

ECONOMIC NEWS

United States: A Good Start to the Year for the Job Market

HIGHLIGHTS

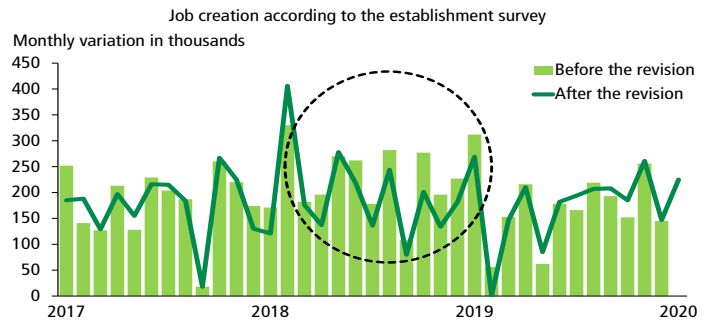
- ▶ The establishment survey shows that 225,000 new jobs were created in January, following gains of 147,000 in December and 261,000 in November.
- ▶ Manufacturing lost 12,000 jobs after shedding 5,000 in December. Construction added 44,000 jobs, the biggest gain in a year.
- ▶ There were 174,000 net hires in private sector services, a better result than the 147,000 new jobs recorded in December. Retailers lost 8,300 jobs after gaining 44,900 in December. The number of hires in the food services sector climbed to 24,400. The health and education sectors saw 72,000 new hires, and professional services added 21,000 new jobs. The public sector made 19,000 hires.
- ▶ January's results came with an annual revision of data. The revision trimmed (-12,000) the job gains recorded in 2019, reducing them from 2,108,000 to 2,096,000. The impact was bigger for 2018 gains, taking them from 2,679,000 to 2,314,000, a difference of -365,000.
- ▶ The jobless rate ticked up, going from 3.5% in December to 3.6% in January.
- ▶ The average hourly wage in the private sector rose 0.2% in January following a 0.1% increase in December. The annual variation rose slightly from 3.0% to 3.1%.

COMMENTS

Job creation at the start of 2020 substantially exceeded the forecasts. The consensus had expected 165,000 net hires. This performance follows other economic indicators that have recently delivered upside surprises, such as the ISM indexes. It therefore seems that, against all odds, the job market continues to perform well. Note, however, that the revisions led to a decline of 6,000 private jobs in February 2019, halting the uninterrupted string of gains that began in March 2010. For its part, growth

GRAPH

The revision mainly affected 2008



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

in total employment has been steady since October 2010 (1,000 jobs were created in February 2019), a run of 112 months.

Noteworthy factors for January include another drop in employment in manufacturing. This sector has been slowing for the last year, but the easing of trade tensions with China could help revive it in 2020. However, the effects of the coronavirus make this outlook more uncertain.

IMPLICATIONS

The strength of the job market continues to provide a major boost to U.S. households. The Federal Reserve will see this as a stabilizing factor, prompting it to keep its monetary policy unchanged.

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