

Contributors

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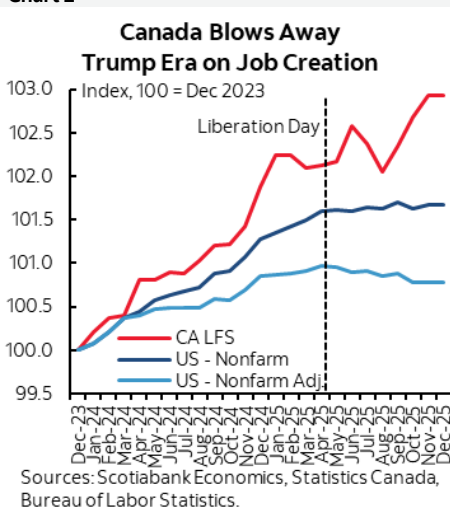
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Chart 1

Canadian Jobs Break Down	
Province	m/m
Quebec	+15.5k
Ontario	+12.7k
Manitoba	+2.2k
Prince Edward Island	+0.8k
Nova Scotia	+0.3k
Newfoundland & Labrador	-0.2k
New Brunswick	-2.3k
British Columbia	-3.3k
Saskatchewan	-4.0k
Alberta	-13.7k
Employment Type	m/m
Full Time	+50.2k
Part Time	-42.0k
Public Sector	+1.3k
Private Sector	-0.5k
Self Employed	+7.3k

Sources: Scotiabank Economics, Statistics Canada.

Chart 2



The Naysayers Blew It Again on Canadian Jobs

- Canada posted a fourth month of job growth...
- ...with mixed details...
- ...but the four-month stretch has been unambiguously strong on details...
- ...as Canada's job market throws the tariff boomerang back to the US
- Supports extended BoC hold, next move still priced higher

Canada jobs m/m 000s / UR %, December:

Actual: 8.2 / 6.8

Scotia: 10 / 6.6

Consensus: -2.5 / 6.7

Prior: 53.6 / 6.5

Make that four in a row!

I'm sure some will nit pick, whine and gripe about some of the details and talk their books and priors, but a fact is a fact: the doomsters were wrong again. Canada retains its status as having among the world's most resilient labour markets. The four-month trend has been unambiguously explosive in terms of totals and details. A confirmation bias by the negative nellys among strategists and economists needs to be countered. Some summary stats are shown in chart 1.

In fact, chart 2 is updated with this morning's figures on both sides of the border. The adjusted nonfarm figures incorporate benchmarking revisions that have yet to be included. Either way—adjusted or not—US payrolls are seriously underperforming Canadian jobs. There are several explanations, a key one likely being that US policy uncertainty is harming US hiring appetite more than it is north of the border.

Markets barely blinked at the reading. Canada's rates curve was little changed and so was USDCAD. OIS pricing for the Bank of Canada continues to lean toward the next move being up with October/December contracts priced for up to a two-thirds probability of a hike before year-end.

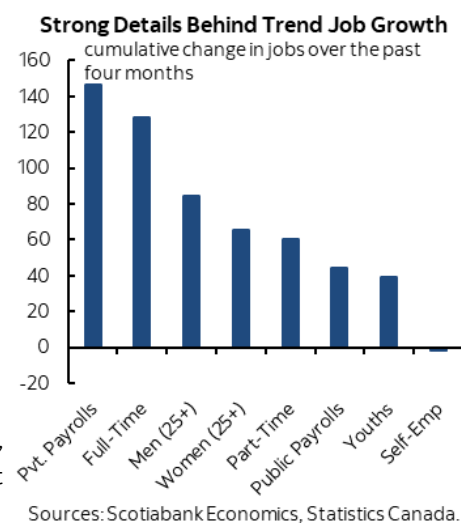
Today's job numbers offer no useful information to this longer-term view that is predicated on longer-run arguments, but do support an extended pause by the BoC in the interim period.

THE TREND IS A FRIEND TO CANADA

Over the four-month spurt of job creation, Canada is up by a cumulative 189k jobs. Annualize that to about 570k and you're tracking very strong numbers.

The breakdown of that four-month trend is unambiguously strong (chart 3). 147k of the 189k have been in private sector payrolls with 44k in public sector payrolls and self-employed spots have been flat. 128k full-time positions have been created with 61k part-time. Most of the job gains have been in the hands of folks with the biggest bills to pay: men aged 25+ up 85k and women 25+ up 65k, both versus 39k for youths 15–24. Throughout it all, the labour force has expanded by 145k.

Chart 3



Don't like four-month trends? Prefer annuals? Ok, jobs were up 226k in 2025 after 385k in 2024, 534k in 2023. Take the pandemic rebound out of the picture and 2025 was the strongest year for job growth since 2019. Resilient is the word of the day, month, quarter, and year.

So, nitpick all you want, but the fact of the matter is that the gloomy perspective on Canada's job market has gotten it 100% dead wrong for this whole stretch of time during which supposedly we were supposed to be reeling from tariffs. That's not the same as saying there are not risks going forward, but go back to the start of this year and show these numbers about what was to happen in future and folks would have been gobsmacked relative to the gloom at the time.

Chart 4 shows that generally the numbers cannot be dismissed as statistical noise on a trend basis, but that's less clear for December's reading that could be weaker or stronger than reported.

Chart 5 shows the breakdown of the change in December jobs by sector. It was mixed as to be expected when the headline is pretty modest.

