

## Market View – Go North, Young(ish) Man

By Warren Lovely / Taylor Schleich

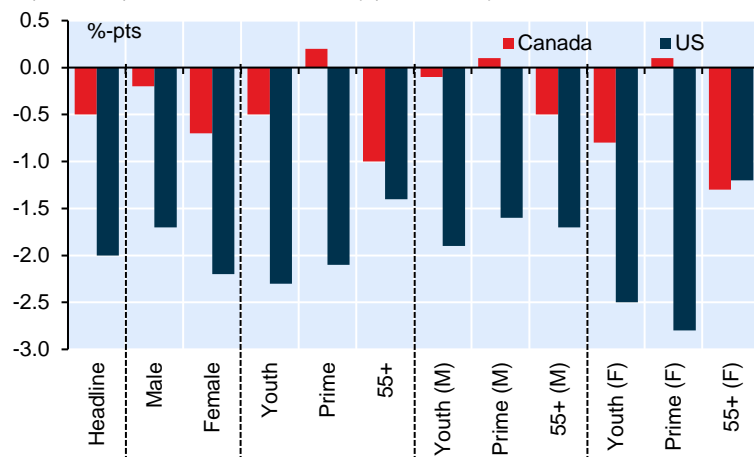
It took Canada a week to catch up to U.S. employment data, but it was worth the wait. Our colleagues in Economics and Strategy will explore the ins and outs of Canadian employment in a related *Economic News*. The idea here is to train a spotlight on Canada's *relative* jobs standing vis-à-vis the U.S. It's no contest. Canada has a demonstrable and growing edge over the U.S. when it comes to most key labour market statistics. As per the detailed table on page 2, it's really only the unemployment rate where the U.S. is maybe in front, depending how you look at that particular stat. Even if you were to give the edge to the U.S. on the unemployment rate, it would be a pyrrhic victory in a sense. That's because the reported improvement in America's jobless rate is at least partly a function of declining labour force participation. That's right, the U.S. part rate moved *lower* in September, a worrisome signal that more job hunters were getting discouraged south of the border.

As for Canada, the labour market picture is hardly perfect. Yes, September job creation blew away expectations and we've now recovered 76% of the jobs lost in the virus' immediate wake vs. the barely 50% recovery rate in the U.S. But unemployed Canadians still number ~700,000 more than in February. Prospective job hunters will be forced to contend with renewed virus-related restrictions and anxiety on the part of some employers, as case counts mount. But regardless of sex or age, participation rates in Canada are much closer to pre-COVID levels here than in the U.S. Digging a little deeper, you'll find that the share of young and prime age men actively participating in the labour market has almost fully recovered nationally. That's encouraging, leaving young American males to gaze longingly across the border. It's enough to turn an old adage on its head, or at least 90 degrees. So, go *north* young man, at least to the extent you're able in today's still-heavily restricted state of play. Equally encouraging, the participation rate for prime age women is likewise back to pre-COVID levels in Canada.

A final word: Looking at real GDP, we'll concede that the U.S. has a slight edge on Canada, at least in the early stages of recovery. But when it comes to sustaining economic activity now and into the future, it's the extent of healing (or lack thereof) in the labour market that may be the most vital metric to watch. It's a jobs recovery that we will need to bolster consumption and housing markets if, as, when governments gradually ease back on their supports.

