

Canada Posts Another Positive Job Gain

- Canadian jobs rise more than expected...
- ...avoiding a feared dip...
- ...even as they post the weakest gain of the recovery
- A positive print adds cover for the BoC to stand pat next week

Canada jobs m/m change (000s) / UR (%), SA, November:

Actual: 62.1 / 8.5

Scotia: 20 / 8.9

Consensus: 20 / 9.0

Prior: 83.6 / 8.9

Not too shabby. That about sums up my take on Canada's gain of 62k jobs in November and the underlying details. It beat all estimates within consensus including my guesstimate of +20k which was at least on the right side of the ledger. One-third of forecasters had anticipated a decline. See the accompanying table for highlights.

Indeed, a job loss was the market fear factor on this one and so when avoidance of a drop was combined with a weaker US payrolls report the result was a shift in market positioning that drove the Canadian dollar to appreciate by about three quarters of a cent to the USD. Canada's sovereign debt curve bear steepened, but by a little less than in the US following the dual jobs reports.

Canada is now "just" 573,000 jobs away from the pre-pandemic peak in February and has regained 2.4 million of the initial 3 million jobs that were lost from February to April (chart 1). A half million lives still impacted by job loss is terrible and would be viewed as such in any normal recession not to mention one that is imposing a tragic toll in so many other ways. Still, balance requires that we have to acknowledge the almost 2½ million who are able to return to some form of work even if not the same in many instances.

Chart 2 shows the uneven progress in recapturing jobs by sector since the pandemic erupted.

I'll take it, at least for now and especially since Canada has already extended the job market supports to cover the uncertainty that lies ahead whereas the US is still debating whether to do so and by how much. As previously guided, it's the next report I was more worried about than this one. A major reason for this is due to tightening COVID-19 restrictions. Ontario basically shut down Toronto and neighbouring Peel region and tightened restrictions elsewhere immediately following the reference week for the Labour Force Survey. Further restrictions are coming in today's announcement from Queen's Park at 1:30pmET. Both rounds of restrictions are sure to bite into the next jobs tally for December about one month from now.

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Canadian Jobs Break Down

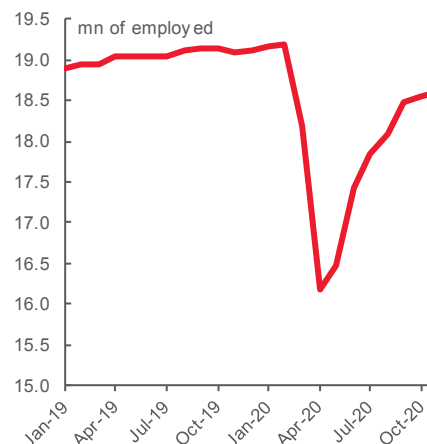
Province	m/m
Ontario	+36.6k
British Columbia	+23.9k
Quebec	+15.7k
Nova Scotia	+10.0k
New Brunswick	+4.2k
Newfoundland & Labrador	+2.3k
Prince Edward Island	+1.0k
Saskatchewan	-2.8k
Alberta	-10.8k
Manitoba	-18.1k

Employment Type	m/m
Full Time	+99.4k
Part Time	-37.4k
Public Sector	+31.6k
Private Sector	+23.1k
Self Employed	+7.4k

Sources: Scotiabank Economics, Statistics Canada.

Chart 1

Canada's Job Recovery



Sources: Scotiabank Economics, Statistics Canada.

We can get a glimpse at the effects to come in the break down of the sector details to this report. Chart 3 shows the breakdown of the change in employment by sector during November. Breadth was ok as 9 sectors out of 16 were higher, five were little changed and two were down but rather significantly so. It is these last two categories that are likely to continue to be a drag on overall employment in subsequent reports as they are particularly vulnerable to COVID-19 restrictions (e.g. bars, restaurants, travel, accommodations etc).

By sector, goods industries added 44k jobs while services added 18k. Within goods the bulk of the gain was in construction jobs that were up 26k while resources added 10k, manufacturing was up 4k and utilities fell 4k.

Service sector jobs were up 18k. The only real upsides were in wholesale and retail trade (27k), transportation and warehousing (+20k) and finance/insurance/real estate that was up 15k. Downsides came through info/culture/rec that fell 26k and accommodation and food services that fell 24k. Other sectors were flat.

Those counting themselves in the workforce either as employed or actively seeking work have driven the participation rate back up to 65.1% after it bottomed at 59.8% back in April (chart 4). That is just tenths of a percentage point from the peak in February and encouraging evidence of a jobs rebound that has also pulled more people back into looking for work.