The unemployment rate moved up three-tenths to 6.8%. That was because the labour force grew by 81k and hence well in excess of the 8.2k job gain. I confess to not understanding what's going on with the size of the labour pool. The adult population was up by only 9.9k last month, so on net, there was significant re-entry into the workforce by sidelined folks. That's happening as immigration policy tightens which is having its effects in fits and starts. Ergo smooth everything.

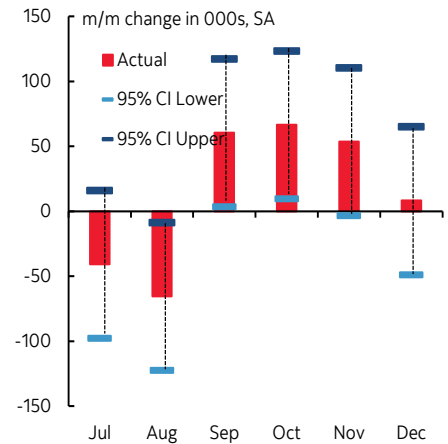
Wages were up by only 1.1% m/m SAAR after dropping by over 4% the prior month which, however, followed a massive 12.9% gain in October (chart 6). Smooth that too. And then look at collective bargaining settlements affecting about one-third of Canadian workers and which lean toward sustained solid wage gains coming in the pipeline.

Hours worked shrank by 0.3% m/m SA. That's a negative for December GDP since GDP is an identity defined as hours times labour productivity and don't hold your breath for the latter. For Q4 overall, hours worked shrank by -0.6% q/q SAAR after a paltry gain of 0.4% (chart 7). That spells weak GDP. The BoC targets inflation and cost pressures are mounting through industrial prices as a leading indicator of consumer prices, costs of rising inventories, weak productivity and supply chain turmoil.

One reason hours worked landed softly in December is shown in chart 8. Apparently I wasn't the only one thinking that this winter seemed to start earlier and more forcefully in large parts of Canada than in past years. January isn't so great either so far, but weather-depressed hours tend to be followed by catch-up effects later on.

Chart 4

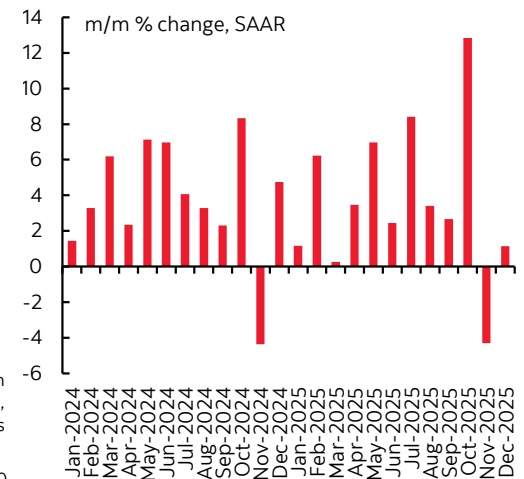
A Wildly Noisy StatCan Jobs Report



Sources: Scotiabank Economics, Statistics Canada.

Chart 6

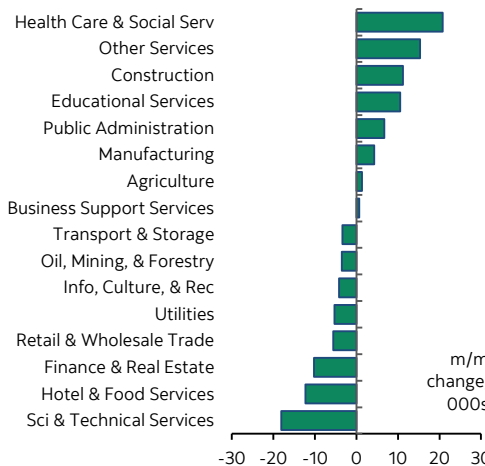
Canadian Hourly Wages



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

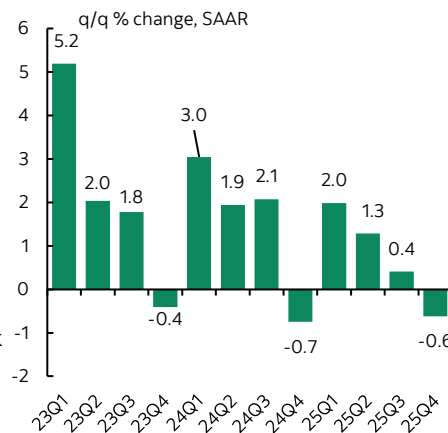
December Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 7

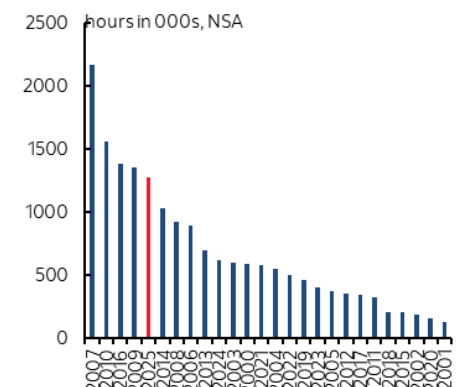
Canada Total Hours Worked



Sources: Scotiabank Economics, Statistics Canada.

Chart 8

Canada Hours Lost Due to Weather for the Month of December



Sources: Scotiabank Economics, Statistics Canada.

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