole are not bad, monthly hiring was often disappointing when first released, with seven results below the consensus expectation, including four in the last five months.

Sectors that made smaller than anticipated contributions to December's job creation include construction, which was probably hurt by worse weather than in previous months. The

UNITED STATES

Job creation was a little weaker in 2016



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

uptick in retailing factors in the 23,900 jobs lost at general merchandise stores. Temporary help services lost 15,500 jobs. We can be encouraged by the job creation in manufacturing, which posted its best monthly performance since January 2016.

The rise in wages after November's poor performance is also good news. The 2.9% annual change is the best since May 2009.

IMPLICATIONS

The U.S. job market has ended 2016 the way it began, with results that are below expectations. However, there is not much reason for concern, as the gains remain relatively solid, even though they no longer tend to deliver upside surprises. Even December's increase in the jobless rate has to be construed as a normal swing of the pendulum following the declines in the two previous months. The information should not change a thing for the Federal Reserve, as the poorer results are offset by the faster wage growth.

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