

## Canada & US Post Ok, Not Great Job Figures

- Canada regained another 419k jobs...
- ...but the ex-Quebec reopening effect was underwhelming...
- ...relative to Quebec's experience with an earlier reopening...
- ...and most of the gain was in part-time jobs...
- ...but Canadians are regaining lost hours worked
- The US regained 1.76 million jobs...
- ...that avoided the unlikely tail risk of a dip...
- ...but the details were generally softer than the headline

### US Nonfarm payrolls, m/m 000s / UR %, July:

Actual: 1.763 / 10.2

Scotia: 2 million / 10.4

Consensus: 1.48 million / 10.6

Prior: 4.791 / 11.1 (revised from 4.8 million / 11.1)

### CDN jobs, m/m 000s / UR %, July:

Actual: 418.5 / 10.9

Scotia: 900k / 10.5

Consensus: 380k / 11.0

Prior: 953k / 12.3

Both sides of the US-Canada border posted ok, but not great job reports.

The US gain of 1.76 million jobs was solid and averted the tail risk of a decline that some had feared but without any real justification. Both US jobs reports and the ISM readings earlier in the week reaffirm that the US recovery continues. Nevertheless, after stripping away +300k in government jobs and +144k more temp help positions, what we're left with is heavy reliance upon jobs regained in sectors where reopening effects are most acute such as retail and leisure/hospitality. Gains elsewhere were soft to non-existent while hours worked were up by 1% which is the slowest gain of the reopening period so far. Overall, these observations signal narrow breadth behind the headline gain that mildly beat consensus expectations.

In Canada, I found the 419k gain to be solid but also not terribly impressive given underlying details and relative to the broader pace of reopening across more of the country. Had other provinces experienced a reopening effect proportionate to Quebec's effects that started earlier then we should have seen a much higher number. Thus, my estimate was too high but it's unclear why other provinces have had a slower rebound in jobs over June-July than Quebec's initial two month gain over May-June.

Part time jobs were up by 345k versus +73k full time jobs which is disappointing.

*With credit to our economic analysts Evan Andrade, Alena Bystrova and Marc Ercolao for timely help with a lot of charts and to Wanda Wen for her superb publishing efforts and tireless devotion.*

### CONTACTS

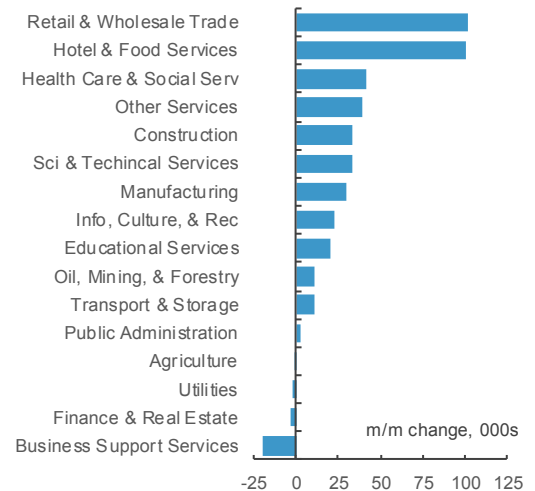
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Chart 1

### July Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 2

### July Changes in US Non-Farm Payroll Employment



Sources: Scotiabank Economics, US BLS.

Notwithstanding the emphasis upon part-time gains, total hours worked by all Canadians were up by 5.3% m/m in July after seasonal adjustments. Q3 is so far tracking an annualized gains in hours worked of about 70% compared to the 54% drop in Q2.

Hours worked are an arguably better measure than jobs as workers regain hours of work that were lost due to the pandemic. Since GDP is an identity expressed as hours worked times labour productivity, the Q3 gain in hours is another strong indication that GDP is rapidly recovering.

Payroll jobs were up by 425k with the private sector leading at +376k and public sector payroll positions up 49k.

Self-employed jobs fell by 6k.

By sector, job growth was led by services (+348k) as goods sectors were up by 71k. Within goods, manufacturing was up by 29k and construction was up 34k. Within services, the leading sectors were accommodation and food services (+101k) plus wholesale and retail (+101k).

The unemployment rate fell by 1.4 percentage points because the job gain of 419k exceeded expansion of the labour force (+150k).

