United States: 313,000 New Jobs Created in February!

HIGHLIGHTS

- The establishment survey shows that 313,000 new jobs were created in February following January’s 239,000 new jobs (revised from 200,000). This marks the strongest monthly growth since July 2016.
- The construction sector created 61,000 jobs and manufacturing gained 31,000.
- There were 187,000 net hires in private sector services, a spurt following the 166,000 new jobs created in January. Retailers created 50,300 jobs and the food services sector created 11,500 new jobs. The health care and education sector gained 23,000 workers. Professional services welcomed 50,000 new hires with 28,000 new jobs in financial services. Governments created 26,000 jobs.
- Unemployment remained at 4.1% in February, for the fifth consecutive month. The household survey showed a gain of 785,000 jobs, while the workforce expanded by 806,000 people. The participation rate ticked up from 62.7% to 63.0%, the highest since September.
- The average hourly wage edged up 0.1% in February, or less than in January (+0.3%) and December (+0.4%). The annual change went from 2.8% (revised from 2.9%) to 2.6%.

COMMENTS

The strength of job creation in February is a pleasant surprise. Job gains in excess of 300,000 are quite rare; only 10 have been recorded in this current economic cycle. What’s more, this result beats the highest of the 78 consensus estimates compiled by Bloomberg. This good news comes on top of the upgrades made to employment in January (+39,000) and December (+15,000).

This hiring surge is fairly widespread. Monthly gains were recorded in 68.6% of the 258 sectors, the highest rate since January 2012. The goods sector (construction, manufacturing and natural resources) boosted its ranks by 100,000 positions, the best performance since June 1984, if we exclude the rebounds that follow one-time problems (labour disputes and storms).

The slowdown in monthly and annual wage changes is moderating new inflation concerns ignited by January’s results. Solid job creation will eventually boost wages, but the bottom-line trend is still modest. This upsing in the participation rate helps ease the pressures created by the low jobless rate.

IMPLICATIONS

With 552,000 new jobs in two months, 2018 is off to a roaring start. As such, the Federal Reserve (Fed) will not hesitate to order a key rate hike at its meeting on March 21st. The ongoing job market boom could even prompt Fed leaders to increase the pace of key rate hikes.

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