

Contributors

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Chart 1

Canadian Jobs Break Down	
Province	m/m
Ontario	-27.4k
Quebec	-4.5k
Prince Edward Island	-2.3k
Saskatchewan	-1.6k
Newfoundland & Labrador	-1.1k
Alberta	+0.3k
British Columbia	+0.5k
New Brunswick	+1.2k
Nova Scotia	+1.6k
Manitoba	+2.5k
Employment Type	m/m
Full Time	-13.1k
Part Time	-17.5k
Public Sector	-51.0k
Private Sector	-13.8k
Self Employed	+34.2k

Sources: Scotiabank Economics, Statistics Canada.

The Bank of Canada is Likely to Discount Jobs and Emphasize Accelerating Wages

- Ontario drove the decline in employment that had narrow regional breadth
- The 7th wave may have resurrected supply issues and the so-called ‘she-cession’
- The BoC is likely to put more emphasis upon accelerating wages

CDN jobs / UR, m/m 000s // %, SA, July:

Actual: -30.6 / 4.9
 Scotia: 35 / 5.0
 Consensus: 15/ 5.0
 Prior: -43.2 / 4.9

Jobs disappointed, but I think the Bank of Canada is likely to pay more attention to wages as they feed into the dominant concerns around inflation. See the summary table (chart 1). Labour supply in the 7th wave may have been the culprit. Canada’s short-term rates are higher but outperforming a bigger jump in the US post-nonfarm while CAD slightly depreciated. That may be overly discounting more granular views behind this report.

The 31k drop in total employment appeared to be an Ontario report. Ontario saw a 27k decline in employment which dominated the overall national decline. That said, the rest of the country didn’t exactly blow out the lights as all other provinces saw either small gains or small losses. Ontario’s hit came through services (-46k) with goods sector jobs up 19k. Within Ontario’s service sector the drop was widespread as 8 of 11 service sectors lost jobs.

Canadian employment remains about 423k above pre-pandemic levels (chart 2). That continues to be a stronger cumulative employment recovery than experienced so far in the US.

Canada did see the rebound in self-employed ‘soft’ data at +34k but this time payrolls cratered (-51k public, -14k private). There was significant breadth to the Canadian weakness that was led by -53k in services due to wholesale/retail, health care/social, education, and business building and support services after a brief soft patch from Feb to April (chart 3).

Like the acceleration in the US, the BoC will probably put more emphasis upon wages and won’t be overly fussed by a couple of soft jobs reports since like it or not the point of the exercise is to cool things down. Wages were up by +8.2% m/m SAAR in July after 11.4% in June and 10.4% in May. After a brief soft patch from February to April, explosive wage gains have returned and are in keeping with what we were seeing from last July to January and then some (chart 4).

As evidence that at least some of the weakness in jobs may be due to the 7th wave of pandemic cases, the participation rate fell two-tenths to 64.7% and has been falling from 65.4% in March (chart 5).

As further evidence of this point, the so-called ‘she-cession’ may have struck the data again. Women over 25 years of age incurred a 64k drop in jobs while men went up 30k and youths 15–24 were flat (+3k). The hit to women was spread between the 25–54 age cohort (-31k) and the over 55 cohort (-33k).

Hours worked fell by 0.5% m/m SA in July after the 1.3% surge in June. That leaves us tracking a mild quarterly annualized gain in Q3 thus far that is entirely driven by the way Q2 ended and averaged (chart 6).

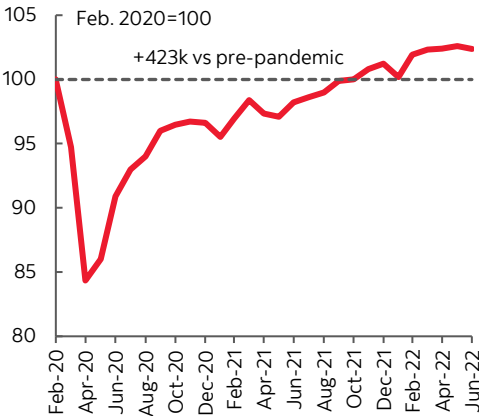
Behind the health care drop, Statcan flagged that there are about 24k unfilled nursing positions in Canada and that 11.2% of nurses who were employed were off sick in July into the 7th wave. US health care employment was nevertheless up strongly last month.

