

ECONOMIC NEWS

United States Churns Out Amazing 467,000 Jobs Gains

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HIGHLIGHTS

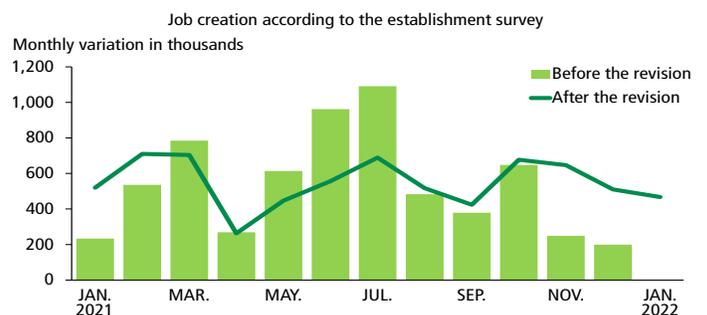
- ▶ The establishment survey reported 467,000 net hires in January, following gains of 510,000 jobs in December (revised up from 199,000) and 647,000 in November (revised up from 249,000).
- ▶ Construction shed 5,000 jobs, whereas manufacturing saw 13,000 hires.
- ▶ There were 440,000 new jobs in private sector services, following a similar gain of 441,000 jobs in December. Retailers created 61,400 jobs, while the food services sector added 108,200. The education and health care sectors created 29,000 new jobs, with the professional services sector gaining 86,000. The public sector pick up 23,000 positions, all in local government.
- ▶ Weekly hours worked fell from 34.7 to 34.5, the lowest since the first wave of the pandemic in April 2020.
- ▶ January's results came with an annual revision of data. The revision boosted (+217,000) the job gains recorded in 2021 from 6,448,000 to 6,665,000.
- ▶ The jobless rate ticked up slightly from 3.9% in December to 4.0% in January. This is the first increase in since June 2021. The participating rate climbed from 61.9% in December to 62.2% in January.

COMMENTS

The establishment survey delivered a big surprise this morning. The 467,000 job gains were more than twice the consensus forecast. This also contrasts with the ADP private survey result released earlier this week, which reported a sharp drop in employment in January. On top of this, there were sharp upward revisions to previous months' figures. With all this new data, the shortfall from the February 2020 pre-pandemic employment level is now 2,875,000.

GRAPH

Revision flattens monthly variations in employment in 2021



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

It would appear the impact of the Omicron wave on the U.S. job market was milder than might have been feared. Retailers, restaurants and educational institutions (private and public) saw job gains, despite a number of anecdotal reports to the contrary. Perhaps the effects of seasonal adjustments played in favour of these amazing gains. We also note that the consequences of Omicron were stronger on hours worked, which fell in January, particularly for employees of retailers and leisure services (including food services).

IMPLICATIONS

The U.S. economy is more resilient than expected to the effects of the Omicron variant. In these circumstances, the Federal Reserve has a free hand to raise its key rates soon to reign in high inflation.