

ECONOMIC NEWS

United States: 2021 Began with a Slight Increase in Jobs

HIGHLIGHTS

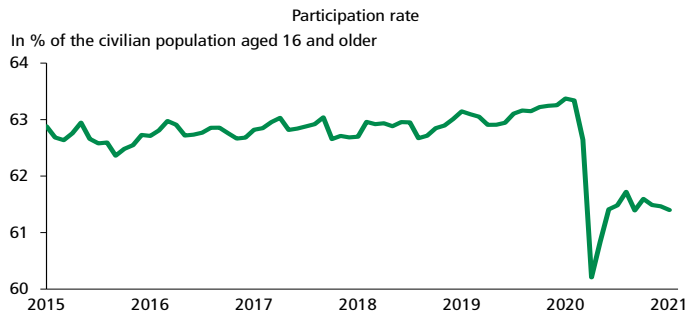
- ▶ The establishment survey indicates that there were 49,000 net hires in January, following a loss of 227,000 jobs in December (revised from -140,000) and a gain of 264,000 jobs in November (revised from +336,000).
- ▶ There were 10,000 layoffs in manufacturing and 3,000 job losses in construction.
- ▶ The service sector added 10,000 jobs, despite the loss of 37,800 jobs in retailing, 19,400 in food services and 23,200 in arts and recreation. The health care and education sector lost 7,000 jobs. There were 97,000 hires in professional services, but 27,800 net layoffs in transportation and warehousing. The public sector gained 43,000 jobs.
- ▶ January's results came with an annual revision of data. The revision trimmed (-86,000) the job losses recorded in 2020, reducing them from -9,374,000 to -9,288,000.
- ▶ The unemployment rate dipped from 6.7% in December to 6.3% in January.

COMMENTS

The result for January was very close to expectations, which called for a slight gain of 50,000 new jobs. This morning's data is therefore not a major surprise. We can be pleased that the increase in jobs resumed quickly after a single month of net layoffs. The decrease in COVID-19 cases in the United States and the announcement of the easing of stringent public health measures in some states suggest that job gains will improve in the coming months. The recent drop in weekly jobless claims also points to an improved job market in the short term. Another positive sign is the strong growth in the temp services sector, where the monthly gain was 81,000. That said, the good news was more concentrated and limited: only 48.1% of the 257 sectors listed saw an increase in the number of workers in January compared with 61.9% in December. We also have to keep in mind that the job market is still precarious. There are still

GRAPH

The U.S. job market participation rate is no longer improving



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

9,892,000 fewer jobs in the United States than in February 2020. To date, only 55.8% of the jobs lost in March and April 2020 have returned.

January's drop in the jobless rate is surprising. But once again, this is mainly due to a drop in the labour force. The participation rate dropped again, from 61.5% in December to 61.4% in January. Just one year ago, it was at 63.4%.

IMPLICATIONS

After the loss of 227,000 jobs in December, even a small gain is welcome and a step in the right direction. We expect the job market to continue improving in the next few months, but a genuine boom—including a substantial increase in participation—will only be possible once the vaccination campaign has fully taken effect.

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