

## Private employment surging

**Latest (monthly change): +80K (Actual); +10K (expected) Previous: +35K**

**FACTS:** Canadian employment surged 80K in November according to the Labour Force Survey (top chart). That was well above consensus which was expecting an increase of 10K. Due to this gain, the unemployment rate dropped four ticks to 5.9% while the participation rate remained unchanged at 65.7%. Job gains in November were mostly in the private sector (+72K) while public sector jobs were also up (+11K). Self-employed workers remained essentially unchanged (-2K). Good sector employment was up 37K helped mostly by manufacturing (+30K) and construction (+16K). The services sector showed a 42K increase with strength in trade (+39K) and educational services (+21K) among others more than offsetting declined in other services (-7K) and professional services (-10K). Full-time employment was up 30K while part-time employment rose 50K. Total hours worked were down 0.7% in the month. On a regional basis, employment was up in 6 provinces with Ontario (+44K), British Columbia (+18K) and Quebec (+16K) being the top performers.

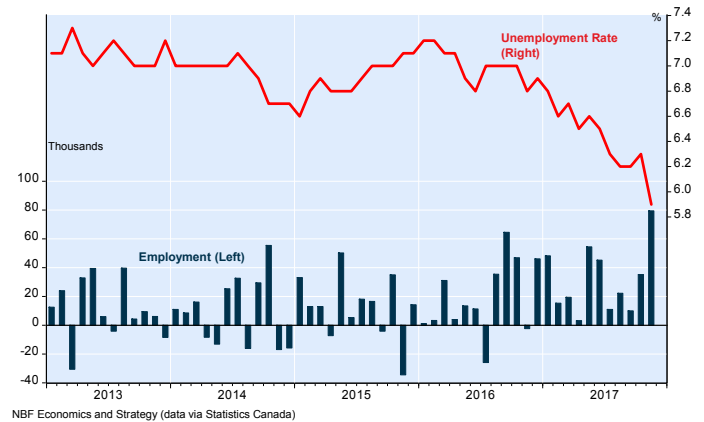
**OPINION:** The Canadian jobs report was well above expectations and the details of the report are impressive. Private corporations added 72K employees in November, the strongest monthly gain in 3 years. Full-time employment posted another impressive performance. As a result, the Canadian labour market generated a massive 231K full-time jobs over the past three months, making this streak the strongest since 2006. Not surprisingly, average hourly earnings increased at a fast pace for a fourth consecutive month in November (+0.4%, seasonally adjusted). On an annualized basis, it's running over that period at an astonishing 5.6% pace (middle chart) a development consistent with the unemployment rate flirting with a record low (which is 5.8% in November 2007). This labour market tightness is also confirmed by the CFIB survey showing that in the fourth quarter 63% of corporations see shortage of labour as their main concern and 41% of them expect to increase wages in the next year by more than 2.5%, both percentages being at their highest level in the current expansion (bottom chart). This, bodes well for hiring and wages that should translate in good performance for consumption. All in all, this report supports our view that the Bank of Canada understated the current tightness of the labour market\* and the central bank should set the table for a rate hike in January in its interest rate decision next week.

Matthieu Arseneau

\*For more details, see our special report published yesterday: <https://www.nbc.ca/content/dam/bnc/en/rates-and-analysis/economic-analysis/special-report-30nov2017.pdf>

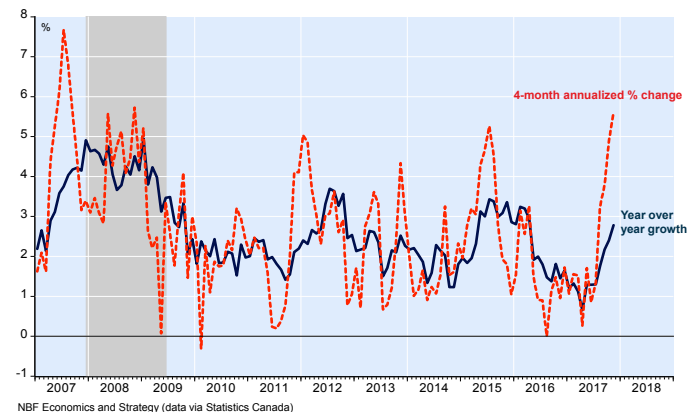
### Canada: An 12th consecutive monthly gain (and a strong one!)

Employment and unemployment rate



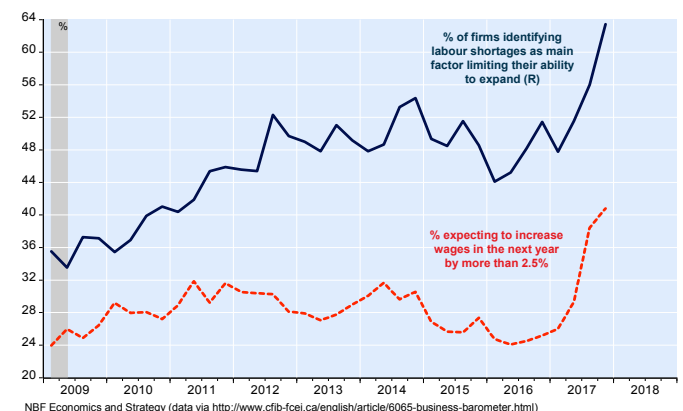
### Canada: Hourly earnings rising at their fastest pace since 2008

Average hourly earnings



### Canada: Small-businesses concerned by labour shortages

Wage plans vs. % of firms identifying labour shortages as main factor limiting their ability to expand



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