

ECONOMIC NEWS

United States: Strong Job Creation Continues

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HIGHLIGHTS

- ▶ According to February's establishment survey, the U.S. economy added 678,000 jobs last month. This comes after it added 481,000 in January and 588,000 in December, upward revisions from 467,000 and 510,000 jobs, respectively.
- ▶ 60,000 jobs were created in construction and 36,000 in manufacturing.
- ▶ The private sector posted a 549,000 job gain, bigger than January's increase of 424,000. Employment was also up in retail (36,900) and food services (123,700). There were 112,000 new jobs in education and health care and 95,000 in professional services. The public sector created 24,000 jobs, almost all in local government.
- ▶ Average hourly earnings were flat in February (0.0%), the first month without an increase since January of last year. Year-over-year wage growth declined from 5.5% in January to 5.1% in February.
- ▶ The unemployment rate edged down from 4.0% in January to 3.8% in February, a pandemic-era low.

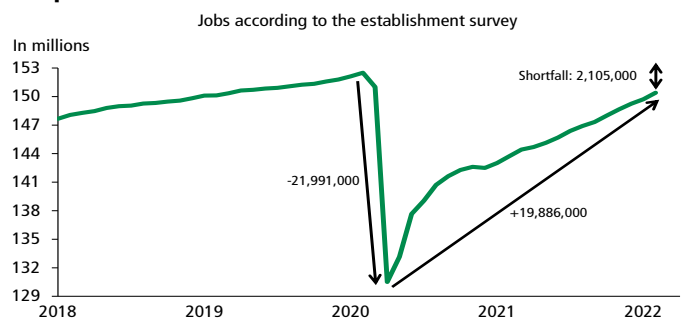
COMMENTS

The U.S. jobs report crushed expectations again in February, showing a gain of 678,000 jobs—well above the 400,000 consensus forecast. The economy has continued to post strong monthly gains, adding 3,495,000 jobs over the past six months. The labour market is now just 2,105,000 jobs shy of February 2020 levels. At the current pace of job growth, it could recoup all its pandemic-era job losses within the next four months. But given the uncertainty surrounding the war in Ukraine and lower household confidence, we expect monthly gains to slow.

February job growth was broad-based. Manufacturing added 36,000 jobs despite 18,000 job losses in the auto sector. In

GRAPH

The U.S. labour market has almost completely recovered from the pandemic



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

fact, 76.6% of the 256 sectors surveyed reported job growth in February, the highest rate since March 2021. February's strong showing was due in large part to the retreat of the Omicron variant. In February, 4,200,000 workers reported that they didn't work at all or worked fewer hours in the previous month because their employer closed or lost business due to the pandemic. That measure was down from 6,000,000 the month before. Weekly hours worked were also up in February.

IMPLICATIONS

The labour market recovery is finally picking up speed. Despite uncertainty surrounding the Ukraine crisis, strong recent job growth should give the Federal Reserve the green light to start raising interest rates.