

Full-time employment bounced back strongly in September

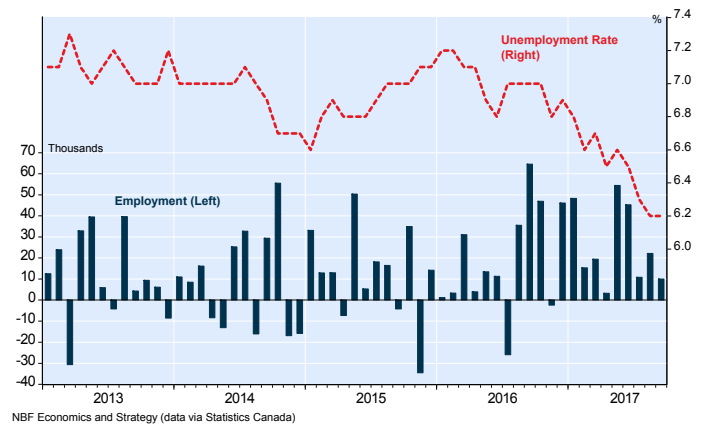
Latest (monthly change): +10K (Actual); +12K (expected) Previous: +22 K

FACTS: Canadian employment rose 10K in September according to the Labour Force Survey (top chart). That was essentially in line with consensus which was expecting an increase of 12K. The unemployment rate remained unchanged at 6.2% (the lowest level in the current cycle) while the participation rate dropped one tick to 65.6%. Job gains in September were mostly for so-called paid-employees (+11K) as public sector added 26K while private sector headcounts dropped 16K. The number self-employed workers remained essentially unchanged (-1K). Good sector employment was up 11K as gains in manufacturing (+2K), resources (+3K) and construction (+7K) more than offset declines in utilities (-1K) and agriculture (-2K). The services sector showed a meagre 1K decline with weaknesses in information/recreation (-24K), healthcare (-10K) and professional (-6K) services among others more than offsetting strengths in trade (+17K) and educational services (+20K). Full-time employment surged 112K while part-time employment plunged 102K. Total hours worked rose 0.6% following a 0.1% decline in the prior month. On a regional basis, September job creation was driven by gains in Ontario (+35K) which more than offset declines in Quebec (-8K), Alberta (-8K) and British Columbia (-7K).

OPINION: The Canadian job report was essentially in line with expectations when it comes to net jobs added and the details of the report were rather good. Full-time employment more than recouped August's pullback, with a massive 112K gain in September, its largest monthly advance since 2006. Ontario's labour market is booming, showing a cumulative 91K gain over the past 3 months (the best performance since 2010). This is a welcome development as Quebec and BC labour markets are taking a breather after strong gains early in 2017. One disappointment was the third consecutive monthly decline in private employment in September but this is not overly worrisome as it comes after outsized gains in Q2. The current streak of consecutive gains for the Canadian labour market has now reached 10 months, making it the longest since the recession. Evaluating gains on a 12-month basis, job creation is still running at an unsustainable pace of 320K (90% being full-time - middle chart). Not surprisingly, average hourly earnings has accelerated strongly recently posting a 0.4% advance in September, its largest gain in 7 months, a development consistent with a labor market at full-employment. This, combined with surging hours worked, should support consumption in 2017H2 as wage bill rose a massive 8.8% annualized from July to September (bottom chart).

Canada: A tenth consecutive monthly gain

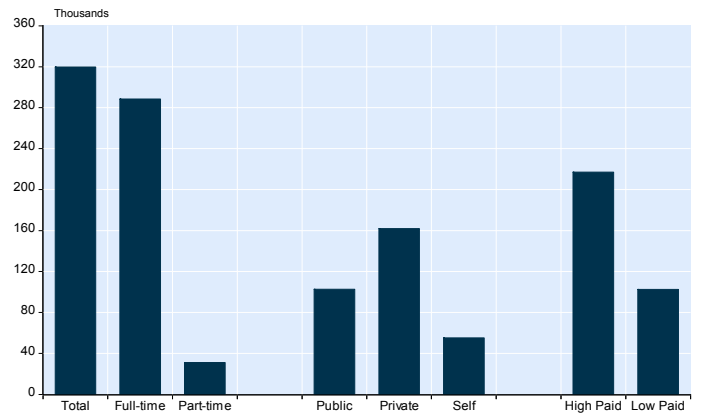
Employment and unemployment rate



NBF Economics and Strategy (data via Statistics Canada)

Canada: Labor market on strong footing over the past year

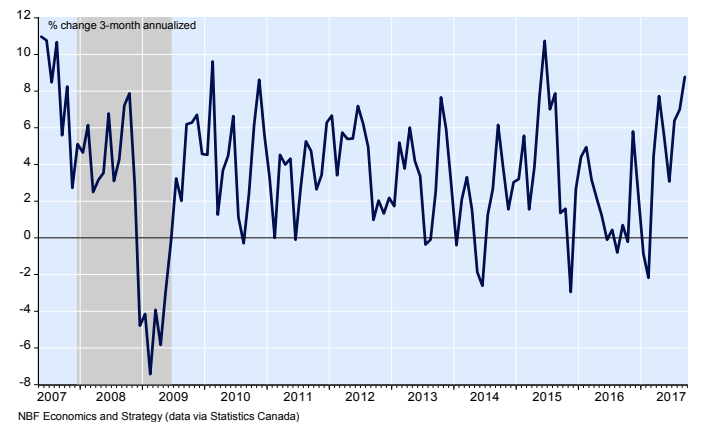
Canadian employment gains from September 2016 to September 2017



NBF Economics and Strategy (data via Statistics Canada)

Canada: Consumption on strong footing in 2017H2

Wage bill defined as total hours worked multiplied by average hourly earnings



NBF Economics and Strategy (data via Statistics Canada)

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