

ECONOMIC NEWS

United States: Hiring Stronger than Anticipated

HIGHLIGHTS

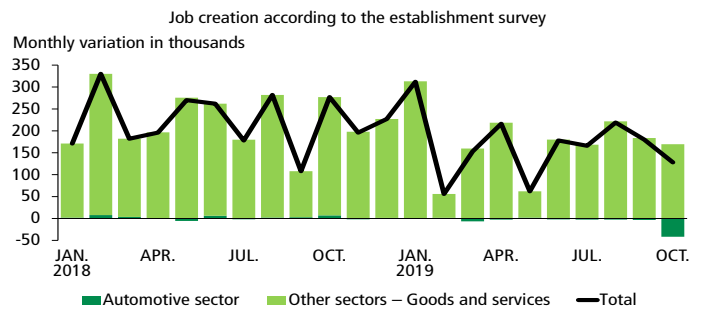
- ▶ The establishment survey indicates that there were 128,000 new jobs in October, following gains of 180,000 in September (revised from 136,000) and 219,000 in August (revised from 168,000).
- ▶ Manufacturing lost 36,000 jobs—of which 41,600 were in the automotive sector—as a direct result of the strike at General Motors (GM). Construction accounted for 10,000 new jobs.
- ▶ There were 157,000 net hires in private sector services, following a similar gain of 160,000 jobs in September. Retailers added 6,100 jobs. Hiring in the food services sector jumped 47,500. The health and education sectors came up with 39,000 new hires, and professional services added 22,000 new jobs. The public sector shed 3,000 jobs.
- ▶ The jobless rate ticked up 3.5% to 3.6%. The household survey showed a gain of 241,000 jobs, while the labour force expanded by 325,000 people. The participation rate advanced from 63.2% to 63.3%.
- ▶ The average hourly wage in the private sector grew 0.2% in October after stagnating in September. The annual variation remained at 3.0%.

COMMENTS

Expectations were lower regarding job creation in October. It was suspected that the strike at GM, which affected roughly 48,000 workers, would have a direct, negative impact in addition to the collateral impact on suppliers and related industries. As a result, the consensus predicted no more than 85,000 new jobs for last month, or half of the average for the previous six months. Yet the impact that was feared was weaker than anticipated and, in particular, the other sectors behaved in the same way that they had in previous months. Added to this was the upward revision

GRAPH

Aside from the automotive sector, job growth was fairly good



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

of August's (+51,000) and September's (+44,000) figures. Therefore, the U.S. job market is doing rather well, even if it's not quite as strong as it was in 2017 or 2018.

Also noteworthy is the fact that retailers created jobs for two months in a row (after revision) for the first time since the summer of 2018. The gain in food services was the highest since January.

IMPLICATIONS

Affected less than anticipated by the strike (now settled) at GM, the job market is showing just how resilient it is. This is reassuring in terms of the support that consumer spending should provide to further the U.S. economy. If this resilience holds, the Federal Reserve will have been right to signal that its monetary policy would remain unchanged.

Francis Généreux, Senior Economist

François Dupuis, Vice-President and Chief Economist • Mathieu D'Anjou, Deputy Chief Economist
Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist

Desjardins, Economic Studies: 514-281-2336 or 1 866-866-7000, ext. 5552336 • desjardins.economics@desjardins.com • desjardins.com/economics

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