United States: Hiring Rebounds

**HIGHLIGHTS**

- The establishment survey indicates that there were 250,000 new jobs in October, following gains of 118,000 in September (revised from 134,000) and 286,000 in August (revised from 270,000).

- Construction accounted for 30,000 jobs. Manufacturing gained 32,000 jobs, of which 10,200 were in transportation equipment.

- There were 179,000 net hires in private sector services, a spurt compared to the gain of just 79,000 new jobs created in September. After 32,400 layoffs by retailers in September, the increase was a mere 2,400 jobs in October. The rebound was more notable in food services, which saw 33,500 hires following 10,000 job losses. The health care and education sector gained 44,000 workers. Professional services added 35,000 hires to payrolls.

- The jobless rate stayed at 3.7%. The household survey showed a gain of 600,000 jobs, while the labour force expanded by 711,000 people.

- Average hourly wages nudged up 0.2% in October. The annual change went from 2.8% to 3.1%.

**COMMENTS**

The main concern with October’s job numbers—that Hurricane Michael would cancel out the post-Florence rebound—did not come to pass. Weather-related absenteeism was high again in October, but this did not affect total hires nationwide. The gain of 250,000 positions is well above the average of 208,000 obtained during the previous 12 months. The progression is also higher than the consensus forecast, which was calling for 200,000 new jobs.

There appears to have been a real rebound effect following the passage of Hurricane Florence in September. The lack of an effect on retailers is disappointing, however. With just 35,300 new jobs created, this sector has been underperforming since the beginning of the year. With a smaller proportion of total employment (8.5% compared with 10.6% for retailers), the manufacturing sector is doing a lot better with 227,000 net hires since the start of 2018.

Helped by a very positive base effect, the gain in wages in October posted its strongest annual growth since April 2009. If the next monthly changes remain close to 0.25%, annual wage growth should be able to remain around 3%.

**IMPLICATIONS**

The rebound in hiring, despite the passage of another hurricane, and the change in wages should prompt the Federal Reserve to order another 25-point increase in its key rates in December.

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