

## ECONOMIC NEWS

# United States: Disappointing Job Creation Numbers in April

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### HIGHLIGHTS

- ▶ The establishment survey shows that there were 266,000 net hires in April, following 770,000 jobs in March (revised from 916,000).
- ▶ Manufacturing lost 18,000 jobs, while employment stagnated in the construction industry.
- ▶ Private-sector services created 234,000 jobs. The food services sector gained 187,000 jobs. The increase in the rest of the leisure and hospitality industry was 144,000 jobs. Retailers lost 15,300 jobs, professional services 79,000 (including 111,400 in temp services), and health and education 1,000. The public sector gained 48,000 jobs.
- ▶ The jobless rate edged up from 6.0% in March to 6.1% in April. This is the first increase in a year. The participation rate increased from 61.5% to 61.7%; it was 63.4% before the pandemic.

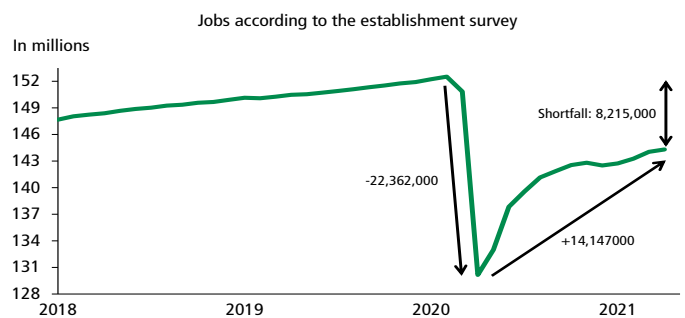
### COMMENTS

Following the strong growth previously announced for March (since downgraded by 146,000), another strong employment gain was widely forecast for April. The 266,000 new jobs are particularly disappointing, as they represent barely more than a quarter of what was forecast. Part of the increase in March is known to be due to a rebound that followed February's gloomy weather. However, it was hoped that the boost from the reopening of services most affected by the pandemic would take up the slack in April. This has not been the case.

Food services and other sectors related to leisure, entertainment and hotels have gained steam, but many other sectors have been disappointing. There were 111,400 jobs lost in temp services, 49,200 net grocery store layoffs, 27,000 jobs lost in automobile manufacturing and 19,600 fewer jobs in private education services. These declines are due to a variety of factors—such as the shortage of parts in the automobile sector or the return to normal in the food services sector which hurt grocery stores.

### GRAPH

Still a long way to go before pre-pandemic job levels are reached



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

Nonetheless, we can see that the momentum seen in March has not been kept up. Only 60.1% of the 257 sectors surveyed recorded job growth in April, compared to 74.7% in March. A significant improvement is hoped for in May.

### IMPLICATIONS

The disappointment caused by the labour market in April appears to justify the patience of the Federal Reserve (Fed), which has yet to signal any changes to its monetary policy. A wider reopening of the economy should eventually lead to a hiring surge, which should in turn prompt the Fed to think about starting to normalize its monetary policy.