

ECONOMIC NEWS

United States: Hiring Remains Strong as Unemployment Nears Pre-pandemic Low

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HIGHLIGHTS

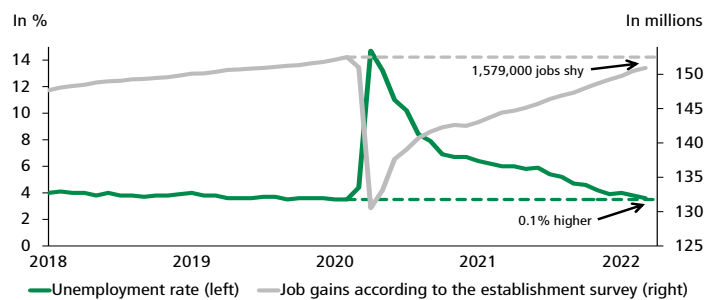
- ▶ According to today's establishment survey, the US economy added 431,000 jobs in March. This comes after gains of 750,000 in February (revised upward from 678,000) and 504,000 in January (revised upward from 481,000).
- ▶ Employment rose in construction (+19,000) and manufacturing (+38,000).
- ▶ The private sector added 366,000 service jobs, down from 637,000 in February. Retail added 49,000 and food services added 61,300. There were 53,000 new jobs in education and health care and 102,000 in professional services. The public sector added 5,000 jobs, all in local government.
- ▶ Average hourly earnings jumped 0.4% in March after edging up just 0.1% the month before. Year-over-year, they were up 5.6% in March versus 5.2% in February.
- ▶ Surprisingly, hours worked fell to 34.6 from 34.7 the month before.
- ▶ The unemployment rate declined again, from 3.8% in February to 3.6% in March—a pandemic low and just shy of the previous low of 3.5%.

COMMENTS

The March jobs report was largely in line with our forecast. But the upward revisions for January (+23,000) and February (+72,000) point to an even stronger labour market. The pace of monthly job growth has slowed, but that's to be expected as the recovery winds down. The economy is now just 1,579,000 jobs shy of its February 2020 mark. If hiring continues at the current pace, employment will be back to pre-pandemic levels by summer.

GRAPH

US economic indicators, especially the unemployment rate, are nearing pre-pandemic levels



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

There were no big surprises in any sector. Manufacturing posted another gain, helped by a modest increase of 6,400 automotive jobs. But 69.7% of the 256 sectors surveyed reported job growth, lower than the 81.3% that said the same in February.

IMPLICATIONS

The strength of the US labour market is bolstering household income and confidence. It could help the economy withstand higher prices and interest rates.