

ECONOMIC NEWS

United States: Job Growth Is Slowing

HIGHLIGHTS

- ▶ The establishment survey indicates that there were 661,000 net hires in September, following gains of 1,489,000 in August and 1,761,000 in July.
- ▶ These included 66,000 new jobs in manufacturing and 26,000 in construction.
- ▶ There were 784,000 net hires in private sector services. The food services sector gained 200,300 jobs, and retailers added 142,400 jobs. The health care and education sector gained only 40,000 jobs, while professional services added 89,000 hires. The public sector shed 216,000 jobs.
- ▶ The jobless rate fell again, from 8.4% to 7.9%. The household survey recorded the creation of 275,000 jobs, while the labour force shrank by 695,000 people. The participation rate dropped from 61.7% to 61.4%.

COMMENTS

Job creation was below expectations, with the consensus calling for a gain of about 850,000 jobs. That said, the upward revisions of the data for the previous months, i.e., a total of 145,000 for July and August, partly eased the disappointment.

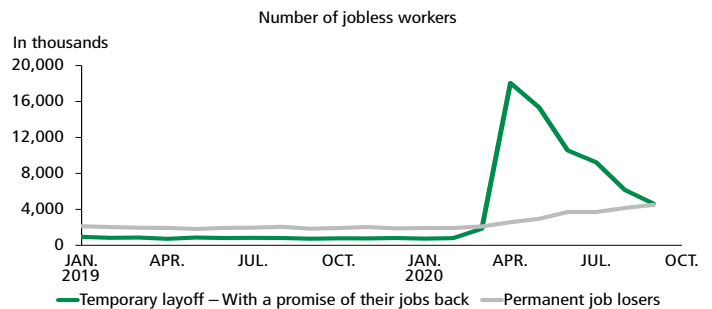
Even after five straight months of job growth, the shortfall with respect to the pre-pandemic level is still significant, i.e., 10,743,000 jobs compared with February. August's figure reached 92.9% of the pre-pandemic peak.

September's job market situation seems to have been exacerbated by the education sector. The main job losses are in private education services (-68,500), in state education services (-49,400) and especially, in local education services (-231,100). The situation is obviously due to the impact of COVID-19 on the return to school.

Despite the monthly gains, the feeling is that job growth in many other sectors is slowing even though the shortfalls for returning

GRAPH

The lasting effects of the COVID-19 crisis are intensifying



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

to pre-pandemic levels are major. There seems to have been some easing of the economic recovery, which could therefore take more time to fully recover what was lost in March and April. Some effects could also be lasting. So while the number of people on temporary layoff is down, the number of jobless people whose jobs have been permanently eliminated continues to grow. The decrease in the labour force participation rate at this stage of the recovery is also a concern.

IMPLICATIONS

The recovery of the U.S. economy and of its job market is ongoing. However, the pace of recovery shows signs of running out steam.

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

NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

IMPORTANT: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document's authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2020, Desjardins Group. All rights reserved.