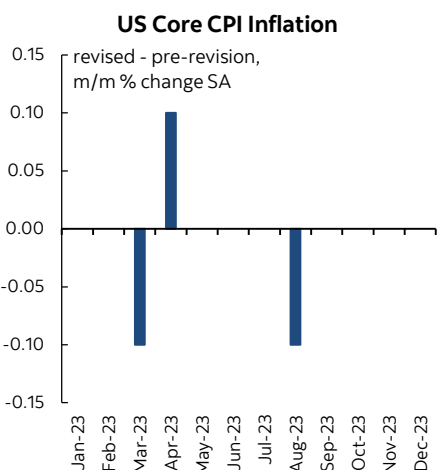


**SCOTIA FLASH**

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**Chart 1**

**Chart 2**

Canadian Jobs Break Down	
Province	m/m
Ontario	+23.8k
Alberta	+10.1k
Newfoundland & Labrador	+7.5k
Manitoba	+6.9k
Nova Scotia	+3.7k
New Brunswick	+1.3k
Prince Edward Island	+0.1k
British Columbia	-2.6k
Saskatchewan	-6.2k
Quebec	-7.5k
Employment Type	m/m
Full Time	-11.6k
Part Time	+48.9k
Public Sector	+47.6k
Private Sector	+7.4k
Self Employed	-17.7k

Sources: Scotiabank Economics, Statistics Canada.

# Canada Adds Jobs as GDP Rebounds, US Core CPI Intact

- Feared US core CPI revisions turned out to be a non-event
- Canada added 37k jobs with good enough details...
- ...that point toward a solid rebound in GDP growth

**Canada employment m/m 000s // UR %, SA, January:**

Actual: 37.3 / 5.7

Scotia: 20 / 5.9

Consensus: 15 / 5.9

Prior: 6.8 / 5.8 (previously revised on Jan 29th from 0 / 5.8)

Canada's job market remains resilient and is pointing toward a decent rebound in the economy while US CPI revisions were a non-event. As you were. Nothing much has changed to our underlying narratives in either country.

**NO MATERIAL REVISIONS TO US CORE CPI**

Let's get the US CPI revisions out of the way first. The disinflationary pattern in core CPI over the final months of 2023 was left unchanged. Each of the months of September through December did not change the m/m SA estimates for core CPI. Chart 1 depicts this. Talk about overhyped going in. The picture for the Fed has not changed one bit here; core inflation has been soft of late, but future doubts remain. The economy is strong, so is the job market, capacity pressures remain, upside risks to inflation include monitoring supply chains and shipping costs plus whether wage growth will be paid for by productivity growth. The core issue of whether core goods disinflation is maturing while core services inflation is resilient remains an ongoing forward-looking uncertainty.

**CANADA'S JOBS MARKET ISN'T SLOWING DOWN YET**

Slowing, eh? Moose droppings on that! Canada just added another 37k jobs last month after the prior month was revised up to a small gain of 7k following earlier seasonal adjustment revisions. Some details are shown in chart 2. The overall details were somewhat mixed but generally solid enough to make me happy enough for now and for the BoC to check the box and move on.

Canada has created 345k jobs on a January-over-January basis in the past year. The past six months have witnessed the creation of 194k jobs in seasonally adjusted terms. The past three months have created almost 70k jobs SA. The six-month and three-month annualized gains are basically the same as the full year gain. There is not aggregate evidence of slowing job growth.

All of the gain in January was in payroll positions that were up by 55k. That was mostly in the public sector that gained 48k with private sector payrolls up by about 7k.

All of the gain was in part-time positions +48.9k as full-time jobs fell by about 12k. The definitional dividing line is set at 30 hours per week.

Self-employed positions fell again, this time by about 18k. That dented the headline, but treat it carefully as usual since there is more statistical noise around that category than overall.

By sector (chart 3), the gain was driven by services that added 60k to offset a 23k drop in goods sector hiring. Within goods, the drop was spread fairly evenly across manufacturing, construction, utilities, agriculture and resources.

Within services, the gain had significant breadth and was led by wholesale/retail, finance/insurance/real estate, educational services, transportation and warehousing, public administration and business, building and other support services.

Hours worked were up by 0.6% m/m SA and only got marginal help from a slight downward revision to December's hours worked that are now pegged at 0.25% m/m SA instead of 0.3%. That is a strong plus for January GDP given that GDP is hours worked times labour productivity with the latter depending upon tracking activity readings as they roll in. This feeds my narrative that Canadian GDP was hit in part by serial shocks including strikes that dragged down hours worked but that the effects would prove to be temporary.

Hours worked are tracking a surge of 2.6% q/q SAAR in Q1 (chart 4). That's a strong plus for overall Q1 GDP tracking for the same reason.

