

ECONOMIC NEWS

United States: Job Numbers Disappoint Again in September

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HIGHLIGHTS

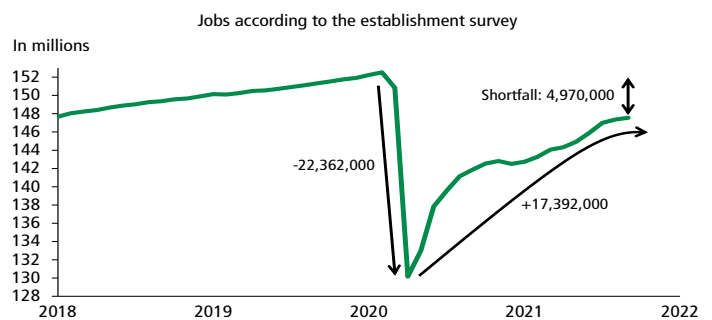
- ▶ The establishment survey indicates that there were only 194,000 net hires in September, following gains of 366,000 in August (revised from 235,000) and 1,091,000 in July (revised from 1,053,000).
- ▶ In manufacturing, 26,000 jobs were created, despite the loss of 6,100 workers in the auto industry. There were 22,000 net hires in construction.
- ▶ Private-sector services saw 265,000 jobs created, a deceleration compared with the job gains of 295,000 recorded in August, and particularly the 742,000 jobs added in July. There was strong growth in retail (+56,100), transportation and warehousing (+47,300) and food services (+29,000). The education and health care sectors shed 7,000 jobs, but the professional services sector created 60,000 jobs. Public sector employment lost 123,000 jobs, primarily in education.
- ▶ The jobless rate fell from 5.2% in August to 4.8% in September. The household survey reported a gain of 526,000 jobs. However, the labour force shrank by 183,000 people, and the participation rate declined (from 61.7% to 61.6%).

COMMENTS

This marks two successive monthly disappointments for employment results, although August's reading was a bit mixed, due to the upward revision of +131,000 jobs. Nevertheless, the average for the past two months (280,000 hires) is just over a quarter of the average for the two preceding months (1,026,500). This loss of momentum is all the more worrisome, as the labour market shortfall relative to pre-pandemic numbers is still significant; 4,970,000 jobs are needed to return to the February 2020 level. If hiring remained steady at 194,000, it would take until the very end of 2023 to close the gap.

GRAPH

U.S. labour market recovery loses steam with a still significant shortfall



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

It's hard to blame wave of COVID-19 related to the Delta variant for September's lacklustre employment results. There were gains in food services, recreation and retail and losses in grocery stores. In fact, the difficulties are fairly widespread. That being said, the education sector (private as well as State and local institutions) suffered 177,900 job losses in September alone.

This is particularly disappointing given that numerous recipients who lost their unemployment insurance benefits after the end of federal funding for special pandemic-related programs were expected to return to work. The household survey shows no such effect in the September results and another dip in the participation rate.

IMPLICATIONS

The recent labour market performance can only be seen as disappointing. Even if mitigated by factors such as the decline in the unemployment rate or the rise in wages, this disappointment is likely to be noticed by Federal Reserve leaders. They are still expected to taper securities purchases by the end of the year, but the decision may be more difficult to make.