

## ECONOMIC NEWS

# Canada: Yet more astonishing job creation

### HIGHLIGHTS

- ▶ The labour market added 15,300 jobs in February.
- ▶ Full-time employment increased by 105,100 jobs, while part-time lost 89,800.
- ▶ British Columbia stands out, adding 19,400 jobs during the month.
- ▶ Canada's overall unemployment rate goes from 6.8% to 6.6%.

### COMMENTS

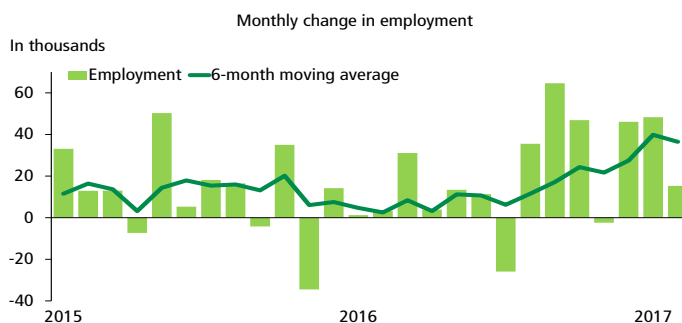
Canadian employment growth remains surprising. Following the strong growth seen in recent months, most forecasters had expected employment growth to pause somewhat in February. Clearly, that is not what happened. The labour market has created a total of 254,300 jobs over the last seven months. We have not seen employment surge this much in this little time since spring 2007.

The 6-month moving average (which provides a better glimpse of the trend for employment) is 36,500 in February. This is much too high in relation to the economic growth now being seen. According to our estimates, real GDP growth of around 2% a year is usually compatible with average job creation of about 18,000 a month. To take the 6-month moving average to this level, March would have to record a loss of about 45,000 jobs. This supports the fairly strong probability that we will see the labour market underperform, sooner or later.

### IMPLICATIONS

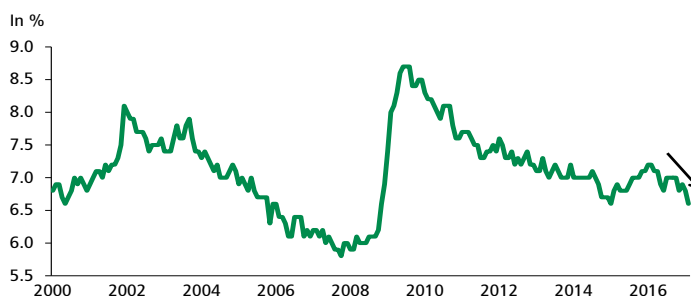
For now, the strong growth in employment has not triggered any acceleration in wage growth, which remains subdued, overall. This suggests that there is some excess capacity in the labour market, which should allow the Bank of Canada to keep its key interest rates where they are throughout 2017.

**GRAPH 1**  
The trend for employment is very high



Sources: Statistics Canada and Desjardins, Economic Studies

**GRAPH 2**  
The unemployment rate has been declining since early 2016



Sources: Statistics Canada and Desjardins, Economic Studies

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