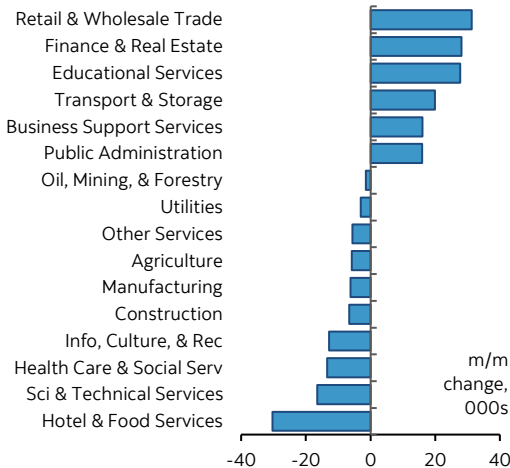
The unemployment rate fell a tick to 5.7% because job growth of 37k exceeded the 18k rise in the size of the labour force (chart 5).

Wages decelerated in January with a drop of 1.6% m/m SAAR (chart 6). That follows two strong gains in November (+6.8%) and December (5.8%). That's not great, but it's volatile data in both directions. We've seen plenty of soft patches and super accelerations but none of it changes the following two points:

- Canada is hardwiring years of very strong wage gains in the one-third of the workforce that is driven by collective bargaining (chart 7).
- productivity is very poor and so the trend of wages beating inflation for an extended period and hence posting real gains is not supported by producing more (chart 8).

Chart 3

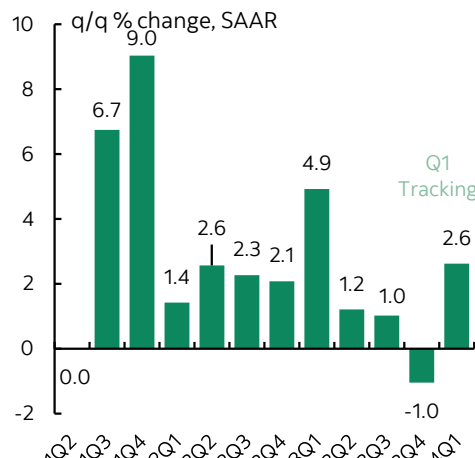
### January Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 4

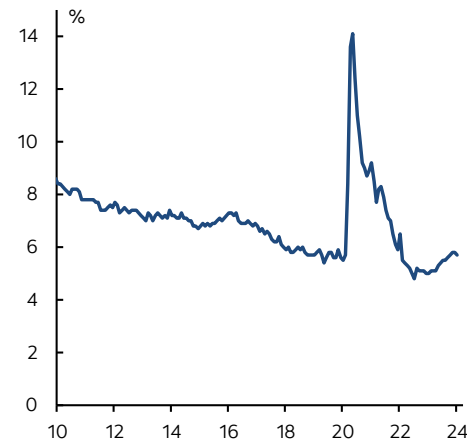
### Canada Total Hours Worked



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

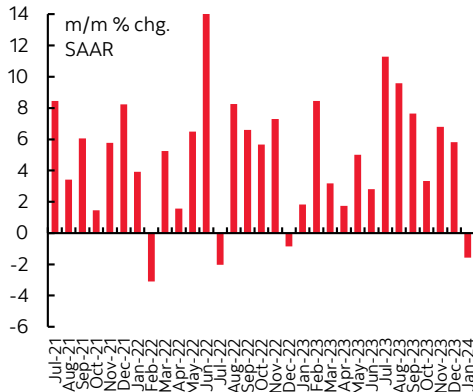
### Canada's Unemployment Rate



Source: Scotiabank Economics, Statistics Canada.

Chart 6

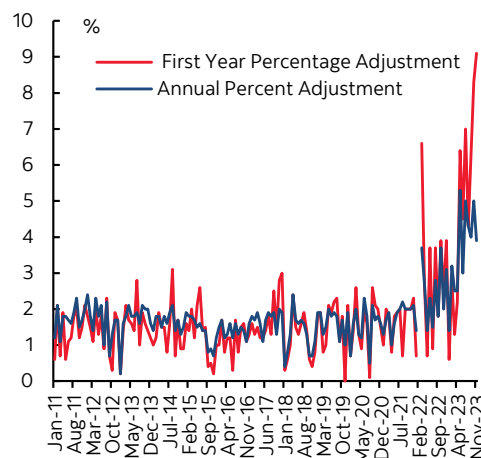
### Average Hourly Wages of Permanent Workers



Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 7

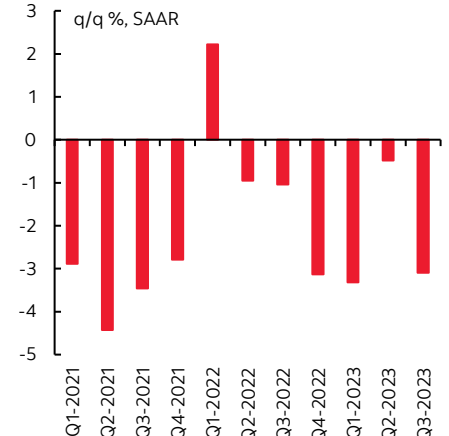
### Soaring Canadian Wage Settlements



Sources: Scotiabank Economics, Statistics Canada.

Chart 8

### Canadian Labour Productivity Growth



Sources: Scotiabank Economics, Statistics Canada.

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