

## ECONOMIC NEWS

# United States: Employment Is Slowing

### HIGHLIGHTS

- ▶ The establishment survey indicates that there were only 75,000 new jobs in May, following gains of 224,000 in April (revised from 263,000) and 153,000 in March (revised from 189,000).
- ▶ Construction gained 4,000 jobs, and manufacturing 3,000.
- ▶ There were 82,000 net hires in private-sector services, clearly down compared to the 170,000 new jobs created in April. Retailers lost 7,600 jobs, but the food services sector saw 16,900 new jobs created. The health and education sectors came up with 27,000 new hires, and professional services added 33,000 new jobs. The public sector shed 15,000 jobs.
- ▶ The jobless rate stayed at 3.6%. The household survey showed a gain of 113,000 jobs, while the labour force expanded by 176,000 people. After four consecutive monthly declines, the participation rate remained stable at 62.8%.
- ▶ The average weekly wage in the private sector rose 0.2% in May, just as it did in February and March. The annual variation dipped slightly from 3.2% to 3.1%.

### COMMENTS

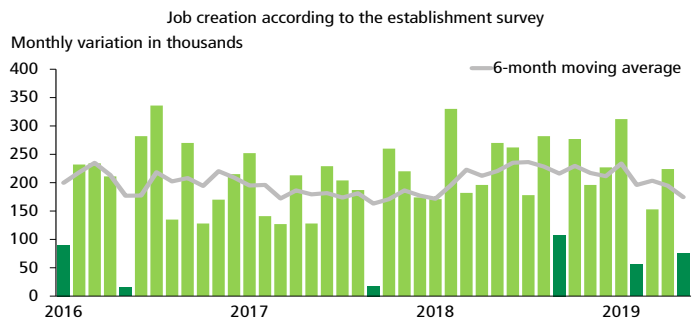
After exceeding the consensus forecast in April, job creation was rather disappointing in May. The consensus was expecting 175,000 new hires. Still, this figure could be considered positive in light of the released ADP survey, which suggested only 27,000 new private-sector jobs in May.

It's also important to note that the total revisions for March and April (-75,000) offset the job gain in May. Thus, the new job level in May is the same as the one previously estimated for April. The net result is that today's numbers show zero job creation!

There is no specific sector in which significant job losses alone would account for the weak job creation in May. It feels more like hiring has slowed in several sectors. For example,

### GRAPH

#### A slower pace is not unusual



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

44,000 health-sector jobs on average were created each month over the past year; this time, the increase was no more than 24,000. In professional services, the average over the past year exceeded 45,000 as job creation fell to 33,000 in May. Furthermore, only 54.8% of the 258 sectors covered created jobs in May compared with 59.9% in April and 67.1% a year ago.

### IMPLICATIONS

The weak job creation in May is disappointing. Still, it wasn't unusual either after April's gain. All that remains now is to see if a rebound occurs in the coming months or if the job market and the U.S. economy are slowing. In the latter case, the Federal Reserve would be more inclined to listen to the financial markets, which are already asking it to lower future key rates.

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