



Economic Flash!

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Canadian Jobs Surge in March

M/M chg, 000s	Nov	Dec	Jan	Feb	Mar
Employment	-32.9	22.8	-5.7	-2.3	40.6
Full-time	37.3	-9.6	5.6	-51.8	35.3
Part-time	-70.3	32.4	-11.3	49.5	5.3
Paid workers	-57.0	-14.9	14.6	-5.2	62.5
Private	-40.4	-6.7	-4.1	15.2	65.1
Public	-16.6	-8.2	18.7	-20.4	-2.6
Self-employed	24.1	37.6	-20.2	3.0	-22.0
Part. Rate (%)	65.8	65.9	65.9	65.9	65.9
Unemp. Rate (%)	7.0	7.1	7.2	7.3	7.1
Avg. Hourly Earnings, perm. workers (y/y %)	3.3%	2.8%	2.7%	3.3%	3.3%
Actual Hours Worked by Industry	-0.3%	0.4%	0.3%	-0.2%	0.0%

- GDP is roaring, and the labour market seems to be joining the party. Employment surged by 41K in March, driving a two-tick drop in the unemployment rate to 7.1%. The strong trend in output in recent months had perhaps signaled a strong jobs gain coming, but even in parts of the country where layoffs continue to be announced, today's figures highlight substantial increases in employment. Although we still think that the underlying trend in the labour market is weaker than today's figures would suggest, today's release is just another positive data point in an improving Canadian outlook.
- Most of the increase was driven by full-time positions (+35K), and with paid employment up by 63K, the composition of the increase was also extremely encouraging. Over the past year, full-time employment is responsible for the entirety of the 130K increase in employment, with part-time jobs down slightly (-4K). Salaried employment (+101K) also makes up the bulk of the overall annual gain, suggesting that the job mix in Canada is improving, even if the wage data we follow more closely suggests less employee bargaining power.
- The sector breakdown of the jobs gain does make us scratch our heads. The manufacturing sector—a recent catalyst for the stronger GDP figures—apparently shed 32K positions on the month and is essentially flat on the year. It was in services where we saw broad-based hiring, with healthcare leading the way (+25K). However, despite that sector also leading the way in job gains over the past year at +77K, public sector employment is down from year-ago levels (-8K). With the Federal budget highlighting a ramping up of spending, and with provincial budgets highlighting less restraint than was previously expected, public sector payrolls should see increases ahead.
- The provincial breakdown also took us by surprise. Amidst further layoff announcements, Alberta employment rose by 19K. That lowered the province's unemployment rate by almost a full percentage

point to 7.1%. The headline series for the Labour Force Survey is known to be volatile, with the details even more so. Don't be surprised to see upcoming reports lose what was recently gained.

Implications & Actions

Re: Economic Forecast – One data point does not a trend make, but the 11K/month trend seen in the past year implies that the labour market has held up better in aggregate than the economy over the same time frame. We still think that there will be some degree of catch-up between GDP and employment over the next year, meaning that we shouldn't see much of an acceleration in hiring from here, even if output growth looks a bit firmer.

Re: Markets– The C\$ rallied after today's figures, while fixed income slipped.

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