

## ECONOMIC NEWS

# United States: The Jobless Rate at Just 3.5%!

### HIGHLIGHTS

- ▶ The establishment survey indicates that 136,000 new jobs were created in September, following gains of 168,000 (revised from 130,000) in August and 166,000 (revised from 159,000) in July.
- ▶ The construction sector added 7,000 new jobs, but there were 2,000 net layoffs in manufacturing.
- ▶ There were 109,000 net hires in private sector services, i.e., fewer than the 121,000 recorded in August. Retailers lost 11,400 jobs, and the food services sector created only 1,500 new positions. The health and education sectors came up with 40,000 new hires, and professional services added 34,000 new jobs. The public sector hired 22,000 workers, but these were not related to the 2020 census preparations.
- ▶ The jobless rate fell to 3.5%, the lowest level since December 1969. The household survey showed a gain of 391,000 jobs, while the labour force expanded by only 117,000 people. The participation rate remained steady at 63.2%.
- ▶ The average hourly wage in the private sector was flat in September. Its annual variation slowed from 3.2% to 2.9%, the slowest pace since July 2018.

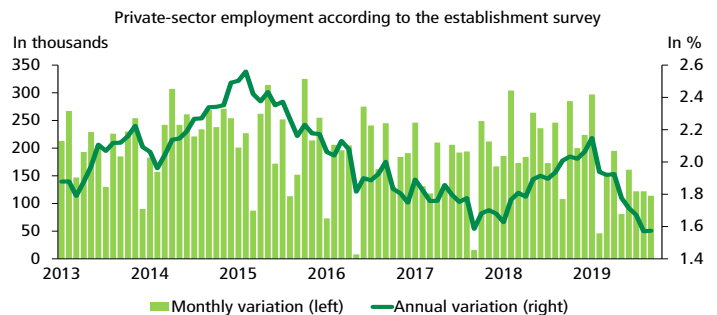
### COMMENTS

The results of the September ISM indexes and the mood on the financial markets over the last few days gave reason to fear the worst about job creation. It would be wrong to say that job creation in September was strong, but the 136,000 gain and the upward revisions to the August and July data point to a contained situation.

This should not hide the slowing job trend in the private sector. September also showed some pockets of weakness. Such is the case for manufacturers (a first decline since March) and retailers (86,900 jobs lost since February).

### GRAPH

#### Job creation in the United States is definitely slower



Sources: Datastream and Desjardins, Economic Studies

The drop in the jobless rate is surprising and reflects the high volatility of the household survey. Nevertheless, reaching this new low is encouraging, as all eyes look for signs of an approaching recession.

It remains to be seen what the next few months will bring. If the strike at GM continues until mid-October, it could affect upcoming monthly results. Excluding this effect, it will be interesting to see if the contraction in manufacturing employment will get worse.

### IMPLICATIONS

Job creation has slowed in recent months, but this trend didn't really accelerate in September. For Federal Reserve leaders, the signals will appear mixed as hiring and wages slow, while the jobless rate hits a new low.

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