

ECONOMIC NEWS

United States: The Job Market Slumped in December

HIGHLIGHTS

- ▶ The establishment survey indicates 140,000 fewer jobs in December, following gains of 336,000 in November (revised from 245,000) and 654,000 in October (revised from 610,000).
- ▶ There were 38,000 new jobs in manufacturing and 51,000 in construction, but there were 188,000 net job losses in private sector services, despite a gain of 120,500 jobs in retailing. A further 372,000 jobs were lost in food services, 102,600 in arts and recreation and 23,600 in accommodations. The healthcare and education sector lost 31,000 jobs. There were 161,000 hires in professional services and 46,600 in transportation and warehousing. The public sector lost 45,000 jobs.
- ▶ A total of 9,374,000 jobs were lost in 2020 (December to December). That is the first annual drop since 2009 (-5,051,000). The average annual loss for 2020 was 8,675,000 workers.
- ▶ The jobless rate remained steady at 6.7% in December. Its annual average for 2020 is 8.1% compared to 3.7% in 2019. We would have to go back to 2012 to find such a high annual jobless rate.

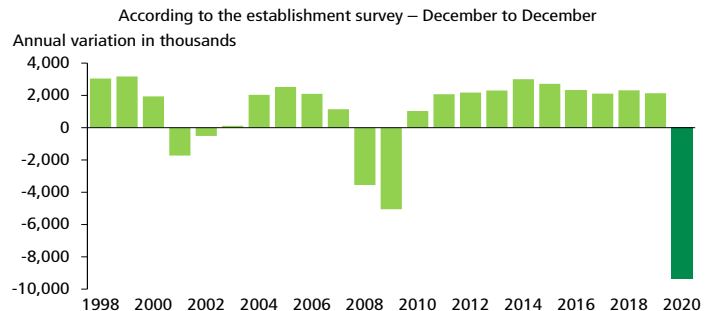
COMMENTS

The forecast consensus did not expect net job losses in December. Still, today's surprise news of a first net job loss since April is not so great, and there had been hints, among them the ADP private survey. The dizzying rise of COVID-19 cases in the fall and the introduction of new, stringent health measures in some States did point to a likely downturn in the job market. Just like in the spring, the hardest hit sectors were recreation, food services and hotels.

And yet today's report brought some positive surprises too. The steady job flow in retailing is particularly astonishing. We also note that December's total losses (-140,000) have been almost

GRAPH

2020: A disastrous year for the U.S. job market



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

completely offset by the upward revisions of October (+44,000) and November (+91,000). That said, the job market is still precarious. 9,839,000 jobs would have to be created to reach February's peak. December's level of employment is 93.5% of February's. A real job market recovery will probably have to wait until the positive effects of the COVID-19 vaccination rollout are felt and the depressed sectors are able to start up again.

IMPLICATIONS

It is clear that the new wave of the pandemic is a bar to the economic and job market recovery. The new U.S. federal stimulus plan is a welcome help, but any real progress will likely depend on the success of the vaccination rollout.

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 © 2021, Desjardins Group. All rights reserved.