

Cdn. Employment Report (June)

June Jobs Jump Jumble

Douglas Porter, CFA, Chief Economist • douglas.porter@bmo.com • 416-359-4887

Canadian employment rose 31,800 in June, following a 7,500 dip in the prior month, and extending the string of back-and-forth results so far in 2018. While the headline tally was better than generally expected, most of the details were less impressive. To wit, the jobless rate ticked up 2 notches to 6.0%, wage growth eased (albeit from a fast pace), and more than 70% of the job gains were in part-time. However, there were some strong spots, such as big gains in goods-producing industries and a two-tick rise in the participation rate. Even the ebbing in wages was from a super-hot pace of 3.9% y/y in May, to a still-humid 3.6% y/y clip last month. And, while total hours worked dipped 0.2% m/m, they still managed a decent 1.8% a.r. rise for all of Q2. Overall, **our grading of this report comes in at 50.0 on the button** (not sure that has ever happened before), reinforcing the point that while the headline was nice, the details were less so.

By sector: Construction, manufacturing and natural resources were all robust in June, while a few select service sectors pulled back. The **biggest mover was construction** (at +27,200), but both of the other two big goods sectors also had double-digit gains, with factory jobs up 11,300 and resources up 12,900. The only big declines were in retail & wholesale trade (-14,000) and hotels & restaurants (-15,900). Notably, the latter two sectors would be among the most heavily affected by the big run-up in minimum wages this year—and the former has posted an outright decline in jobs from a year ago.

By region: Fully half of the provinces reported job losses last month, with mid-sized dips in B.C. and Quebec. **Ontario was the big winner** at +34,900 (and the survey would have been taken a week after the provincial election, so that likely didn't play a role). But even in the biggest province, the jobless rate rose 2 ticks (to 5.9%) as the labour force swelled and the part rate jumped 4 ticks. One curiosity at the regional level is that B.C. continues to boast the lowest unemployment rate in the nation at 5.2% (Quebec is next at 5.4%), yet it has the weakest employment performance over the past year, at -0.8% y/y (only Newfoundland is also negative at -0.3% y/y). That compares with a 1.2% y/y gain for the country as a whole, led by a 2.2% y/y rise in Ontario and +1.5% in Alberta.

Bottom Line: June jobs were the very definition of a mixed bag, but the big picture is that the labour market remains fairly tight and wages are still rising well above inflation. From the Bank of Canada's vantage point, there's not enough here to change their outlook, so if they were biased to hike next week prior to today (as we and the market believe), they are still biased to hike now.



Employment						
Canada (change in thousands)				(average change)		
	Jun	May	Apr	3-mo.	12-mo.	
Total	31.8	-7.5	-1.1	7.7	17.9	
(month/month % change)	0.2	0.0	0.0	0.5 ¹	1.2 ²	
Full-Time	9.1	-31.0	28.8	2.3	23.7	
Part-Time	22.7	23.6	-30.0	5.4	-5.8	
Goods Producing	46.6	-29.0	-15.9	0.6	6.1	
Manufacturing	11.3	-18.3	-0.8	-2.6	0.6	
Construction	27.2	-13.0	-18.9	-1.6	3.6	
Service Producing	-14.7	21.5	14.8	7.2	11.8	
Trade	-14.0	3.1	-22.1	-11.0	-2.1	
Unemployment Rate (%)	6.0	5.8	5.8	5.8 ³	6.5 ⁴	
Avg. Hourly Wages (y/y % chng)	3.6	3.9	3.6	3.3 ³	1.3 ⁴	

¹ (3-mo. % change : a.r.) ² (y/y % change) ³ (3 mo. ago) ⁴ (12 mo. ago)

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