By province, Quebec was up 98k, Ontario gained 151k, Alberta was up 67k and B.C. gained 70k. To repeat, I would have expected ex-Quebec to post more impressive gains over June–July to proportionately more closely resemble Quebec’s earlier reopening gains in May–June even after considering that Toronto’s reopening occurred later than most of the rest of Ontario. That didn’t happen, and the provinces outside of Quebec all posted relatively underwhelming gains.

In Canada, the number of people saying they had a job but worked zero hours fell to 1.7 million from 2.6 million previously and after applying our seasonal adjustments. The peak was 3.8 million in April. 1.7 million is only about 200k above the pre-COVID normal run rate when, in any given month, there are folks who don’t work any hours at their jobs for various reasons. So the point is that we’re getting to the end of the furloughed call-backs in Canada.

Please see a collection of charts covering the Canadian numbers on the pages that follow.

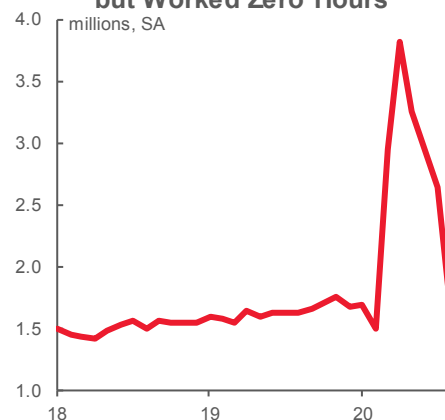
### Canadian Jobs Break Down

Province	m/m
Ontario	+150.7k
Quebec	+97.6k
British Columbia	+70.2k
Alberta	+67.3k
Saskatchewan	+13.3k
Manitoba	+12.4k
Newfoundland & Labrador	+4.3k
Nova Scotia	+3.4k
Prince Edward Island	+1.1k
New Brunswick	-1.8k
Employment Type	m/m
Full Time	+73.2k
Part Time	+345.3k
Public Sector	+48.9k
Private Sector	+375.8k
Self Employed	-6.2k

Sources: Scotiabank Economics, Statistics Canada.

Chart 3

### Canadians That Are Employed but Worked Zero Hours



Sources: Scotiabank Economics, Statistics Canada.

