

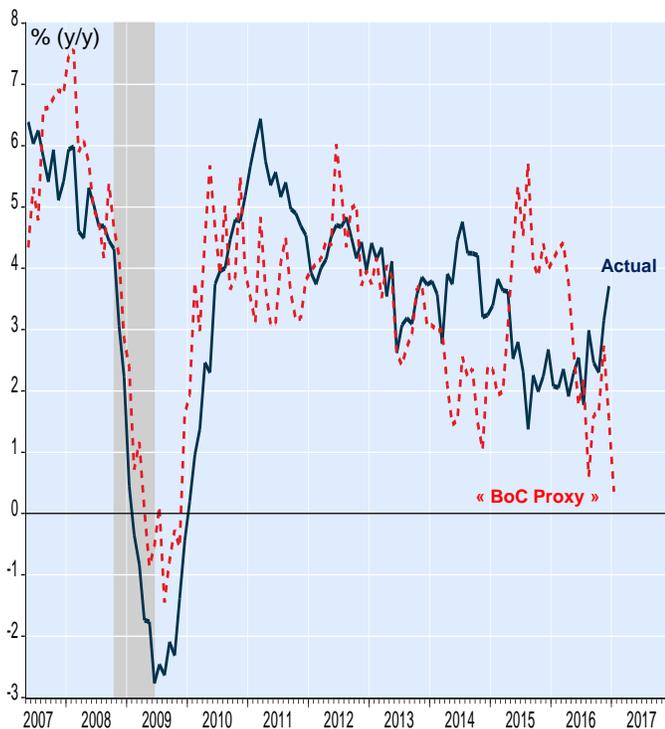
Canada Watch

The Bank of Canada maintains a rather cautious view of current economic conditions. The statement issued after its March 1 interest-rate decision meeting argued that despite recent gains in employment “subdued growth in wages and hours worked continue to reflect persistent economic slack in Canada”. This assertion implies that the economy-wide wage bill (the product of hourly wages & hours worked) is growing at an anemic pace. As today’s Hot Chart shows, the “BoC proxy” has indeed been weak in the recent months. But this is a proxy, not the actual data. On March 2, Statistics Canada issued the last three months of data for wages & salaries. As shown, there has been a significant improvement in the last two months of 2016. The vigour was particularly apparent in the goods-producing industries where the wage-bill has now recouped all of its recent losses. This coincides with a pickup in activity in the energy sector and the construction industry. It will be interesting to see how the Bank of Canada reacts to this new development.

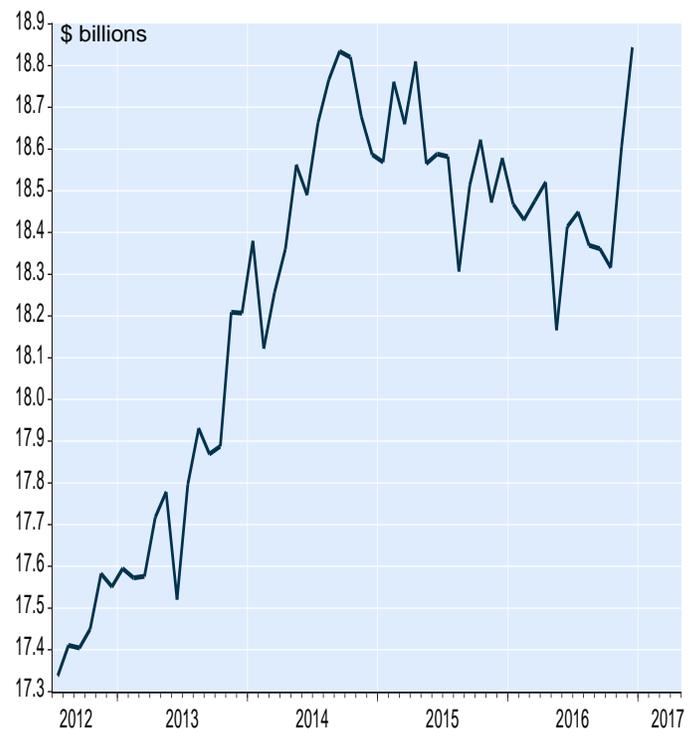
Stéfane Marion

Canada: Renewed vigour in wages & salaries

Economy-wide wages & salaries vs. “BoC proxy”*



Total wages & salaries in goods-producing industries



* Product of hourly wages and total hours worked from LFS survey
NBF Economics and Strategy (data via Statistics Canada)

Economics and Strategy

Montreal Office

514-879-2529

Stéfane Marion

Chief Economist and Strategist
stefane.marion@nbc.ca

Paul-André Pinonnault

Senior Fixed Income Economist
paulandre.pinonnault@nbc.ca

Krishen Rangasamy

Senior Economist
krishen.rangasamy@nbc.ca

Marc Pinsonneault

Senior Economist
marc.pinsonneault@nbc.ca

Matthieu Arseneau

Senior Economist
matthieu.arseneau@nbc.ca

Angelo Katsoras

Geopolitical Analyst
angelo.katsoras@nbc.ca

Kyle Dahms

Economist
kyle.dahms@nbc.ca

Toronto Office

416-869-8598

Warren Lovely

MD, Public Sector Research and Strategy
warren.lovely@nbc.ca

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