

## Scotiabank Nowcast: Number of Jobs Declines in Canada and US, Bringing Down Q4-2020 to 5.45%

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 economic impact of public health restrictions implemented across the provinces in December led to the first decline in employment (-63K m/m) and hours worked (-0.3% m/m) in Canada since April. The print offers the first concrete piece of evidence that the Canadian economy likely contracted in December. Given the strong GDP growth in October and November, a contraction in December brings the nowcast down to +5.45% Q/Q SAAR for Q4-2020 as a whole. With restrictions being extended through January and into February, GDP growth is likely to decelerate in Q1-2021.
- The details of the release were slightly better than suggested by the headline numbers. First, all of the decline in employment in Canada in December was seen in service-producing industries (-74K m/m), which have been more affected by the latest round of restrictions, with accommodation and food services shedding -56.7K jobs in the month. Second, the goods producers actually added jobs in December (+11.3K m/m), including a gain of +15.4K in manufacturing.
- While the impact on jobs was concentrated in a few service industries, the decline in hours worked was more widespread in December in Canada, with employees in both goods (-0.4% m/m) and service producing industries (-0.3% m/m) logging fewer hours worked.
- In the US, nonfarm payrolls declined by -140K m/m in December, with the leisure and hospitality sector registering a -498K decline, suggesting that the economy of Canada's largest trading partner has also begun to slow towards the end of 2020.

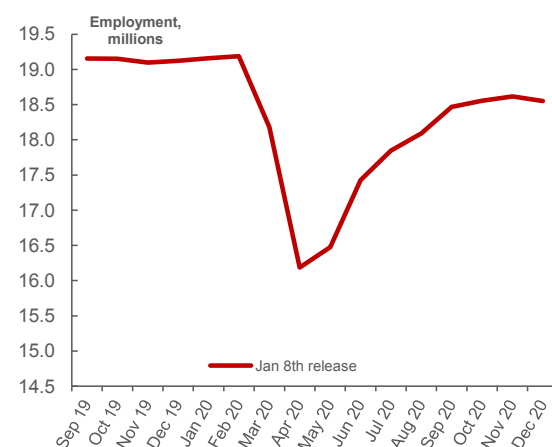
Table 1: Canadian GDP Nowcast, Q4-2020

	Nowcast Date	Q4-2020 GDP Growth, %
Previous nowcast	07-Jan-21	6.22
Revisions, other data		+0.00
Employment, Canada		-0.29
Hours worked, Canada		-0.10
Nonfarm payrolls, US		-0.33
Vehicle sales, Canada		-0.05
Current Nowcast	08-Jan-21	5.45

### CONTACTS

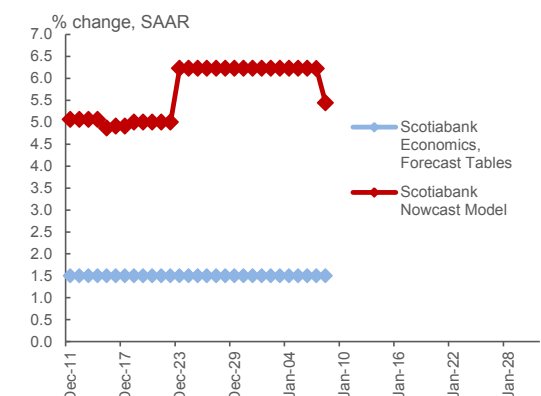
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Chart 1: Employment, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q4-2020 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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