Hours worked are tracking a rise of 16% q/q at a seasonally adjusted and annualized rate so far in Q4 (chart 5). The sharp rebound in Q3 is continuing into Q4. Since GDP is an identity defined as hours worked times labour productivity, a solid gain in hours worked bodes well for GDP growth all else equal.

Public sector jobs were up 32k while private sector employment was up 23k. Self-employed jobs were up by just 7k.

By province, the gain was led by Ontario (+37k) and then British Columbia (+24k) followed by Quebec (+10k). Nova Scotia added 10k. Manitoba fell 18k, Alberta lost 11k and Saskatchewan was little changed (-3k) as were other provinces.

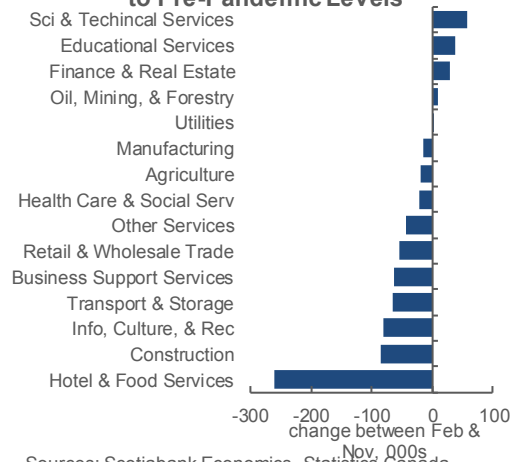
Full-time jobs were up 99k as part-time employment fell by 37k. There were 82k fewer unemployed Canadians last month.

The unemployment rate fell four-tenths of a percentage point to 8.5% as the labour force shrank by almost 20k while jobs climbed by 62k.

Women have endured a disproportionate hit to employment during the pandemic and so it is encouraging to see chart 6 that shows male and female employment levels recovering on par to one another ever since schools reopened. This continues to emphasize the importance of keeping schools open from the standpoint of the economy and gender effects. Still, disproportionate early hits to employment carry long lived effects on women.

Chart 2

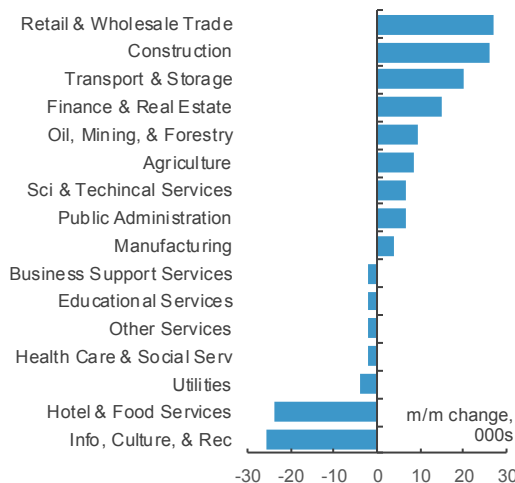
Canadian Employment Recovery to Pre-Pandemic Levels



Sources: Scotiabank Economics, Statistics Canada.

Chart 3

November Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 4

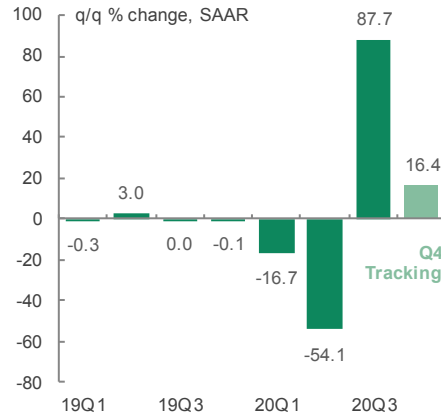
Canada's Labour Force Participation Rate



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

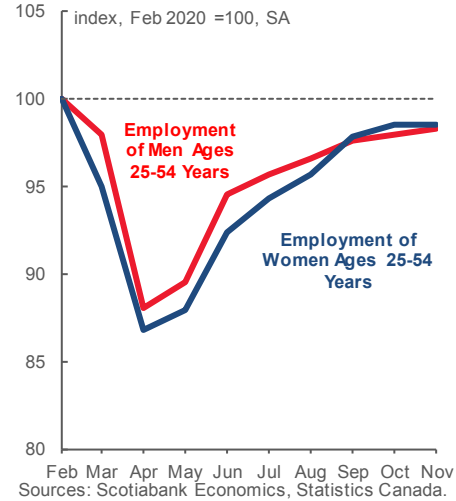
Total Hours Worked



Sources: Scotiabank Economics, StatsCan.

Chart 6

Employment Recovery of Core-Age Women Was Flat in November



Sources: Scotiabank Economics, Statistics Canada.

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