Good Performance from U.S. Manufacturing Employment

Growth by the U.S. job market slowed more than anticipated in March. Some sectors still did well, however, including manufacturing. Manufacturers created 22,000 jobs in March, 21.6% of all the jobs created by the private sector for the same month. This is also part of an ongoing positive run for the sector. Over the past six months, 163,000 manufacturing jobs have been created—the best performance in 20 years. The wind seems to be in the right quarter for this sector, which has often taken a beating, particularly in the last few recessions, as well as a result of foreign competition and technological advances.

The gains are fairly widespread: of the 76 manufacturing sub-sectors, 80.3% increased their number of employees in the last six months, the biggest proportion since November 1977. Of the 163,000 manufacturing jobs created over the last six months, 43,900 were created in metallurgy, 22,500 in machinery, 16,900 in the food industry, and 12,700 in the auto sector.

Note that, with the recent trend, manufacturing employment is beating its weight in the total job market. For the last six months, the employment gains represent 12.9% of all hires, while the 12.6 million jobs at manufacturers only represent 8.52% of total employment. This situation means that the downtrend by manufacturing’s weight in the job market is stabilizing. The sector’s weight has even gone up a little from its 8.47% low, recorded in July 2017.

IMPLICATIONS

Is President Donald Trump about to win his bet that he can spruce up U.S. manufacturing? The recent trend suggests he is, although this sector still represents a small proportion of the overall U.S. economy. Also, a trade war may very well hurt more than help.

Francis Généreux, Senior Economist

NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively. IMPORTANT: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document’s authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2018, Desjardins Group. All rights reserved.