Chart 4

Canadian Employment

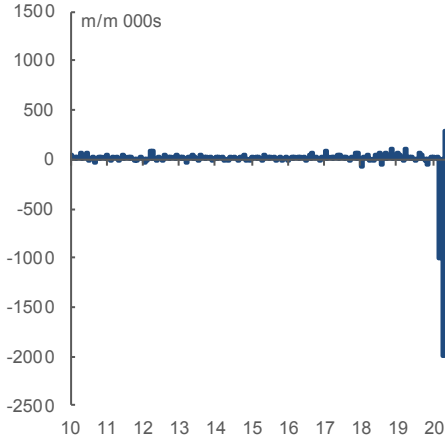


Chart 5

Canadian Unemployment Rate

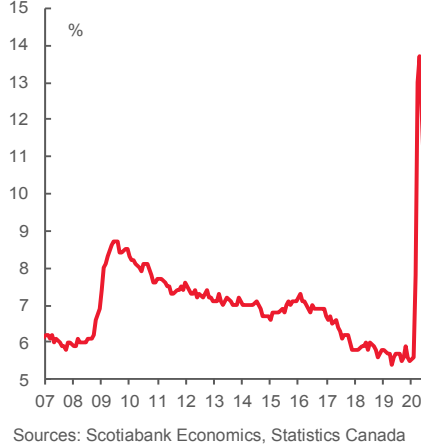


Chart 6

Canadian Supplementary Unemployment Rates

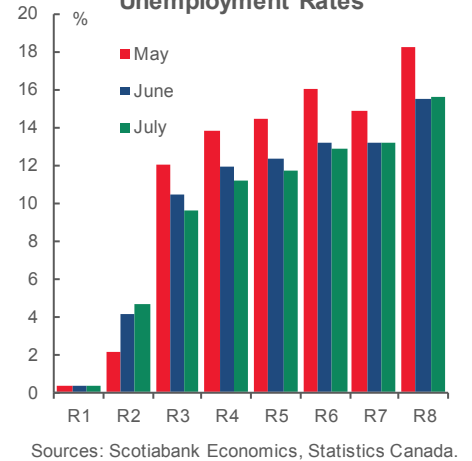


Chart 7

Canadian Participation Rate

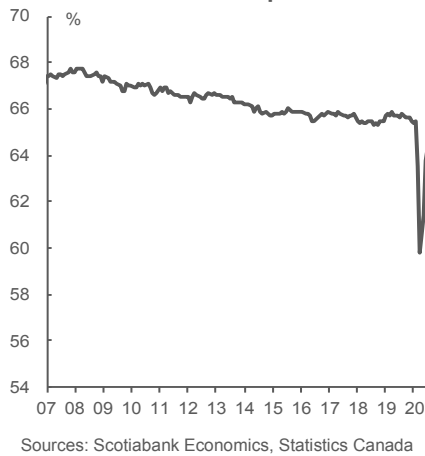


Chart 8

Canadian Hours Worked

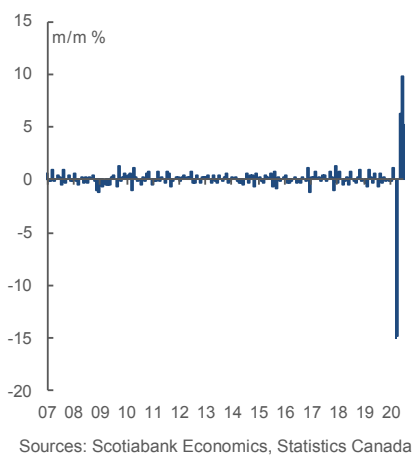


Chart 9

Total Hours Worked

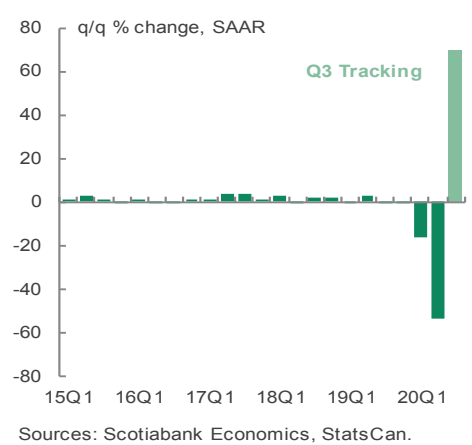


Chart 10

Change in Hours Worked by Industry (July 2020)

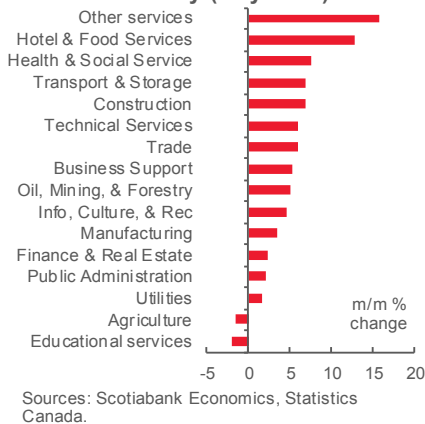


Chart 11

Canadian Wage Growth



Chart 12

July Average Hourly Wage Growth By Sector

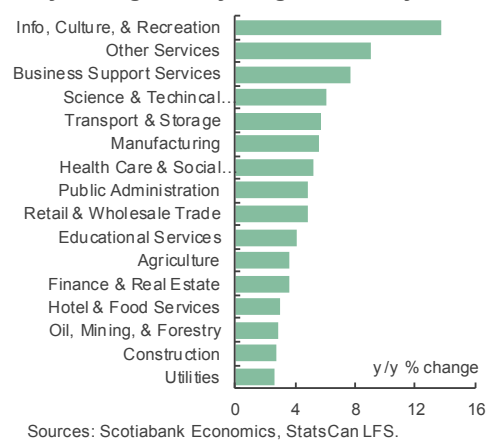
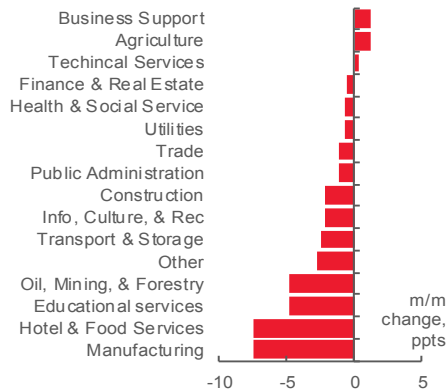


