

ECONOMIC NEWS

United States: The Job Market's Recovery Continues

HIGHLIGHTS

- ▶ The establishment survey indicates that there were 1,371,000 net hires in August, following gains of 1,734,000 in July and 4,781,000 in June.
- ▶ These included 29,000 new jobs in manufacturing and 16,000 in construction.
- ▶ There were 984,000 net hires in private sector services. The food services sector gained 133,600 jobs, and retailers added 248,900 jobs. The health care and education sector gained 147,000 jobs, while professional services added 197,000 hires. The public sector gained 344,000 jobs.
- ▶ The jobless rate fell sharply from 10.2% to 8.4%. The household survey recorded the creation of 3,756,000 jobs. The labour force grew by 968,000 people. The participation rate ticked up from 61.4% to 61.7%.

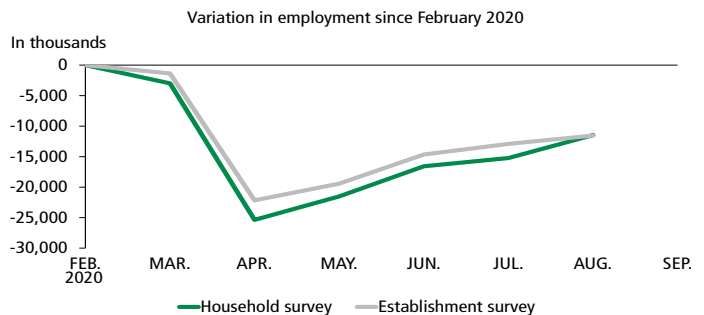
COMMENTS

According to the establishment survey, job creation was fairly close to consensus expectations in August, but the monthly gain is still huge. However, a significant shortfall of 11,549,000 jobs remains compared to February's level. August's figure reached 92.4% of the pre-pandemic peak, but the 7.6% loss is still massive after four months of recovery. At the worst point of the 2008–2009 recession, the drop was 6.3%.

We should point out that August's total figures look better due to the federal government's hiring of 238,000 temporary census workers. Job growth also appears to be losing steam in other sectors. For example, job creation in manufacturing has slowed somewhat and has yet to make up for more than half of the jobs lost in the sector. Even retailing and food services, which continue to see significant month gains, face major shortfalls (655,400 and 2,488,000 jobs, respectively).

GRAPH

August's gain is higher according the household survey, but the trend is clearly the same



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

The biggest surprise in the data released today was the 1.8% drop in the jobless rate. This was due to the stunning job growth according to the household survey, which was more than double the establishment's estimate. Monthly discrepancies are standard, but this one is particularly tough to reconcile. However, the trend and the total losses since February are similar. In addition, the household survey indicates that there are still 24.2 million people who were unable to work or had to cut back their hours in August due to the pandemic.

IMPLICATIONS

The U.S. economy continues to recover, and the pace of hiring and falling jobless rate are encouraging. Nevertheless, the situation is still far from normal, and the Federal Reserve is expected to continue to support the recovery.

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