CANADA

Employment rebounded in August

HIGHLIGHTS

• According to the Labour Force Survey, Canada’s labour market created 59,200 jobs in August. Note that it had trimmed 39,400 jobs in July.
• Gains were observed in full-time (+17,400) and part-time employment (+41,800). Self-employment increased by 19,200, while the number of employees increased by 39,900.
• The goods-producing sectors show an increase of 18,600 jobs, with the creation of 17,700 jobs in construction.
• The service sectors saw an increase of 40,600 jobs. The healthcare sector created 59,500 jobs in August, recovering the 47,300 jobs it had lost in July.
• The unemployment rate dropped from 7.2% to 7.1%.

COMMENTS

There was a surprise yet again this morning when the job creation numbers outstripped forecasters’ most optimistic forecast. Can this really be a surprise, though, when job numbers have beaten forecasters 5 times out of 8 since the beginning of 2013 and 14 times out of 20 since the beginning of 2012? It should be understood, however, that the exceptionally volatile nature of the Labour Force Survey results make any attempt to forecast them quite challenging.

That is why employment results are increasingly analyzed using a six-month average to exclude upheavals and provide insight into labour market trends. Statistics Canada has been emphasizing this notion for the past few months in its statement. At 12,100 jobs, the average for the past six months is slightly higher than July’s (+10,700). It has nevertheless stayed consistent with the moderate economic growth over the past few months.

Implications: Despite August’s exceptional results, employment data does not change the view of the Canadian economy. The repercussions on future changes to Canadian monetary policy are therefore very limited, especially in a context where the focus of the financial markets is more on the disappointing results obtained this morning in U.S. employment.

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