

ECONOMIC NEWS

United States: Job Growth Improved in October

By Francis Généreux, Senior Economist

HIGHLIGHTS

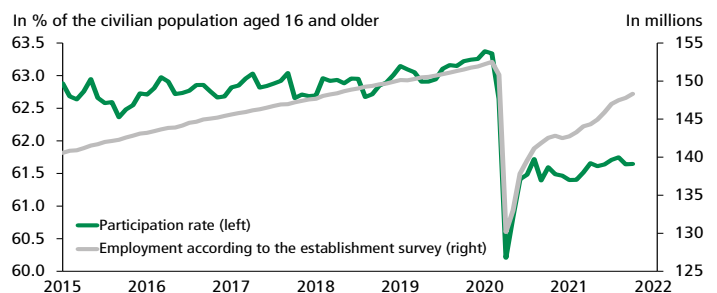
- ▶ According to the establishment survey, that there were 531,000 net hires in October, following gains of 312,000 in September (revised from 194,000) and 483,000 in August (revised from 366,000).
- ▶ In manufacturing, 60,000 jobs were created, thanks to an increase of 27,700 jobs in the automobile sector. There were 44,000 net hires in construction.
- ▶ Private sector services saw 496,000 new jobs created, a spurt following the 300,000 new jobs recorded in September. Strong growth was posted in retail (+35,300), transportation and warehousing (+54,400) and food services (+119,400). The education and health care sectors recorded 64,000 new jobs, and the professional services sector posted 100,000. The public sector shed 73,000 jobs, primarily in education.
- ▶ The unemployment rate edged down from 4.8% in September to 4.6% in October. The household survey posted a gain of 359,000 jobs. The labour force grew by 104,000 people, and the participation rate remained steady at 61.6%.
- ▶ The average hourly wage rose 0.4% in October, following a 0.6% increase in September. Its annual variation went from 4.6% to 4.9%.

COMMENTS

For the first time since July, the release of the jobs report was a positive surprise compared to expectations. October saw 100,000 more new hires than the consensus anticipated. There were also significant revisions, including 118,000 additional jobs for September and 117,000 for August, mitigating the disappointments over previous reports. That said, the U.S. job market is far from fully recovering. To return to its February 2020 level, 4,204,000 jobs need to be recouped.

GRAPH

Despite job creation and the number of vacant positions, the participation rate in the United States remains low



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

There was also good news among the sectors in October, with 71.8% of the 257 industries covered by the survey recording job growth, versus 63.6% in September. The upswing in hires in the automobile industry is welcome news. As it was coupled with an increase in new car sales last month, it's an encouraging sign for the sector, which has been hard hit by supply issues.

Labour force developments are still disappointing. Given that the number of unemployment insurance beneficiaries has fallen sharply since September, faster progress would be expected. The high number of vacant positions and wage increases don't seem to be attracting those who are hesitant to return to work.

IMPLICATIONS

Today's figures are good news after months of disappointment. The stronger job growth will reassure the Federal Reserve in its decision to begin tapering its asset purchases this month.