

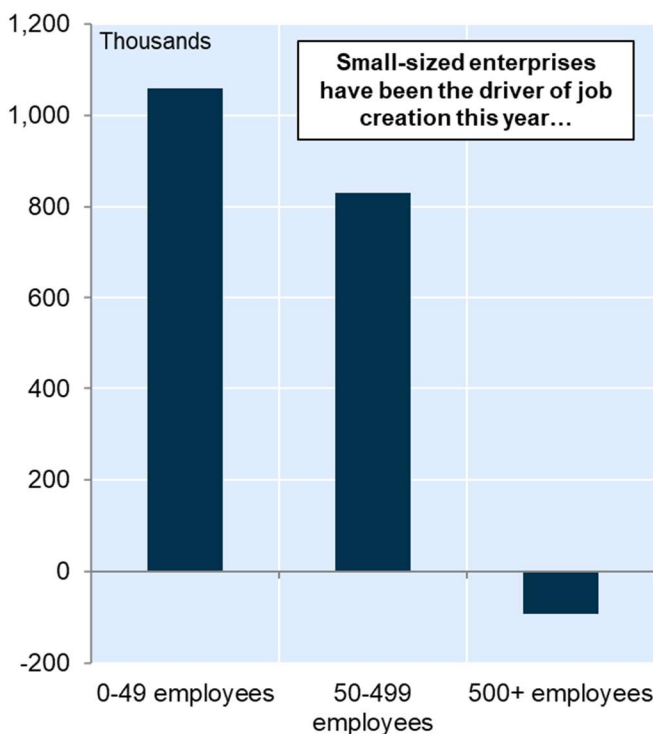
U.S. Watch

By Jocelyn Paquet

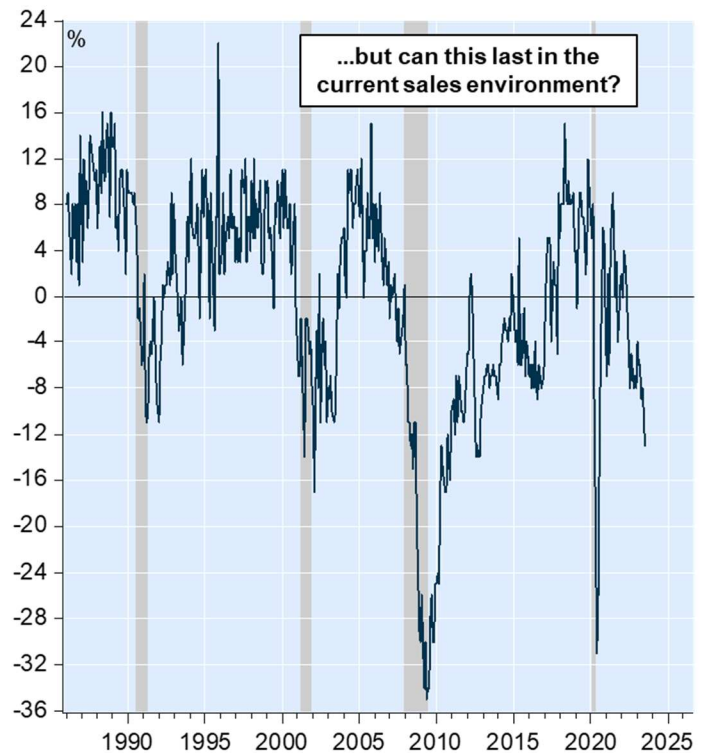
Given the resilience of the U.S. job market, some of our readers may be wondering why the wave of layoffs at several technology companies (Microsoft, Meta, Twitter, Amazon) as well as some major U.S. banks (Goldman Sachs) have not had a greater impact on overall employment. The answer to this question is quite simple: the job losses experienced recently in large U.S. companies have been more than offset by solid gains in small and, to a lesser extent, medium-sized businesses. As today's Hot Chart shows, the 93,000 jobs lost in companies with over 500 employees since the start of the year have been completely overshadowed by the 1,059,000 jobs created in those with fewer than 50 employees. This strong demand for workers on the part of small businesses is certainly good news, especially when we consider that they are responsible for no less than 44.7% of total employment in the U.S. (compared with only 16.4% for large companies). The question is whether this demand can be maintained in a less buoyant sales environment. As a reminder, the percentage of companies reporting a drop in sales in July's NFIB survey was 13% higher than that of those reporting an increase. This was the largest margin ever recorded outside a recession. Nor is stagnating sales the only problems for small businesses, which also have to cope with a tightening of bank lending conditions (most of these companies don't have access to capital markets to finance themselves). The dichotomy that exists between the outlook for small businesses and their hiring behavior in recent months seems suspicious to us. That is one of the reasons why we're anticipating a drop in demand for workers in the next few months.

U.S.: Can the wave of small business hiring continue?

Employment change since the beginning of the year, ADP report



Net percentage of firms reporting higher sales, NFIB Small Business Optimism Survey



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