

## ECONOMIC NEWS

# U.S. Job Market Already Starting to Improve!

### HIGHLIGHTS

- ▶ The establishment survey indicates that there were 2,509,000 net hires in May after 20,687,000 jobs were lost in April and 1,373,000 in March. This is clearly the biggest jobs increase since monthly data first started to be compiled and came mostly as a surprise as another decrease in the number of workers was expected.
- ▶ Manufacturing gained 225,000 new jobs and construction added 464,000 workers.
- ▶ They were 2,425,000 net hires in private sector services. The food services sector alone gained 1,370,600 jobs while retailers added 367,800 jobs. The health care and education sector gained 424,000 jobs; professional services added 127,000 hires. In contrast, the public sector shed 585,000 jobs, especially at the local government level (-487,000).
- ▶ The unemployment rate fell from 14.7% to 13.3%. The household survey recorded the creation of 3,839,000 jobs (after 22,369,000 were lost in April). Another 1,746,000 people joined the U.S. labor force.

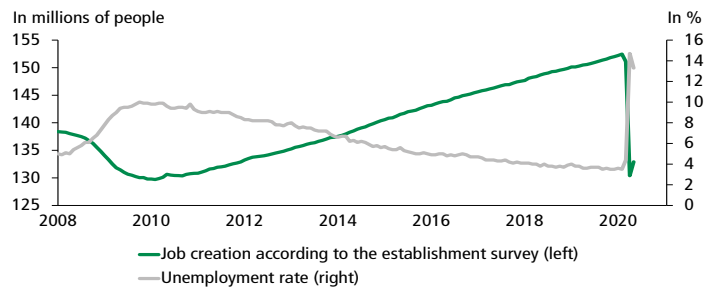
### COMMENTS

The release of May's employment figures caused a lot of surprise. The consensus expected another major round of layoffs, signalled by the high weekly jobless claims. Business surveys indicated that components relating to employment had improved somewhat, but the levels remained consistent with net losses. The only conclusion that can be drawn is that layoffs and hires were both significant last month, but that the situation overall is already starting to improve.

That said, the shortfall to make up with the pre-pandemic situation remains considerable. In May, there were 19,551,000 fewer workers than at the cyclical peak in February. The net loss remains at more than 7.0 million in recreation and food services, 2.3 million in health care and education,

### GRAPH

**The hike in employment and the drop in unemployment are encouraging but still modest**



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

2.2 million in professional services, 2.0 million in retailing and 1.0 million in manufacturing. More than 10,633,000 workers are now working part-time, although they would prefer full-time, nearly three times more than in February. The labor force has shrunk by 6,300,000 people since February. All of this is a reminder that the situation is still very far from normal.

### IMPLICATIONS

The net hires for May are a step in the right direction and, in particular, happening much earlier than anticipated. Jobless claims may still be high, but we can expect more jobs to be created in June.

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