

## ECONOMIC NEWS

# United States: Job Creation down Slightly in August

### HIGHLIGHTS

- ▶ The establishment survey indicates that there were 130,000 new jobs in August, following gains of 159,000 in July (revised from 164,000) and 178,000 in June (revised from 193,000).
- ▶ Construction gained 14,000 jobs, and manufacturing 3,000.
- ▶ There were 84,000 net hires in private sector services, i.e., far fewer than the 133,000 recorded in July. Retailers lost 11,100 jobs, but the food services sector saw 11,900 new jobs created. The health and education sectors came up with 32,000 new hires, and professional services added 37,000 new jobs. The public sector made 34,000 hires, in all likelihood in preparation for the 2020 census.
- ▶ The jobless rate stayed at 3.7%. The household survey showed a gain of 590,000 jobs, while the labour force expanded by 571,000 people. The participation rate climbed to 63.2%, its highest level since January.
- ▶ The average hourly wage in the private sector rose 0.4% in August. The annual change still slowed from 3.3% to 3.2%.

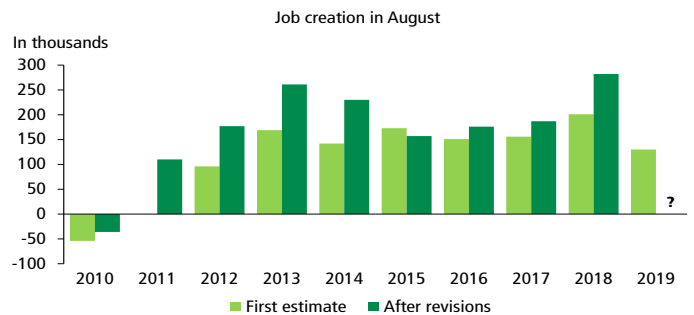
### COMMENTS

The 130,000 hires in August were lower than the consensus had expected. It forecast 160,000 new jobs in all, including 150,000 in the private sector. In fact, there were only 96,000 private sector jobs last month. Also of note is the proportion of sectors that recorded job growth, 53.5%, its lowest rate since May 2016.

This weakness may be due, in part, to an anomaly that often occurs in August. Recent years have shown that the advance job creation estimate for the month of August is relatively low compared with the preceding months. However, it is often followed by upward revisions that erase a significant part of the anomaly. It remains to be seen if this happens in the upcoming releases of job numbers.

### GRAPH

**Hires tend to be disappointing in August based on the first estimate, but the revisions often adjust this figure**



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

Some components are following in the footsteps of other indicators released recently. For example, job creation in manufacturing appears to have been rather weak in the last few months. Forty-four thousand jobs were created to date in 2019 compared with 170,000 for the same period last year. This reflects the weakness in the ISM manufacturing index and in industrial output. Additionally, net layoffs among retailers are continuing, with a total loss of 74,400 since the beginning of 2019.

### IMPLICATIONS

The Federal Reserve has already begun to lower key interest rates to ensure that the economic situation doesn't deteriorate too much. With hires down more than forecast in August, it has the room to drop rates again on September 18.

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