

Cdn. Employment Report — September

A Star is Born—Jobs Go Gaga

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A pair of stronger than expected reports from Canada today, but both jobs and trade weren't quite as dazzling as the headlines. Still, the big picture is that the economy overall is looking a bit better than anticipated, with the bias now squarely to the upside on growth.

Canadian employment popped 63,300 in September, more than reversing the reported 51,600 drop the prior month. Sifting through the monthly noise, the underlying pace of job gains has been close to 20,000 per month both in the past three months and over the past year—just fast enough to gradually chip away at the jobless rate. Beneath the glittering headline, the details were mixed; on the downside, all of the gains were in **part-time positions**, while on the upside, all of the gains were in **the private sector**. The surge was enough to clip the **unemployment rate** a tick to 5.9%, and the gains were broadly spread across industries and regions. Notably, **average hourly wages** continue to moderate after an early year spike, as they cooled to a 2.4% y/y pace from 2.9% last month and the 3.3% peak at the start of the year. Overall, our **grading system gives this report a 63.5** (where 50 is a perfectly neutral or typical result).

By sector: The standout by industry was a 28,000 jump in **construction** jobs, but this followed declines in four of the prior five months, so it's hardly a sign of a budding building boom. Other notables were a 13k rise in **financial services** and an 11.5k rise in **retail & wholesale trade** jobs (which had been a clear area of weakness and is still down 2% y/y, the weakest sector). The second softest industry in the past year has been **manufacturing** (down 1.5% y/y), but it managed a small 3k advance in September.

By Region: Seven provinces saw job gains in the month, led by **Ontario (+36k)** and **B.C. (+33k)**. The latter's jobless rate plunged 1.1 ppts to just 4.2%, by far the lowest in the nation. **Quebec** is next in line at 5.3%, despite the fact that it had a small job drop last month. Unemployment rates tumbled across the Atlantic provinces in September, with both **New Brunswick and Nova Scotia** dropping into the high-7s range (7.9% and 7.8%, respectively). Going the other way, **Alberta's** unemployment rate nudged back up to 7.0% amid a small drop in jobs (-2.9k), although its jobless rate is down 0.8 ppt from a year ago and it has posted solid job growth in that time (rising 2.4% y/y versus a national average of 1.2% y/y).



Employment					
Canada (change in thousands)	Sep	Aug	Jul	(average change)	
				3-mo.	12-mo.
Total	63.3	-51.6	54.1	21.9	18.5
(month/month % change)	0.3	-0.3	0.3	1.4 ¹	1.2 ²
Full-Time	-16.9	40.4	-28.0	-1.5	18.7
Part-Time	80.2	-92.0	82.0	23.4	-0.1
Goods Producing	44.9	-30.4	-36.5	-7.3	3.5
Manufacturing	3.1	-9.2	-18.4	-8.2	-2.0
Construction	28.0	-16.4	-12.3	-0.2	2.8
Service Producing	18.4	-21.2	90.5	29.2	15.0
Trade	11.5	-19.6	7.1	-0.3	-4.7
Unemployment Rate (%)	5.9	6.0	5.8	6.0 ³	6.2 ⁴
Avg. Hourly Wages (y/y % chng)	2.4	2.9	3.2	3.6 ³	2.2 ⁴

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

Bottom Line: The monthly gyrations in Canadian jobs data can make it tough to draw many firm conclusions on the true health of the economy, but the underlying picture looks reasonably solid. The main point is that employment is still growing faster than the underlying labour force, cutting into slack and supporting decent income gains. On balance, this simply reinforces the likelihood of an October BoC rate hike, and keeps a firm foundation on further moves in 2019.

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