### Chart 1: Participation in Canada's jobs market

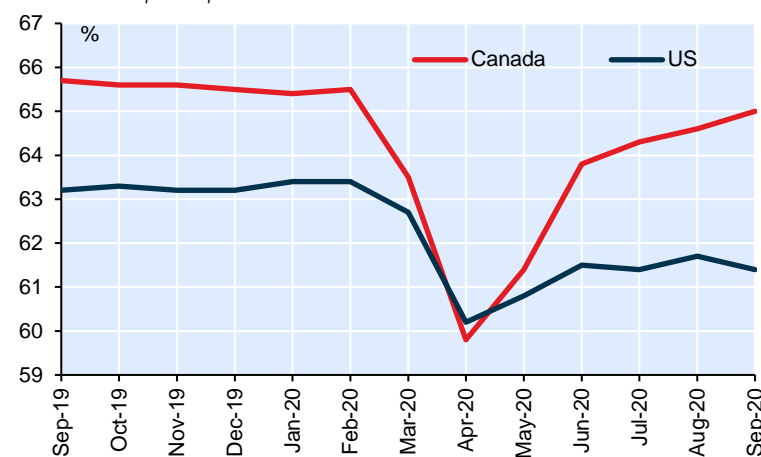
September part. rate minus February part. rate by cohort: Canada vs. U.S.



Source: NBF, StatCan, BLS, Bloomberg | Youth = 15-24 (CA) / 16-24 (US), Prime = 25-54

### Chart 2: While American's more discouraged

Labour force participation rate: Canada vs. U.S.



Source: NBF, StatCan, BLS, Bloomberg

### Table 1: A deeper dive into Canada-US participation rates





Key indicators of labour force participation since COVID-19 crisis began

Participation rate (%)			Male participation rate (%)			Female participation rate (%)			Prime age (25-54) participation rate (%)		
Indicator	US	Canada	Indicator	US	Canada	Indicator	US	Canada	Indicator	US	Canada
February	63.4	65.5	February	69.3	69.9	February	57.8	61.2	February	83.0	87.2
Low part rate	60.2	59.8	Low part rate	66.1	64.2	Low part rate	54.7	55.5	Low part rate	79.9	55.5
Latest	61.4	65	Latest	67.6	69.7	Latest	55.6	60.5	Latest	80.9	87.4
PR hit	3.2	5.7	PR hit	3.2	5.7	PR hit	3.1	5.7	PR hit	3.1	31.7
PR recovery	1.2	5.2	PR recovery	1.5	5.5	PR recovery	0.9	5.0	PR recovery	1.0	31.9
% recovery	37%	91%	% recovery	47%	96%	% recovery	29%	88%	% recovery	32%	101%
%-pt chg. from Feb	-2.0	-0.5	%-pt chg. from Feb	-1.7	-0.2	%-pt chg. from Feb	-2.2	-0.7	%-pt chg. from Feb	-2.1	0.2
Advantage	🇨🇦		Advantage	🇨🇦		Advantage	🇨🇦		Advantage	🇨🇦	




Source: NBF, StatCan, BLS, Bloomberg | Notes: In some cases, there are differences in data definitions between countries making comparisons not equal in the strictest sense. Labour force statistics in Canada use ages 15+, while US uses 16+.

### Table 2: Canada-US labour market recovery scorecard

Key indicators of labour market performance since COVID-19 crisis began

Employment (000s)			Full-time employment (000s)			Female employment (000s)			Youth employment (000s)		
Indicator	US	Canada	Indicator	US	Canada	Indicator	US	Canada	Indicator	US	Canada
February	152,463	19,189	February	131,109	15,609	February	74,888	9,109	February	5,378	851
Low	130,303	16,185	Low	114,322	13,663	Low	61,487	7,572	Low	3,479	507
Latest	141,720	18,470	Latest	122,423	14,983	Latest	68,890	8,750	Latest	5,043	807
Jobs lost	22,160	3,005	Jobs lost	16,787	1,946	Jobs lost	13,401	1,537	Jobs lost	1,899	344
Jobs recovered	11,417	2,285	Jobs recovered	8,101	1,321	Jobs recovered	7,403	1,178	Jobs recovered	1,564	300
% recovery	52%	76%	% recovery	48%	68%	% recovery	55%	77%	% recovery	82%	87%
% chg. from Feb	-7.0%	-3.7%	% chg. from Feb	-6.6%	-4.0%	% chg. from Feb	-8.0%	-3.9%	% chg. from Feb	-6.2%	-5.2%
Advantage			Advantage			Advantage			Advantage		

