

## No Slowing The Canadian Job Market

### Employment change, m/m 000s SA, October:

Actual: 35.3

Scotia: 25

Consensus: 15

Prior: 10

- Another acceleration in wage growth to 2.4% y/y (2.2% prior) reinforced evidence of tightening job markets through another strong job gain. Going higher than consensus paid off again given the longstanding average tendency to underestimate job growth.
- Does it matter to the BoC? I'd say little. Governor Poloz has implied a strong filter is being applied to very near-term data in favour of focusing upon longer tailed risks. Those include household debt sensitivities to higher rates, NAFTA negotiations, tightened OSFI mortgage rules and external geopolitical and fiscal policy to name a few key ones. These are all developments that will require patience in their evaluation. Nevertheless, at least for now, continued strength in the job market helps allay some concerns about softer near term consumption and housing markets.
- The rise was all in full time jobs that climbed by 88,700. Part time jobs were down by 53.4k. I still find the enormous volatility in these categories of the modest Labour Force Survey sample to be a bit much to stomach.
- Private sector jobs were up by 39.1k and public sector jobs fell by 4.5k
- Payroll employees saw all of the gains as self employed jobs were flat.
- The unemployment rate rose a tick to 6.3% despite the strong job gain because the participation rate rose to 65.7%. More people entered the workforce which implies there is still slack in labour markets.
- On wage growth, I'd caution that while the coming year is likely to be strong, it's not clear that it will be lasting and for how long. Pressing reset on the earlier negative commodity shock to incomes could be temporarily feeding higher wage growth. Minimum wage increases in January will be a transitory lift with risks to some forms of employment. Productivity growth is likely to slow as output growth slows. I would therefore brace for further upsides to wage growth over the coming year but be mindful toward downside risks thereafter and within the BoC's policy horizon.
- 10 of 15 sectors saw job gains and so breadth was solid. All goods sectors saw job gains led by +18k in construction. Services were more mixed.
- Quebec led the provincial breakdown by adding 18.4k jobs while Alberta was second at +11.9k.

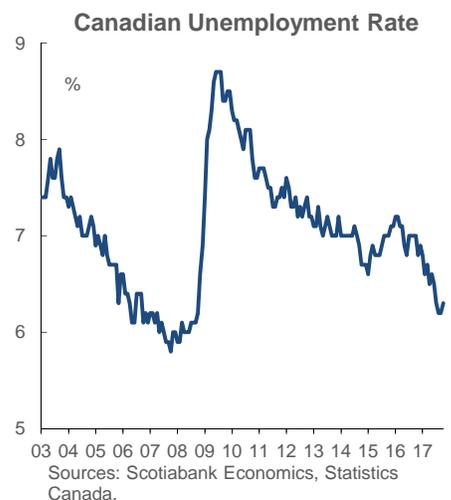
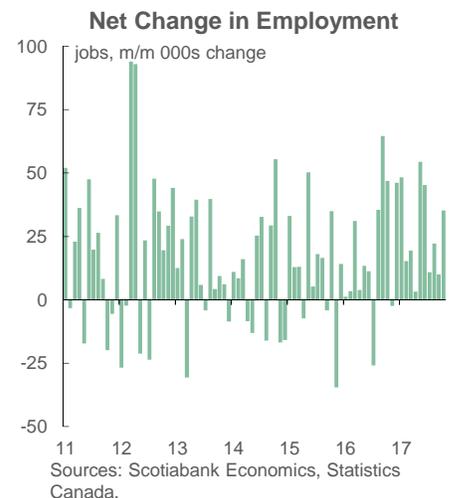
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