About one-in-four Canadian workers continue to work most of their hours from home.

Finally, chart 7 shows the cumulative employment recovery during the pandemic to date by sector.

Chart 2

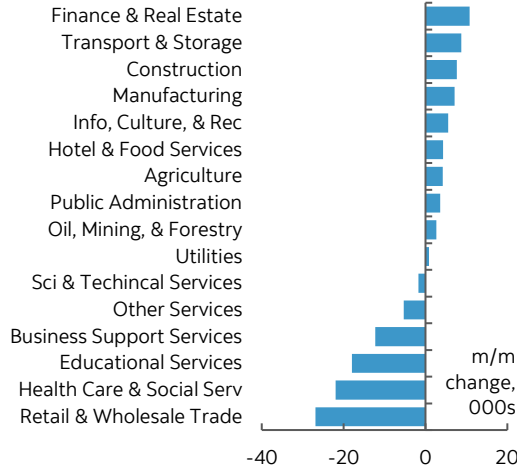
Canada's Jobs Recovery Stalling Out



Sources: Scotiabank Economics, Statistics Canada.

Chart 3

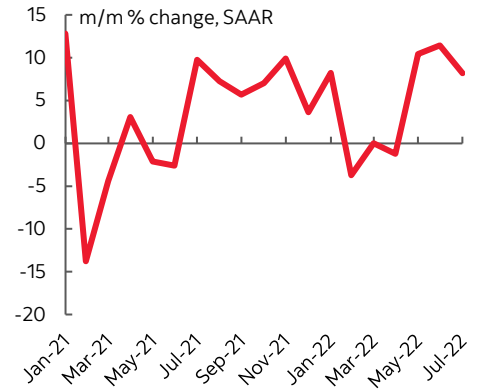
July Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 4

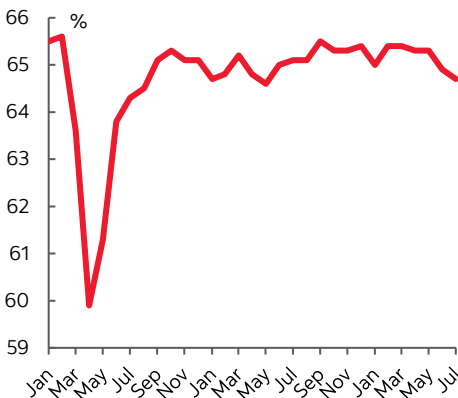
Canadian Hourly Wages



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

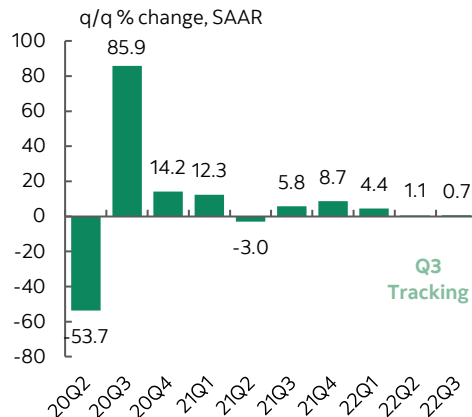
Canada's Labour Force Participation Rate



Sources: Scotiabank Economics, Statistics Canada.

Chart 6

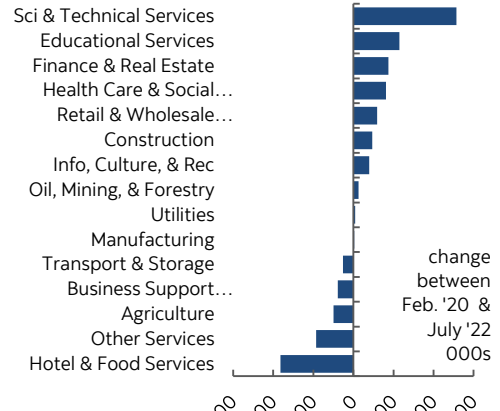
Total Hours Worked



Sources: Scotiabank Economics, Statistics Canada.

Chart 7

Canadian Employment Recovery to Pre-Pandemic Levels



Sources: Scotiabank Economics, Statistics Canada.

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