Unemployment rate (%)			Employment rate (%)			Participation rate (%)			Labour force (000s)		
Indicator	US	Canada	Indicator	US	Canada	Indicator	US	Canada	Indicator	US	Canada
February	3.5	5.6	February	61.1	61.8	February	63.4	65.5	February	164,546	20,323
Peak UE rate	14.7	13.7	Low emp rate	51.3	52.1	Low part rate	60.2	59.8	Low	156,481	18,603
Latest	7.9	9.0	Latest	56.6	59.1	Latest	61.4	65.0	Latest	160,143	20,303
UR hit	11.2	8.1	ER hit	9.8	9.7	PR hit	3.2	5.7	LF drop	8,065	1,720
UR recovery	6.8	4.7	ER recovery	5.3	7.0	PR recovery	1.2	5.2	LF recovered	3,662	1,699
% recovery	61%	58%	% recovery	54%	72%	% recovery	37%	91%	% recovery	45%	99%
%-pt chg. from Feb	4.4	3.4	%-pt chg. from Feb	-4.5	-2.7	%-pt chg. from Feb	-2.0	-0.5	% chg. from Feb	-2.7%	-0.1%
Advantage	?		Advantage			Advantage			Advantage		

Source: NBF, StatCan, BLS, Bloomberg | Notes: In some cases, there are differences in data definitions between countries making comparisons not equal in the strictest sense. Labour force statistics in Canada use ages 15+, while US uses 16+. For youth employment, Canada figure represents ages 15-19 while US figure represents ages 16-19.

### Table 3: Provincial labour market recovery scorecard

Key indicators of labour market performance since COVID-19 crisis began

	Employment (000s)										
	Canada	BC	Alta	Sask	Man	Ont	Que	NB	NS	PEI	N&L
Feb	19,189.4	2,539.1	2,329.9	580.7	664.2	7,555.1	4,384.5	361.0	471.0	80.6	223.2
Low	16,184.9	2,142.6	1,969.0	506.9	574.7	6,398.6	3,564.0	311.4	395.6	69.3	188.2
Latest	18,469.9	2,444.3	2,204.0	564.5	652.3	7,236.6	4,270.9	350.1	455.7	75.5	216.2
Jobs lost	3,004.5	396.5	360.9	73.8	89.5	1,156.5	820.5	49.6	75.4	11.3	35.0
Jobs recovered	2,285.0	301.7	235.0	57.6	77.6	838.0	706.9	38.7	60.1	6.2	28.0
% recovery	76.1%	76.1%	65.1%	78.0%	86.7%	72.5%	86.2%	78.0%	79.7%	54.9%	80.0%
% change from Feb	-3.7%	-3.7%	-5.4%	-2.8%	-1.8%	-4.2%	-2.6%	-3.0%	-3.2%	-6.3%	-3.1%

	Unemployment rate (%)										
	Canada	BC	Alta	Sask	Man	Ont	Que	NB	NS	PEI	N&L
Feb	5.6	5.0	7.2	6.2	5.0	5.5	4.5	6.9	7.8	8.0	12.0
High	13.7	13.4	15.5	12.5	11.4	13.6	17.0	13.2	13.6	15.2	16.5
Latest	9.0	8.4	11.7	6.8	7.0	9.5	7.4	10.4	7.9	10.1	14.8
UR hit	8.1	8.4	8.3	6.3	6.4	8.1	12.5	6.3	5.8	7.2	4.5
UR recovery	4.7	5.0	3.8	5.7	4.4	4.1	9.6	2.8	5.7	5.1	1.7
% recovery	58.0%	59.5%	45.8%	90.5%	68.8%	50.6%	76.8%	44.4%	98.3%	70.8%	37.8%
%-pt change from Feb	3.4	3.4	4.5	0.6	2.0	4.0	2.9	3.5	0.1	2.1	2.8

Source: NBF, StatCan | Note: Unemployment rates peaked between April and June.

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