Canada: Job Creation Remains Solid

HIGHLIGHTS
- The Canadian labour market saw 19,400 jobs created in March.
- The creation of 20,400 jobs in Alberta strongly tipped the scale.
- The goods sectors added 22,800 jobs, mainly due to a 24,400-increase in manufacturing. The service sectors lost 2,400 jobs.
- The participation rate ticked up from 65.8% to 65.9%, nudging the unemployment rate up from 6.6% to 6.7%.

COMMENTS
While most forecasters expected some lost momentum after strong advances in recent months, the labour market once again demonstrated resilience with greater-than-expected job creation. With the exception of November 2016, when 2,400 jobs were lost, significant gains have been observed in employment in each month since last August. The labour market has benefited from a cumulative creation of 273,700 jobs during this period, corresponding to a monthly average gain of 34,200 jobs.

Improved labour market conditions over recent months coincides with the more positive results in terms of output, as advances in real GDP have sharply improved since mid-2016. For now, the results of various indicators also suggest that economic growth will be fairly strong in the first quarter of 2017. Clearly, good employment results also support this.

IMPLICATIONS
The upswing in employment has still not translated into significant acceleration in wage growth, thereby adding weight to the Bank of Canada’s statement about excess capacity being still present in the labour market. In these conditions, monetary authorities will have all the latitude needed to order an additional extension of the status quo on key interest rates.

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