

Cdn. Employment Report — January

Mo' People, Mo' Jobs... But No Mo' Money

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Canadian employment rose by a hefty 66,800 in January, well above consensus of a modest gain and the strongest gain since...since November. Reportedly, private sector payrolls soared by 111,500 in the month, a record rise. Other details of the report weren't quite as frothy, as more than half the gains were in part-time jobs, average hours worked dipped 0.3% m/m, and hourly wages held fast at 2.0% (right in line with inflation, no better). As well, the big jobs jump reflected a big population jump, as the labour force swelled by more than 100,000 in January, lifting the participation rate two ticks to its highest in more than a year. As a result, the jobless rate also rose 2 ticks, despite the jobs surge, to 5.8% (matching its average for all of last year). In many ways, this report is the mirror image of last week's U.S. employment report --- a robust headline jobs gain, so-so wages, and a higher unemployment rate. Also, like the U.S. report, it is unlikely to make a lasting impact on the policy outlook, as the strong jobs reading will largely be seen as old news amid the marked cooling in global growth. The strength in private sector jobs alone helped give **this report a strong 69.5 mark on our grading system** (from 0 – 100, where 50 is an average month)



By sector: The big jobs gain relied entirely on a **roaring services sector**, as all 5 categories of goods-producing industries saw moderate declines last month, including construction (-8.5k) and manufacturing (-5.5k). The gains were spearheaded by whopping increases in retail & wholesale trade (+33.9k), professional and tech jobs (+28.5k) and public administration (+21.1k) --- a mixed bag, the quality of which many could debate for days. The figures got even weirder (to use the technical term) among the “class” of worker, with self-employment plummeting by 60,700 last month, more than offset by that record rise in private sector jobs (while the public sector was up 15.9k). And if you entirely believe all those numbers, I have a bridge in Manhattan that you may also be interested in ...

By region: Central Canada led the way with big gains in Ontario (+41.4k) and Quebec (+16.4k), with the former seeing its labour force surge by more than 70,000 in January (and thus the unemployment rate rose 3 ticks to 5.7%, while Quebec's dipped a tick to 5.4%). While 7 provinces posted job gains, the two big losers were the oil-producing Prairie provinces. Alberta employment fell by 15,500, leaving it at the back of the pack on a yearly basis (at just +0.5% y/y, versus a national gain of 1.8%). This lifted its jobless rate 4 ticks to 6.8%, a full point above the

Employment

Canada (change in thousands)				(average change)	
	Jan	Dec	Nov	3-mo.	12-mo.
Total	66.8	7.8	78.4	51.0	27.3
(month/month % change)	0.4	0.0	0.4	3.3 ¹	1.8 ²
Full-Time	30.9	-19.3	74.8	28.8	13.8
Part-Time	36.0	27.1	3.5	22.2	13.5
Goods Producing	-32.3	16.3	23.7	2.6	0.0
Manufacturing	-5.5	19.2	0.4	4.7	-2.4
Construction	-8.5	-3.3	13.6	0.6	1.1
Service Producing	99.2	-8.4	54.5	48.4	27.2
Trade	33.9	-21.9	1.0	4.3	-2.3
Unemployment Rate (%)	5.8	5.6	5.6	5.7 ³	5.9 ⁴
Avg. Hourly Wages (y/y % chng)	2.0	2.0	1.7	2.2 ³	3.3 ⁴

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

national average. Saskatchewan also saw a loss of 2,800 jobs.

Bottom Line: Over the past year, there had been a notable divergence between the pace of job gains in the Labour Force Survey (mild) and the industry survey, or SEPH (hot). Today's robust result narrows the gap in a positive manner, with employment in the LFS now up 1.8% y/y (compared with the latest 2.4% y/y rise in the SEPH). However, it also comes at a time when the labour force has also risen at a strong 1.6% y/y pace, reflecting the strongest population growth since the early 1990s, thus keeping the unemployment rate (and likely wages) almost static over the past year. Overall, while the headline result is no doubt a net positive, it likely won't turn many heads at the Bank of Canada, not with wages just matching inflation, the jobless rate drifting, and the global outlook dimming.

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