

## ECONOMIC NEWS

# United States: The Jobless Rate Continues to Fall

### HIGHLIGHTS

- ▶ The establishment survey indicates that there were 638,000 net hires in October, following gains of 672,000 in September and 1,493,000 in August.
- ▶ These included 38,000 new jobs in manufacturing and 84,000 in construction.
- ▶ There were 783,000 net hires in private sector services. The food services sector gained 192,200 jobs, and retailers added 103,700 jobs. The health care and education sector gained 57,000 jobs, while professional and business services added 208,000 hires. The public sector shed 268,000 jobs.
- ▶ The jobless rate fell again, from 7.9% to 6.9%. The household survey recorded the creation of an astounding 2,243,000 jobs, while the labour force grew by 724,000 people. The participation rate ticked up from 61.4% to 61.7%.

### COMMENTS

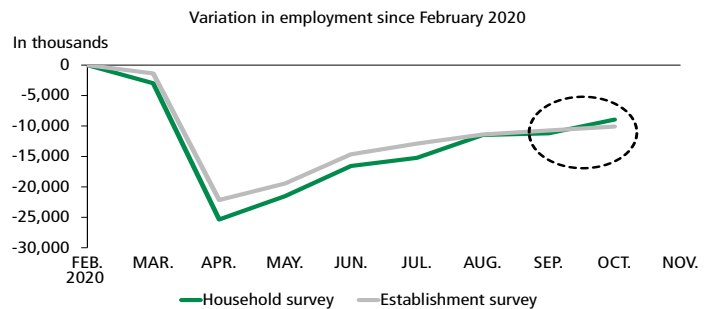
The big surprise in today's numbers is the marked drop in the jobless rate. The consensus had been expecting a drop to 7.7%. The strong job creation according to the household survey is especially surprising. Bear in mind, however, that this survey is more volatile than the establishment survey, and it would not be surprising for it to underperform in the coming months.

Job creation according to the establishment survey, meanwhile, was slightly ahead of the consensus expectation in October, the reverse of September. The shortfall with respect to the February job level continues to slowly improve. There would have to be 10,090,000 jobs created to reach the pre-pandemic peak. October's level of employment is 93.4% of February's. The past six months' gains have recouped just over half (54.4%) of the jobs lost in March and April.

There have been significant improvements in some activity sectors, including construction, retail and especially in professional services. In the latter case, the improvement

### GRAPH

#### Bigger improvement in jobs in October based on the household survey



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

stemmed from the creation of 108,700 jobs in temporary employment services. The drop in the number of public sector workers was largely due to the completion of activities for the decennial census, resulting in the loss of 147,000 jobs. There were also a large number of layoffs in local governments' education services.

### IMPLICATIONS

The job market is continuing to improve, but there is still a major shortfall. The economy no doubt still needs the Federal Reserve's support, ideally along with a new federal government stimulus plan.

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