

Job creation starts the year with a bang!

By Matthieu Arseneau

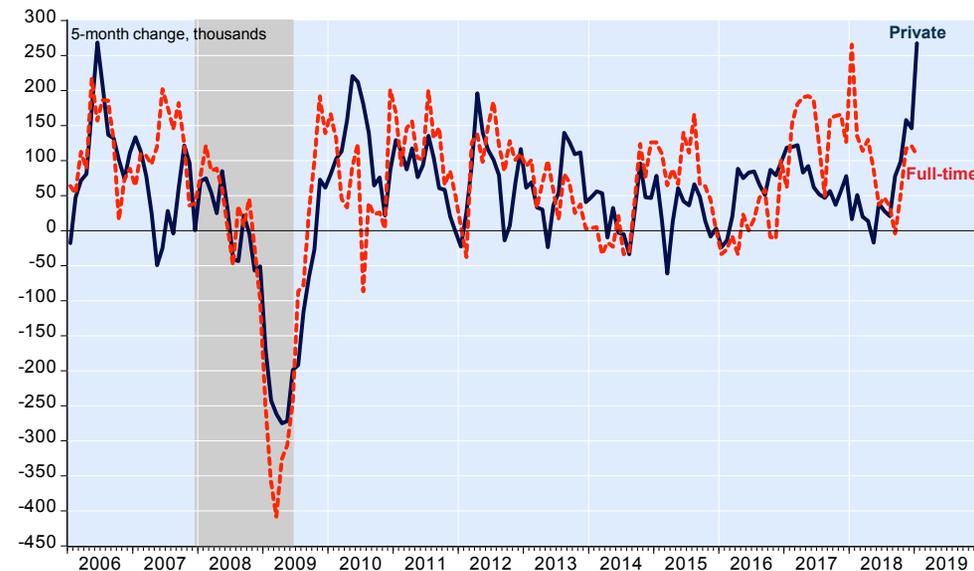
The Canadian job market started the year on a very positive note. After a soft patch that endured through H1 and early Q3 2018, private-sector employment has boomed with a massive 268K cumulative gain in just five months, the best tally in the current cycle (left chart). This is consistent with the Bank of Canada's Business Outlook Survey indicating rather good hiring intentions lately. Fortunately, the recent turmoil in financial markets has not negatively impacted business sentiment if the characteristic of job creation is any guide: full-time employment is up a robust 108K in the past five months. That's a key metrics for income and household formation. The January employment report suggests that the domestic economy remains resilient and that consumer spending should rebound in the coming months. It's also consistent with our current scenario calling for a Bank of Canada rate hike, but not before H2 2019. Geopolitical uncertainty, tame wage inflation, and regional weakness in Western Canada where Alberta just experienced its worst job loss since 2016 (chart) continue to argue for patience.

HIGHLIGHTS:

- Canadian employment surged 67K in January according to the Labour Force Survey, way above consensus calling for a 5K rise. However, the jobless rate increased two ticks to 5.8% as the participation rate rose two ticks to 65.6%.
- There were huge job gains in the private sector (+111K), a decent gain for government (+16K) while self-employed experienced major losses (-61K).
- Employment in the goods sector dropped 32K as losses were observed in all categories (manufacturing, resources, agriculture, utilities and construction). Services-producing industries saw a jump of 99K in employment with trade, professional services and public administration being the top performers.
- Full time employment was up 31K and part-time positions increased 36K. Hourly earnings accelerated to 1.8% year-on-year, increasing from 1.5% the prior month.
- Ontario (+41K) led the nation in terms of job creation in January, followed by Quebec (+16K) and BC (+9K). Alberta posted a sizable decline of 16K jobs.

Private jobs: Strongest momentum since 2006

Private and full-time employment, 5-month change



NBF Economics and Strategy (data via Statistics Canada)

Great momentum for major provinces except for Alberta

Total employment



NBF Economics and Strategy (data via Statistics Canada)

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