

ECONOMIC NEWS

United States: Pace of Hiring Continues to Slow

HIGHLIGHTS

- ▶ The establishment survey indicates that there were 245,000 net hires in November, following gains of 610,000 in October and 711,000 in September.
- ▶ These included 27,000 new jobs in manufacturing and also 27,000 in construction.
- ▶ There were 289,000 net hires in private sector services, a significant drop from the 770,000 new jobs created in October. Retailers shed 34,700 jobs, and the food services sector lost 17,400. Meanwhile, 145,000 jobs were created in transportation and warehousing. The health care and education sector gained 54,000 jobs, while professional services added 60,000 hires to payrolls. The public sector saw a loss of 99,000 jobs.
- ▶ The jobless rate fell again, from 6.9% to 6.7%. The household survey posted a drop of 74,000 jobs. The labour force shrank by 400,000 people. The participation rate ticked down from 61.7% to 61.5%.

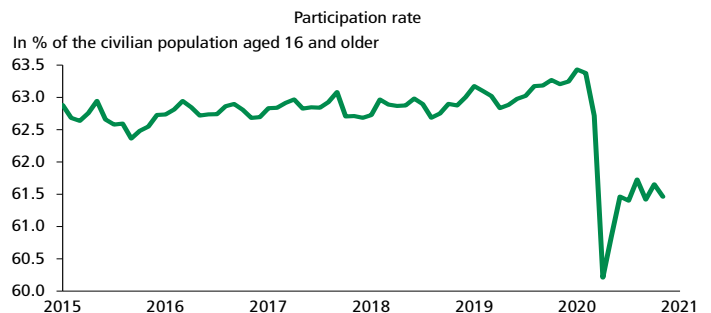
COMMENTS

The job market is continuing to recover, but monthly gains are shrinking, and there is still a significant shortfall compared to pre-pandemic levels. To reach February's peak, 9,834,000 jobs would have to be created. October's level of employment is 93.5% of February's. The gains seen since May have recouped just over half (55.6%) of the jobs lost in March and April.

November's weak job growth appears to be a direct result of the rise in COVID-19 cases and the new public health restrictions imposed by certain U.S. state and local governments, in addition to increased voluntary caution on the part of consumers. For the first time since April, the number of jobs in food services and retail trade is down. However the slowdown in hiring is fairly widespread. Only 58.7% of the 258 sectors surveyed recorded job growth in November, compared to 70.7% in October and 71.5% in September. The drop in government jobs stems from

GRAPH

U.S. job market participation rate remains quite low



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

the completion of the decennial census, which resulted in a loss of 93,000 jobs.

With regard to the household survey, the recent drop in the participation rate is disappointing, as it will significantly hinder the return to its pre-pandemic level. An eventual increase in participation, including the return of discouraged workers (which totalled 7,100,000 in November) could put upward pressure on the jobless rate.

IMPLICATIONS

The job market continues to improve, but the most recent wave of the pandemic is an obstacle to its recovery. The economy is still fragile, and the support of the Federal Reserve and federal government remains crucial.

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