

ECONOMIC NEWS



United States: 2018 Ends With Spectacular and Reassuring Job Creation

HIGHLIGHTS

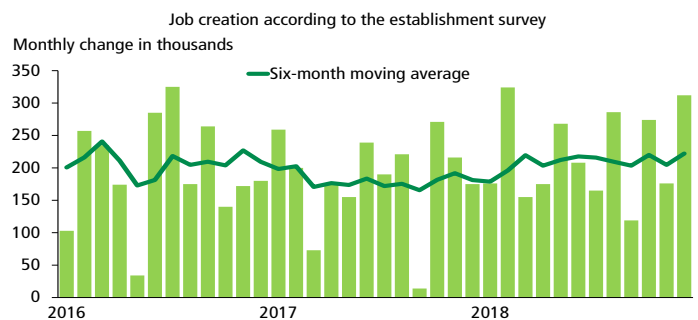
- ▶ The establishment survey indicates that there were 312,000 new jobs in December, following gains of 176,000 in November (revised from 155,000) and 274,000 in October (revised from 237,000).
- ▶ The goods sectors added 74,000 new hires. The construction sector created 38,000 jobs, and manufacturing gained 32,000 new workers.
- ▶ There were 227,000 net hires in private sector services. Significant gains were noted in health care (+50,200), food services (+40,700) and retail (+23,800). The public sector added 11,000 jobs.
- ▶ The jobless rate edged up from 3.7% in November to 3.9% in December. This increase is mainly a reflection of growth in the labour force, with the participation rate rising from 62.9% to 63.1%. The household survey has nonetheless posted a gain of 142,000 jobs.
- ▶ The average hourly wage was up 0.4% in December, its strongest growth since September 2017. The annual change went from 3.1% to 3.2%.

COMMENTS

The U.S. job market ended 2018 on a spectacular note. The gains were widespread, with 70% of industries adding to their workforce in December. This outstanding result goes hand in hand with the positive revision for the previous months. Even the 0.2% increase in the jobless rate is no cause for concern because it reflects a return to the labour force for many people. Wage growth also surprised on the upside in December, a sign that the uptrend there is gaining strength.

GRAPH

Monthly volatility aside, the U.S. job market remains strong



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

The performance of the job market, which created 2.6 million jobs overall in 2018, compared to an increase of 2.2 million in 2017, is continuing to paint a very favourable picture of the U.S. economy. This contrasts with the very gloomy sentiment of investors, who recently even began anticipating possible key interest rate cuts. After the steep decline in the ISM manufacturing index yesterday, the job numbers out this morning are definitely reassuring.

IMPLICATIONS

This morning's figures will not dispel all doubts about the strength of the U.S. economy, and the Federal Reserve may have to wait until the dust settles in the markets and in Washington before continuing its monetary tightening. However, they confirm that key rate hikes are still much more likely than cuts, and that wage pressures will still have to be monitored.

Mathieu D'Anjou, CFA, Deputy Chief Economist

François Dupuis, Vice-President and Chief Economist • Mathieu D'Anjou, Deputy Chief Economist
Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist

Desjardins, Economic Studies: 514-281-2336 or 1 866-866-7000, ext. 5552336 • desjardins.economics@desjardins.com • desjardins.com/economics

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 © 2019, Desjardins Group. All rights reserved.