

ECONOMIC NEWS

United States: Job Creation Reflects Expectations

HIGHLIGHTS

- ▶ According to the establishment survey, July ended with 164,000 jobs created. The forecaster consensus was counting on a gain of 165,000 jobs.
- ▶ The goods-producing sectors saw 15,000 jobs created.
- ▶ The services sectors boosted their ranks by 133,000 jobs.
- ▶ The jobless rate stayed at 3.7%.
- ▶ Monthly growth in the hourly wage was a bit stronger than expected at 0.3%, whereas forecasters had anticipated a 0.2% increase. June's result was also revised upward (+0.3% instead of +0.2%).

COMMENTS

It wasn't July's results that grabbed our attention, but rather the revisions to its previous figures. Wage growth was certainly faster than anticipated, but the downward revisions to job growth in May and June really made a difference. The change in employment went from +72,000 to +62,000 for May and from +224,000 to +193,000 for June. For those two months, there were a total of 41,000 fewer jobs on the U.S. job market.

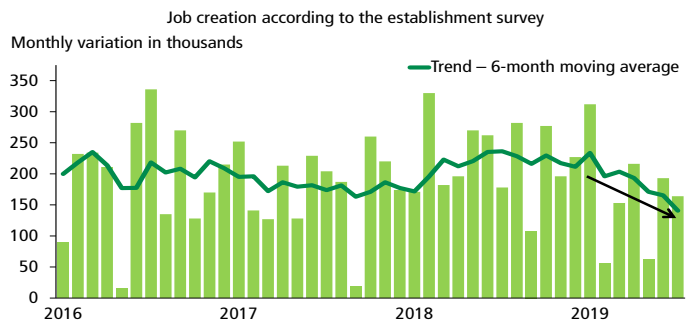
These results confirm the downtrend in employment we've observed in the last few months. It remains to be seen how far the deceleration will go. This situation highlights the uncertainty surrounding the growth outlook for the U.S. economy.

IMPLICATIONS

July's job growth wasn't bad, per se. However, it was insufficient to reverse the slowing pace of recent job growth. Despite a jobless rate that is nearing a historic low, if the downtrend in jobs continues, the Federal Reserve may be disappointed and more motivated to order an additional cut to key interest rates in the coming months, particularly if international uncertainty remains high.

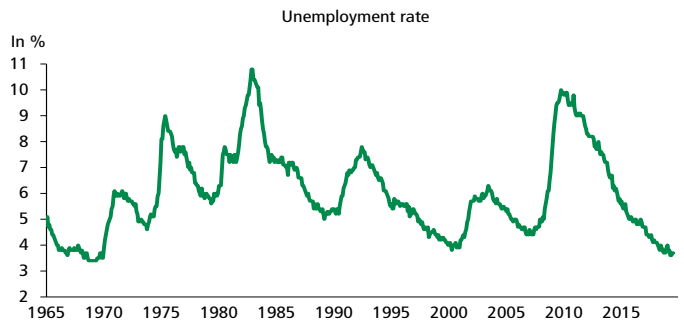
GRAPH 1

The employment trend continues to slow



GRAPH 2

The unemployment rate remains very low, historically speaking



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