

ECONOMIC NEWS

United States: Hiring Remains Strong

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HIGHLIGHTS

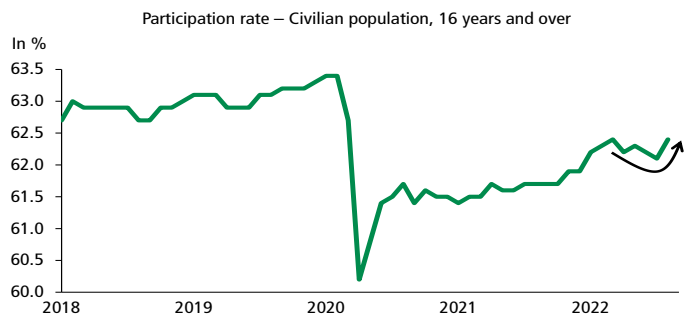
- ▶ According to today's establishment survey, the US economy added 315,000 jobs in August after an increase of 526,000 in July (revised from 528,000) and 293,000 in June (revised from 398,000).
- ▶ Employment rose 16,000 in construction and 22,000 in manufacturing.
- ▶ The private sector added 263,000 service jobs, down from 411,000 in July. Employment rose in retail trade (+44,000) and food services and drinking places (+18,200). There were 68,000 new jobs in education and health services and 68,000 in professional services. The public sector gained 7,000 jobs, mainly in local government.
- ▶ Average hourly wages edged up 0.3% in August after rising 0.5% in July. They're up 5.2% compared to a year earlier.
- ▶ The unemployment rate saw its first monthly increase since January, rising from 3.5% to 3.7%. According to the household survey, employment posted a gain of 442,000 as the labour force grew by 786,000. The labour force participation rate increased for the first time since May from 62.1% to 62.4%.

COMMENTS

Job creation slowed from July's surprising result (now 526,000) to August's. That said, the slower pace is slightly less pronounced than the consensus forecast. With real GDP declining over two quarters and a summer littered with worries, the fact that 3,504,000 jobs have been created since the start of 2022 suggests that the US economy is somewhat resilient. In addition, there were 240,000 more jobs in August than there were before the pandemic began in February 2020. With the revisions, August is the first month to fully make up the gap. But jobs are still down 134,000 according to the household survey.

GRAPH

Finally a noticeable increase in the participation rate!



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

Employment growth remains relatively strong, but changes are still taking place in the labour market. The proportion of the 256 industries that created jobs has dropped over the past two months, with losses in the durable goods retail trade (furniture, electronics, appliances, etc.). It's also the first time since 2020 that we've seen an increase in the number of permanent job losses (+188,000 in August). Lastly, the increase in the labour force participation rate is clearly a welcome contrast to the weaker numbers in previous months.

IMPLICATIONS

When combined with other indicators—like August's better-than-expected results for the Manufacturing PMI and consumer confidence—job creation indicates that economic activity remains resilient in the United States. This leaves the door open to further rate hikes by the Federal Reserve.