Chart 13

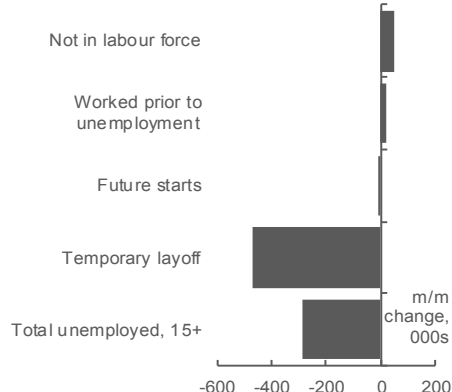
**Change in Unemployment Rate by Industry (July 2020)**



Sources: Scotiabank Economics, Statistics Canada.

Chart 14

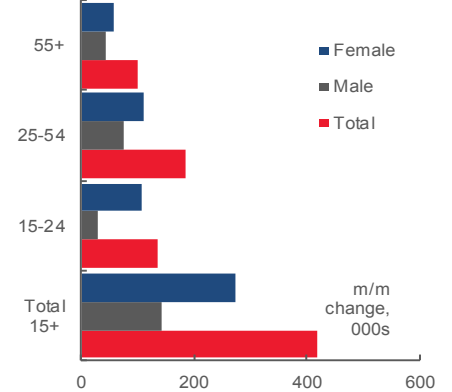
**Change in Unemployment by Previous Status (July 2020)**



Sources: Scotiabank Economics, Statistics Canada.

Chart 15

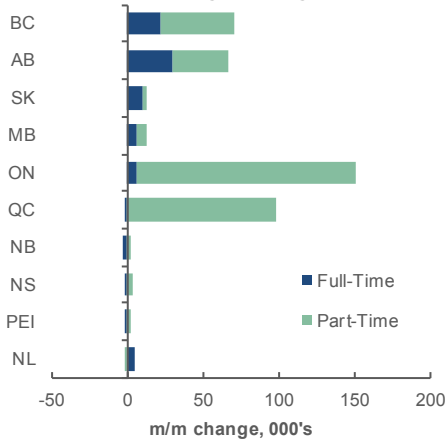
**Change in Employment by Age (July 2020)**



Sources: Scotiabank Economics, Statistics Canada.

Chart 16

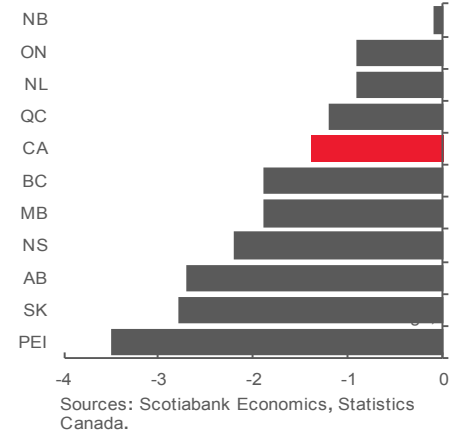
**Monthly Employment Change by Job Type (July)**



Sources: Scotiabank Economics, Statistics Canada.

Chart 17

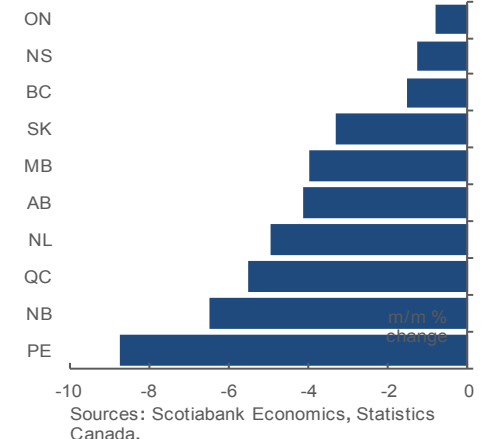
**Change in Unemployment Rate by Province (July 2020)**



Sources: Scotiabank Economics, Statistics Canada.

Chart 18

**Change in Hours Worked by Province (July 2020)**



Sources: Scotiabank Economics, Statistics Canada.

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