United States: Hires Slump Again

HIGHLIGHTS
- The establishment survey indicates that there were 155,000 new jobs in November, following gains of 237,000 in October (revised from 250,000) and 119,000 in September (revised from 118,000).
- Construction accounted for just 5,000 jobs. Manufacturing gained 27,000 positions.
- There were 132,000 net hires in private sector services, a downturn compared to the 198,000 new jobs created in October. After two months of declines, retailers added 18,200 jobs in November. Food services saw an increase of 21,200. The health care and education sector gained 34,000 workers. Professional services added 32,000 hires to payrolls.
- The jobless rate stayed at 3.7%. The household survey showed a gain of 233,000 jobs, while the labour force expanded by 133,000 people.
- The average hourly wage rose 0.2% in November following a 0.1% increase in October (revised from 0.2%). The annual change remained at 3.1%.

COMMENTS
After jolts in September and October due to Hurricane Florence, a greater calm settled over job creation in November. The 155,000 gain is quite a bit lower than the consensus forecast, which was calling for closer to 200,000 hires.

Although disappointing against the consensus, the pace of hiring is not really something to worry about. Monthly gains of around 160,000 should be the norm considering the long-term trend of the labour force. However, with its strong recent growth, the U.S. economy has accustomed us to more substantial gains over the past year, averaging 203,000. The return of a more modest trend over time would be normal, even desirable, if we want to avoid overheating.

IMPLICATIONS
The relative weakness in hiring in November may further fuel recent market pessimism. However, the vast majority of U.S. economic indicators point to continued robust economic growth. In this context, the Federal Reserve should have no hesitation in raising its key rates at its December 19 meeting.

Francis Généreux, Senior Economist

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