

## ECONOMIC NEWS

# United States: Job Creation Is Still Rather Slow, but the Jobless Rate Has Dipped below 4%

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### HIGHLIGHTS

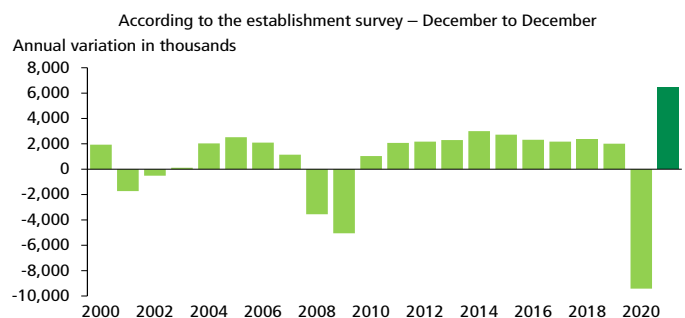
- ▶ The establishment survey indicates that there were only 199,000 net hires in December, following gains of 249,000 jobs in November (revised from 210,000) and 648,000 in October (revised from 546,000).
- ▶ These included 26,000 jobs in manufacturing and 22,000 in construction.
- ▶ There were 157,000 new jobs in private sector services, a downturn compared to the gain of 198,000 jobs in November and especially the 614,000 in October. Retail lost 2,100 jobs, but food services gained 42,600. The education and health care sectors created only 10,000 new jobs, and the professional services sector created 43,000. The public sector lost 12,000 jobs.
- ▶ A total of 6,448,000 jobs were created in 2021 (December to December), but that was not enough to offset the 9,416,000 net layoffs in 2020. The 2021 annual average gain was 3,895,000 workers.
- ▶ The jobless rate continued to drop, falling from 4.2% in November to 3.9% in December. Its annual average is 5.4% for 2021, compared to 8.1% in 2020 and 3.7% in 2019.

### COMMENTS

Once again, the number of jobs created according to the establishment survey fell below expectations, as 400,000 new jobs had been predicted for December. It was hoped that the job market would do better after November's disappointing showing and before the Omicron variant took hold. The good performance of other indicators, especially the drop in jobless claims, did not translate into robust establishment survey results, however. There is a significant shortfall of 3,572,000 jobs compared to the pre-pandemic level in February 2020.

### GRAPH

The job market had not caught up by the end of 2021



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

Only 59.5% of the 257 sectors surveyed managed to create jobs in December, compared to 69.6% in November. This is the lowest rate since January 2021. Some industries that had been very promising in terms of job creation before the pandemic are now posting only slight growth. In health, for example, only 233,300 jobs were created in 2021.

The drop in unemployment rates has brought it closer to the 3.5% low recorded before the pandemic. Once again, job creation according to the household survey (+651,000) outperformed that of the establishment survey in December.

### IMPLICATIONS

Hiring was disappointing again, but the job market continues to catch up and other indicators show that it is rather tight. Given the high inflation, the Federal Reserve officials may still want to start hiking key rates quickly, but the Omicron variant wave is a major source of uncertainty.