

ECONOMIC NEWS

United States: Job Creation Soars

HIGHLIGHTS

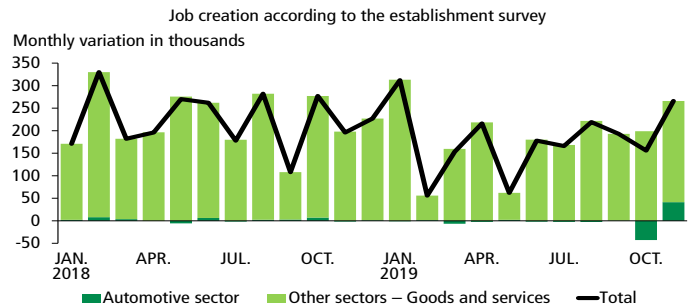
- ▶ The establishment survey indicates 266,000 new jobs in November, following gains of 156,000 in October (revised from 128,000) and 193,000 in September (revised from 180,000).
- ▶ There were 54,000 new jobs in manufacturing, including 41,300 in the automotive sector, after the General Motors (GM) strike ended. Construction accounted for just 1,000 jobs.
- ▶ There were 206,000 net hires in private sector services, up from 188,000 in October. Retailers added 2,000 jobs. Hiring in the food services sector reached 25,300. The health and education sectors came up with 45,000 new hires, and professional services added 38,000 new jobs. The public sector gained 12,000 jobs.
- ▶ The jobless rate reverted to its cyclical low of 3.5% after rising to 3.6% in October. The household survey showed a gain of 83,000 jobs, while the labour force expanded by 40,000 people. The participation rate dropped from 63.3% to 63.2%.
- ▶ The average hourly wage in the private sector rose 0.2% in November following a 0.4% increase in October (revised from 0.2%). The annual variation dipped slightly from 3.2% (revised from 3.0%) to 3.1%.

COMMENTS

More job creation was expected in November, if only because the GM strike was over. However, today's gain is much higher than what the consensus expected; the Bloomberg survey predicted 180,000 jobs. In fact, the 266,000 new jobs exceed the highest forecast in the consensus. This is an addition to the upgrades for October (+28,000) and September (+13,000). Together, the revisions and new hires add up to over 300,000!

GRAPH

Best job creation record since January



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

The proportion of the 258 sectors that had positive job creation soared in November, going from 52.7% to 61.6%, the highest rate in 2019. Of course, the automotive sector was a contributor, but apart from that predictable increase, new hires rose nicely in transportation, health services and local governments.

IMPLICATIONS

The U.S. job market continues to gain strength. Uncertainty about the economy is affecting business investment, but not hiring. For the moment, this supports consumer confidence and spending. The lively job creation is another reason why the Federal Reserve should stop cutting key rates.

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