

Canada: Despite a June rebound, job creation remains down so far in 2018

By Matthieu Arseneau

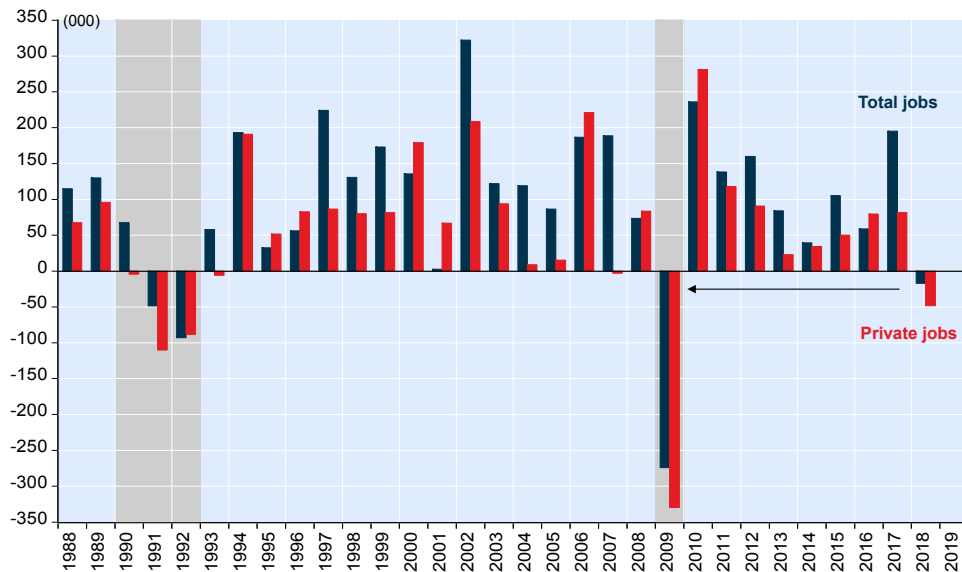
June job creation was above expectations but the details of the report were a lot less impressive. Most of the jobs added were part-time and the private sector recorded a second consecutive monthly decline. Hourly earnings slowed to a meagre 0.1% in June (m/m), following a surge of 0.5% in the prior month. Despite the increase in headcounts in June, total hours worked declined 0.2% during the month (they show no growth this year). After an impressive performance in 2017, the Canadian labour market definitely took a breather in the first half of 2018. Total employment registered its worst start of the year in the current expansion due to the 48K drop in private-sector jobs (left chart). Major cities were not immune to the slump: Vancouver is down 45K jobs this year and Toronto has seen a pullback of 24K (right chart). Though the latest Bank of Canada Business Outlook Survey indicated that firms were willing to hire, it remains to be seen if a rebound in the private sector will occur given growing trade uncertainties.

HIGHLIGHTS:

- Employment rose by 32K in June, stronger than consensus which was expecting a gain of 20K. Due to a two-tick rise in the participation rate to 65.5%, the unemployment rate rose to 6.0%.
- Full-time employment rose 9K while part-time workers increased by 23K.
- Jobs rose in the public sector (+12K) and for self-employed (+22K) more than offsetting the decline in the private sector (-2K). Employment in the goods sector rose by 47K with increases in construction, manufacturing, resources and utilities more than offsetting the drop in agriculture. Services-producing industries decreased employment by 15K.
- On a regional basis, employment was up in Ontario (+35K), in Alberta (+2K) while Quebec (-6.5K) and British Columbia (-8K) experienced a decline.

Canada: Poorest start of year since the last recession

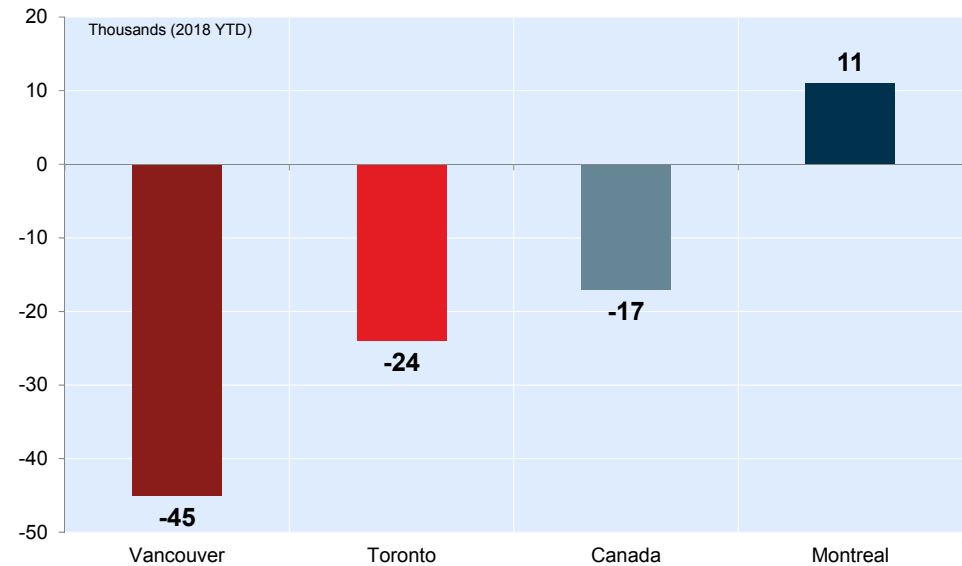
Total and private employment change in the first half of each year



NBF Economics and Strategy (data via Statistics Canada)

Canada: Major cities struggling so far in 2018

Toronto, Montreal and Vancouver



NBF Economics and Strategy (data via Statcan)

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