United States: Hiring Continues in June

**HIGHLIGHTS**
- The establishment survey indicates 213,000 new jobs in June, following gains of 244,000 in May (revised from 223,000) and 175,000 in April (revised from 159,000).
- Construction accounted for 13,000 jobs. The manufacturing sector added 36,000 new workers, including 12,000 in the auto industry.
- There were 149,000 net hires in private sector services, a downturn compared to the 188,000 new jobs created in May. Retailers laid off 21,600 workers after May’s 25,100 new hires. Food services gained 16,400 positions. The health care and education sector gained 54,000 workers. Professional services added 50,000 hires to payrolls.
- The jobless rate was up for the first time since August 2017, going from 3.8% in May to 4.0% in June. The household survey showed a gain of 102,000 jobs, while the workforce expanded by 601,000 people. The participation rate edged up from 62.7% to 62.9%.
- The average hourly wage rose 0.2% in June after a 0.3% increase in May. The annual change remained at 2.7%.

**COMMENTS**

The U.S. job market managed to record over 200,000 new hires for two months in a row for the first time since November 2017. As in May, June’s gain is higher than the consensus forecast, which was calling for 195,000 new jobs.

We are impressed by the manufacturing sector’s fine performance; it posted one of its best results since the 2008–2009 recession. Taking manufacturing job creation over 12 months into account, the gain of 285,000 jobs is the highest since March 1998.

Paradoxically, the higher jobless rate in June comes as good news. Job growth is still good according to the household survey, and the surge of participants in the workforce is a good sign as it partly reflects a drop in the number of discouraged workers.

**IMPLICATIONS**

Job creation is continuing nicely in the United States, and even the higher jobless rate is not such bad news. It remains to be seen how trade tensions will affect the job market. For the moment, everything points to the Federal Reserve continuing to raise key interest rates in September and December.

Francis Généreux, Senior Economist