

C\$ Gains As Canadian Jobs Outperform US Jobs

Canada, Employment change / UR / wages, m/m 000s SA / % / y/y %, March:

Actual: 32.3 / 5.8 / 3.1

Scotia: 20 / 5.7 / na

Consensus: 20 / 5.8 / nr

Prior: 15.4 / 5.8 / 3.1

- Jobs numbers favour Canada relative to the US this morning and therefore the C\$ appreciated by nearly a half cent versus the greenback. The jobs figures are a decent beat including on somewhat mixed details.
- Wage growth for permanent employees sits unchanged at 3.1% y/y but it's not the BoC's preferred gauge anyway. That said, the SEPH and LFS wage measures are on the same page which lessens BoC Governor Poloz's argument against stronger LFS than SEPH wage growth in favour of the new wage common metric that is weighted much more heavily toward an adjusted version of the volatile SEPH metric. See the updated chart. Note, however, the enormous volatility of the SEPH measure so the BoC would likely wish to see a clearer trend that is much less evident in SEPH wages than LFS wages.
- Hours worked were flat despite the full-time gain. Income growth therefore fully relies upon stronger wage gains as hours worked are offset. Apart from the change in the composition of job growth, the overall number of employed people worked neither more nor fewer hours. In fact, Q1 was weak overall on this count and that reinforces soft GDP expectations. February's 0.6% m/m rise in hours worked only reversed the prior 0.6% decline in January. That means that hours worked were flat in Q1 at +0.2% q/q at a seasonally adjusted and annualized rate. This matters because GDP equals hours worked times labour productivity defined as output per hour worked. If hours went nowhere then staying on the plus side for GDP growth rests upon productivity. That, in turn, means emphasizing activity readings that are tracking soft Q1 growth and quite a lot softer than the BoC forecast for Q1 coming into the year.
- The unemployment rate was unchanged as the rise in the labour force (+30.1k) matched the job gain (32.3k). Simply put, there were as many new job seekers as new job getters.
- By sector, both goods (+21.7k) and services (+10.6k) added to the gain. Within goods, construction did the heavy lifting (+18,300) along with agriculture (+8,100) while manufacturers shed 8,300 and both utilities and resources were little changed. Within services, the biggest gain was in public administration (+11,900) and then education (+8,400) while the biggest decline was in info/culture/rec (-8,700).
- Full-time jobs were up by 68,300 and part-time jobs fell by 35,900.
- The public sector heaped on 19,600 jobs after creating 50,300 the prior month which itself reversed a large dip the month before that. Private sector payrolls fell by 7,000 jobs and self-employed jobs increased by 19,800.
- By province, Quebec gained 16,000 jobs and Ontario added 10,600 while Alberta added 8,300. BC lost 3,900 and Saskatchewan added 4,200. All other provinces were little changed.

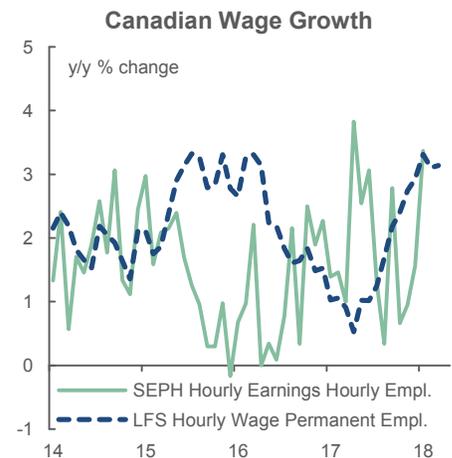
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Sources: Scotiabank Economics, Statistics Canada.

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