

Scotiabank Nowcast: Strong Canadian Jobs Growth Pushes Q3-2020 Nowcast Up to 46.00%

This note is part of a series that will be published after important data releases, documenting mechanical updates of the nowcast for Canadian GDP coming from the Scotiabank nowcasting model. The evolution of this nowcast will inform Scotiabank Economics' official macroeconomic outlook.

The model is described in a related note [here](#).

- The concerns about economic slowing in September turned out to be premature. Statistics Canada's Labour Force Survey showed employment rising by 378K m/m in September, mostly in full-time work, with the unemployment rate falling to 9.0%. What is more, the rise in the number of jobs surpassed gains seen in August and showed that the economy is far from having exhausted the room for strong growth.
- Following the employment release, the nowcast for Q3-2020 increased to 46.00% Q/Q SAAR, primarily as a result of an improved outlook for growth in September.
- Full-time positions accounted for the bulk of the job gains (+334K m/m), and both goods-producing (+75K m/m) and service-producing (+303K m/m) industries contributed proportionally with their size.
- In September, employment in the goods-producing industries sat about 4% below the pre-pandemic levels, even as there was significant heterogeneity across sectors: employment in manufacturing was less than 1 per cent below the level of February as of September, having expanded by 68K m/m last month and underscoring the sharp bounce-back from the pandemic lows.
- Employment in the services sector was almost 4% below the pre-pandemic levels as of September. For the month, the education sector added 68.3K m/m, as kids went back to school, while the continuing recovery in accommodation and food services drove a +71.9K rise in jobs in that industry.

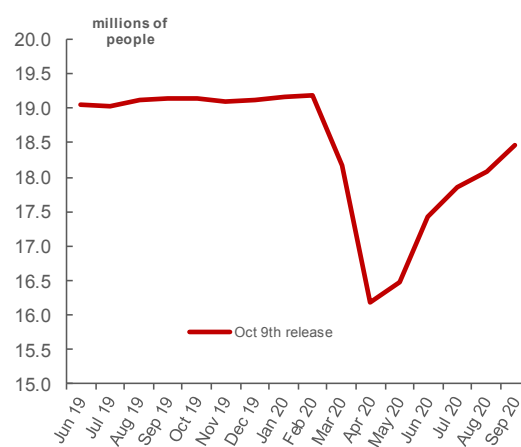
Table 1: Canadian GDP Nowcast, Q3-2020

	Nowcast Date	Q3-2020 GDP Growth, %
Previous Nowcast	06-Oct-20	45.33
Revisions, other data		-0.25
Employment, Canada		+0.73
Hours worked, Canada		+0.19
Current Nowcast	09-Oct-20	46.00

CONTACTS

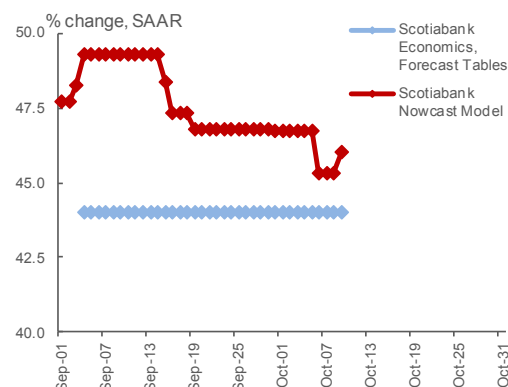
Nikita Perevalov
 Director of Economic Forecasting
 437.775.5137
 Scotiabank Economics
nikita.perevalov@scotiabank.com

Chart 1: Employment, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q3-2020 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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